

Our commitment to human rights

2023 Modern Slavery Statement



colesgroup

Coles Group Limited
ABN 11 004 089 936

Acknowledgement of Country

Coles wishes to acknowledge the Traditional Custodians of Country throughout Australia.

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

Coles extends that respect to all Aboriginal and Torres Strait Islander people, and recognises their rich cultures and their continuing connection to land and waters.

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

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



Forward-looking statements

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

Any forward-looking statements are based on the Group's current knowledge and assumptions, including financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause the actual results, performances or achievements of the Group to be materially different from the relevant statements.

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

Our 2023 reporting suite

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



Reporting concerns



If you have concerns about modern slavery or broader human rights issues relating to our operations or supply chain, we have processes in place to allow you to safely voice your concerns. You can remain anonymous.

Visit our website to learn more: www.colesgroup.com.au

Contact Stopleveline on **1300 30 45 50** or send an email to coles@stopleveline.com.au

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Approach to reporting

This statement is provided by Coles Group Limited (ACN 004 089 936) as a joint statement under the *Australian Modern Slavery Act 2018* Cth (Modern Slavery Act) for the period 27 June 2022 to 25 June 2023 (the reporting period or FY23).

It covers Coles Group Limited and the following three reporting entities:

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

Coles' entities take a consolidated, whole-of-group approach to ethical sourcing. As such, this statement addresses the actions taken by all reporting entities within Coles Group. Unless otherwise indicated in this statement, the terms 'Coles', 'Coles Group', 'our business', 'we', 'us' and 'our' refer to Coles Group Limited and its controlled entities collectively (including all reporting entities). A list of Coles' subsidiaries is published in Coles' 2023 Annual Report.

This statement has been approved by the Board of Coles Group Limited and signed by the Chair and CEO. Further detail about how this statement complies with the Modern Slavery Act is included in Appendix 1.

Feedback

We welcome feedback on this report. For more information or to provide comments, please contact us at:



ethicalsourcing@coles.com.au

How to navigate our statement and key themes

Our statement aims to provide a transparent and practical overview of how we work to manage our modern slavery risks. It explains the actions we are taking, the lessons we have learnt, and our future plans.

This year, our statement highlights four key themes, supported by selected case studies. These themes align with our key focus areas during the reporting period and provide a framework to help understand our response and navigate this statement.

Sharing lessons learnt to help support meaningful transparency



We recognise building an effective modern slavery response requires ongoing effort, investment and continuous improvement, and we seek to be transparent about our challenges and lessons learnt.

Developing proactive, context-specific responses



We aim to take a proactive approach and tailor our actions to the retail industry.

Integrating modern slavery risk management across the business



We work to integrate our modern slavery response into our business operations, including commercial engagements and key strategic objectives.

Working in partnership with our suppliers and other stakeholders



Every business has a role to play in addressing modern slavery. We seek to engage, equip and support our suppliers to manage modern slavery. We also work with, and value our relationships with, other key stakeholders such as unions.

Welcome to our 2023 Report

Message from our Chairman and Managing Director and Chief Executive Officer



Our business is part of the communities we serve, and with that role comes an important responsibility.

In line with our responsibility, we aim to foster respect, fairness, and care for all individuals involved in our business, including our team members, customers, contractors, suppliers and their workers, as well as the wider community. These aims underpin our commitment to respect human rights, including by taking action on modern slavery.

Our 2023 statement focuses on four key themes including how we integrate modern slavery risk management across our business, the development of proactive and retail-specific responses to modern slavery, the importance of our partnerships with our suppliers and other key stakeholders in combatting modern slavery, and increasing our transparency about the challenges and the lessons we have learnt.

In partnership with our suppliers, over 4,900 major and critical non-conformances were remediated through our audit program. We also invested over \$1.4million during FY23 to fund audits of sites in Australia, bringing our total audit investment to over \$2.9million in the past two years.

Whilst we take a broad approach to addressing human rights issues, two key focus areas which have been discussed

by the Board include our work on accommodation standards in Australia and our framework to address excessive working hours.

We received and investigated 12 human rights related complaints raised through our grievance mechanisms and published the outcomes on our website to provide transparency. This also included the investigation of recruitment fees paid by workers at 5 sites in Thailand. Whilst our further investigations did not identify these recruitment fees to be modern slavery, they underscore the importance of closely monitoring audit findings to identify where further investigation is required.

We know more work is required to achieve lasting change and we support the Australian Government's work to further strengthen the Modern Slavery Act, in particular, by establishing a Commonwealth Anti-Slavery Commissioner. We look forward to continuing to engage with the Australian Government and other stakeholders to progress this work.

In addition to our ongoing program commitments, our key priorities for the coming year will be to refresh our human rights strategy and broaden our capability building programs whilst continuing to educate and build knowledge with all stakeholders to help combat modern slavery.

We are pleased to present this statement and we welcome feedback.

James Graham
Chairman

Leah Weckert
Managing Director and Chief Executive Officer

Who we are and what we do

Coles is one of Australia's leading retailers with an extensive national supermarket and liquor footprint and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers. We employ more than 120,000 team members across over 1,800 retail stores and supporting operations. We source a diverse range of goods and services from over 8,000 suppliers annually, and average 17 million transactions every week across our in-store and online platforms.

We aim to have a positive impact on our team members, customers, communities and supply chain. We have worked hard to understand how our business activities could negatively impact human rights, and where risks of modern slavery may be present in our operations and supply chains.

Our operations and supply chains are complex and involve a diverse range of stakeholders. Managing modern slavery risks in this context requires ongoing effort, investment and continuous improvement, as well as collaboration.



Our pathway of continuous improvement

We aim to learn from our experiences and external feedback to enhance our modern slavery response.



Strengthening Partnerships

How we strengthen partnerships

- Training and education
- Audit and auditor quality
- Overseeing and providing remedy
- Supplier engagement

Achievements this year

- Delivered 11 training sessions for over 950 suppliers and team member participants on various human rights topics
- Invested over \$1.4million during FY23 to fund audits of sites in Australia, bringing our total audit investment to over \$2.9million in the past two years supporting both Australian farmers and developing capabilities of Australian certification bodies
- Supported suppliers to close 1053 critical and 3893 major non-conformances from audits conducted under the Ethical Sourcing Program, an overall increase of 94.1% year on year
- Investigated 12 complaints raised through external facing grievance mechanisms

Future Activities

- Proactively engage international audit scheme providers, sharing learnings and insights from Coles' Third Party Audit Program to develop and build capability with certification bodies
- Develop a targeted strategy to support building of capability for Coles' team members, including the development and implementation of stronger purchasing principles and accountabilities related to Ethical Sourcing and Human Rights
- Engage suppliers to better understand individual supplier approaches to learning and development, to improve how Coles supports increasing knowledge and driving remedy of identified issues



Building Trust

How we build trust

- Onsite assessments and visits
- Worker engagement and worker voice
- Supplier capability building
- Research

Achievements this year

- 23.9% growth in independent audits conducted year on year with 1000+ conducted under the Ethical Sourcing Program
- Reviewed standards of 47 sites that offer accommodation through audits and site visits
- Held farm-worker education event in Coffs Harbour, NSW
- Continued with worker voice trials in Australia and New Zealand
- Implemented supplier capability building program for selected strategic suppliers

Future Activities

- In partnership with the Accord (AWU, TWU & SDA)¹:
 - finalise the strategy for creating a minimum standard for worker accommodation for suppliers in Coles' supply chain.
 - deliver worker education sessions in key growing regions
- Continue the rollout of worker voice mechanisms
- Extend targeted capability building program to strategic suppliers of Fresh Produce in Australia



Continuous Improvement

How we continuously improve

- Program and process review
- Resource
- Stakeholder engagement
- Technology

Achievements this year

- Commenced development of revised Human Rights Strategy
- Expanded our program into manufacturing of back of house rubber gloves, refrigeration units and team member laptops and provision of services like offshore warehousing and livestock transport
- Enhancing requirements for suppliers with regards to high risk raw materials in the renewable energy sector
- Creation and trial of an audit methodology specifically designed for assessing providers of services
- Quarterly reporting to the Coles Board and Audit and Risk Committee on human rights and modern slavery performance

Future Activities

- Deliver Coles' revised Human Rights Strategy
- Continue to review and engage international bodies and subject matter experts to form partnerships supporting increased knowledge and remediation strategies for complex issues
- Deliver and train local certification bodies on audit methodology for assessing services providers
- Continue to conduct control effectiveness tests on key risk controls relating to Ethical Sourcing and Modern Slavery risk management and implement improvements where considered appropriate



¹ Definition of Accord and Accord partners can be found on page 44.

Our structure

Coles is an omnichannel retailer selling products including fresh food, groceries, household goods, liquor and financial services.

We provide in-store and delivery services to customers, households and businesses through our supermarkets and liquor stores. We also operate eCommerce platforms, including online websites across areas such as gift cards, general merchandise, meal solutions and our full retail offering.

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

Our structure

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

Coles Group Limited ACN 004 089 936 The ultimate parent of the Group is Coles Group Limited		
Coles Supermarkets Australia Pty Ltd ACN 004 189 708 Our supermarket business operates 846 stores across Australia. It procures, produces and retails fresh food, groceries and general merchandise to Australian consumers and includes our Coles Online eCommerce business and Coles Financial Services.	Liquorland (Australia) Pty Ltd ACN 007 512 414 Our liquor retailer operates 957 stores across Australia, as well as providing online liquor delivery services within Australia.	Eureka Operations Pty Ltd (Trading as Coles Express) ACN 104 811 216 Coles Group completed the sale of Coles Express fuel and convenience ('Express') to Viva Energy Group Limited on 1 May 2023. Prior to this Coles operated 706 convenience stores.
The Coles Group includes 44 subsidiary entities. These entities undertake a range of functions in support of Coles' businesses, including property development and management, procurement, online services, import and export of food and drinks. All subsidiary entities are incorporated in Australia, with the exception of an entity that supports Coles Group Insurance (incorporated in Singapore) and two export-related entities (incorporated in China and Hong Kong).		
Coles holds a 50% interest in two other reporting entities under the Modern Slavery Act that operate outside of Coles and produce their own modern slavery statements: Loyalty Pacific Pty Ltd (Flybuys) A joint venture between Coles Group Limited and Wesfarmers Limited, which operates the Flybuys loyalty program. Queensland Venue Co. Pty Ltd A joint venture between Coles Group Limited and AVC Sapphire Holdings Pty Ltd. Under this joint venture, AVC Sapphire Holdings Pty Ltd operates hotels in Queensland, Western Australia and South Australia, and Coles operates the retail liquor outlets.		

Our brands



Our operations

120,000+ team members	Permanent full time	19%	88% of our team members are covered by an Enterprise Bargaining Agreement and 30% of our team members are union members ¹
	Permanent part time	42%	
	Casual	38%	
	Fixed term	1%	
3.5% of our team members identify as Aboriginal, or Torres Strait Islander	49.1% of our team members identify as female	50.1% of our team members identify as male	
0.8% of our team members identify as gender diverse or choose not to nominate	9.7% of our team members identify as being part of the LGBTQI+ community ²	7.6% of our team members identify as living with a disability ²	

Retail outlets
We operate over 1,800 retail outlets across Australia, including Coles Supermarkets, Coles Local, Liquorland, First Choice Liquor and Vintage Cellars.

Distribution network
Our retail stores are serviced through a network of 25 Coles-operated and third-party distribution centres across Australia. We also offer services like Coles Collect, which provides a national transport network moving ambient, temperature controlled, fresh food and liquor products for a range of suppliers.

Processing / Meal Solutions
We operate four facilities across Australia that focus on meat processing, ready-made meals and meal kits. These are located in NSW / Victoria.

Store support
We support our operations through our store support functions, including buying and marketing. We also undertake construction and property development activities in partnership with third parties, and work with subcontracted partners to provide call centre services.

Digital services
In addition to our physical stores, we service both retail and business customers through online channels. We also operate Coles 360, which provide suppliers with market insights and marketing support.

Financial services
Through Coles Financial Services, we offer credit cards, personal loans and, home, vehicle, pet and landlord insurance. We also offer mobile phone plans through Coles Mobile.

Export
We export Australian food and beverages across Asia, the Pacific, Europe, United States, Middle East and South America, including meat, packaged grocery, and liquor.

Wholesale
We have a newly established wholesale business servicing a large convenience retailer.

¹ Approximation based on instances where union fees are paid directly out of a workers' wages.
² Based on results of our May 2023 MySay engagement survey, which was responded to by 72% of team members.

Our Governance

We believe that strong governance processes are essential to building an effective modern slavery response. Over recent years, we have worked to integrate our modern slavery strategy and response into our broader governance structure.

Coles Board

Responsible for overseeing Coles' modern slavery strategy and response, and the Ethical Sourcing Program, including approving our Modern Slavery Statement and key policies and standards such as our approach to excessive working hours in the supply chain. Receives quarterly updates about human rights and modern slavery through reports and accompanying meetings.

Audit and Risk Committee

Responsible for overseeing Coles' Risk Management Framework and internal risk controls. This includes monitoring and reviewing Coles' ethical sourcing performance (including through review of key risk indicators) and the effectiveness of our ethical sourcing risk-management systems and processes (including in

relation to modern slavery). Ethical sourcing has been identified as a material risk to Coles.

Executive Leadership Team

Responsible for the procurement of goods and services within their respective functions in accordance with Coles' Ethical Sourcing Policy. Functional teams manage direct relationships with suppliers and are responsible for ensuring suppliers comply with the requirements of Coles' policies, including Coles' Ethical Sourcing Policy, where applicable.

Diversity and Inclusion Council

A cross-functional management committee sponsored by the Chief People Officer. Supports the delivery of Coles' diversity and inclusion commitments. In the reporting period, the focus areas were

Belonging, Gender equity, Indigenous engagement, Accessibility and Pride.

Human Rights Steering Committee

A cross-functional management committee sponsored by the Chief Legal and Safety Officer. The committee guides our approach and management of human rights issues, including modern slavery.

Modern Slavery Working Group

A sub-committee of the Human Rights Steering Committee composed of team members from key functions across the business. Accountable for supporting modern slavery risk-management across our operations.

Working group members include, ethical sourcing, export, procurement non-trade, finance, supply chain, property, corporate affairs, legal, operations, people and culture, online and sustainability.

Ethical Sourcing Team, reporting into the Group Risk and Compliance Function

A dedicated team accountable for the management and implementation of the Ethical Sourcing Program, working cross functionally with key areas including procurement and supply chain. The team includes 12 permanent team members and one contractor in Hong Kong, with diverse backgrounds, expertise, and perspectives. The team reports to the Head of Compliance and General Manager of Risk and Compliance.



What we have learnt



Integrating responsibility for modern slavery risk management into broader governance structures promotes cross functional collaboration and integrates modern slavery into wider sustainability and related activities. It provides opportunities to share learnings with other parts of the business, and facilitates engagement with the Board and Executive leadership team on modern slavery. For example, having ethical sourcing as a material risk in Coles' enterprise risk landscape means the Board has set a risk appetite for this area and supporting key risk indicators to measure performance, which are reported regularly to the Audit and Risk Committee.



What we source

Our suppliers are key partners in our modern slavery response. We have built an extensive and diverse global supply chain to support our operations and work closely with our suppliers to communicate our expectations, and manage potential modern slavery and broader ethical sourcing risks.

We divide our supply chain into two categories. Goods for resale encompasses the products we retail in our stores and online. Goods not for resale are the non-tradeable goods and services we procure to support our operations.

Managing our supply chain across both these categories is complex. For example, we need to move fresh produce quickly and safely over long distances to stores, including in remote areas. We also need to respond to seasonal changes in supply and demand whilst maintaining stock levels. Our supply chains may be affected by external factors, such as natural disasters that affect key growing regions. More broadly, we rely on a wide range of services to support our operations, ranging from logistics to construction.

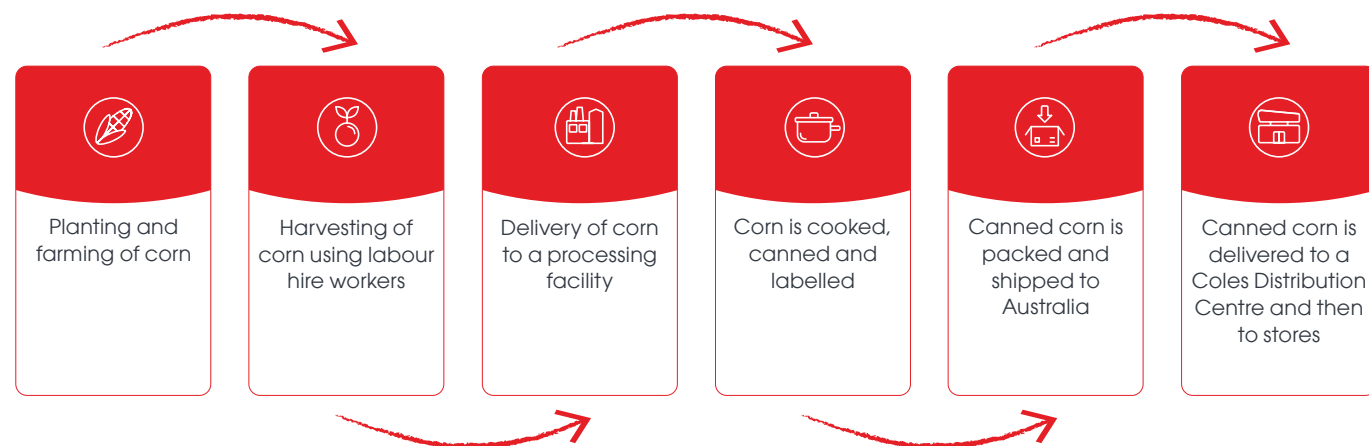
The size, capacity and locations of our suppliers and their sub-suppliers can also differ significantly. For example, our supermarket supply chain ranges from small family farms in Australia to large multi-national beverage companies. In some cases, a supplier may provide us with seasonal products (like easter chocolates or seafood) for a short window each year. In other cases, we rely on suppliers to consistently provide high volumes of product such as those within the dairy categories. Working across our supplier base to manage modern slavery and broader human rights risks means we need to understand how modern slavery can occur in a wide range of sectors and countries and take a tailored, context-specific approach.

Our supply chain includes a highly diverse and extensive range of product and service types. These are provided in a number of ways - food products may be supplied fresh or packaged, whilst non-food items may be delivered without packaging. Services can range from professional consultants on specialised projects to long-term security guards who protect our offices and stores. This means the supply chains are often very different (especially when time-sensitive) and could include many different stages or 'tiers', which can each involve different sub-suppliers.

We define tier one suppliers as those who have a direct contractual relationship with Coles, whereas tier two suppliers provide either products, processes or services to support the tier one supplier to meet their contractual commitments. Where there are references to tier three in this report, this would be defined as a supplier who is engaged at the tier two stage and provides products such as a component of the finished item or services like additional labour.

We focus our due diligence activities on key supplier categories which are described under our Ethical Sourcing Program scope on page 23.

The indicative diagram following shows some of the key tiers in the supply chain for a canned product such as corn.



Goods for resale

We procure an extensive range of goods for resale from over 4,300 direct suppliers¹.

Goods for resale include those from proprietary suppliers labelled with a trademark not owned by Coles, as well as goods from suppliers producing Coles Own Brands or Coles Liquor Own Brands.

Grocery Sauces, rice, pasta, canned foods, confectionery, tea, coffee, cereals, beverages	Health and Home Beauty, Best Buys, cleaning, clothing, self-care, electronics, homewares, toilet paper, pet food	Meat, Deli, Seafood Fresh and processed meats, fresh and frozen fish	Fresh Produce Fresh fruit, nuts, vegetables
Dairy, Frozen, Convenience Cheese, milk, frozen vegetables, ready to eat meals, eggs, ice cream	Bakery Bread, packaged cakes, seasonal fruit mince pies	Liquor Wine, beer, spirits	

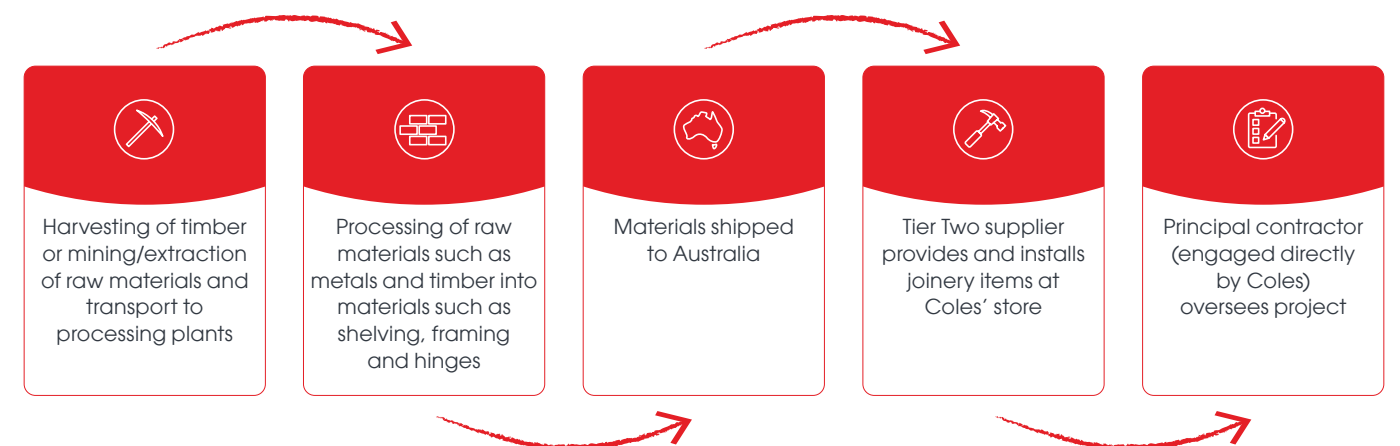
Goods not for resale (GNFR)

We procure a range of goods and services not for resale from over 4,000 direct suppliers.

Goods not for resale are non-tradeable goods and services we use to support the running of our stores and support functions.

Store Operations Utilities, gloves, maintenance, trolleys, installation services, scales, security, cleaning	Capital Store infrastructure, installation services	Technology Hardware, software and services related to technology
Indirect and marketing Marketing, print and media services, uniforms, packaging materials	Supply chain Logistics, warehousing, transport services	Property and construction Property construction, management and development

The diagram following shows some of the key tiers in the supply chain for joinery such as shelving used in our stores.

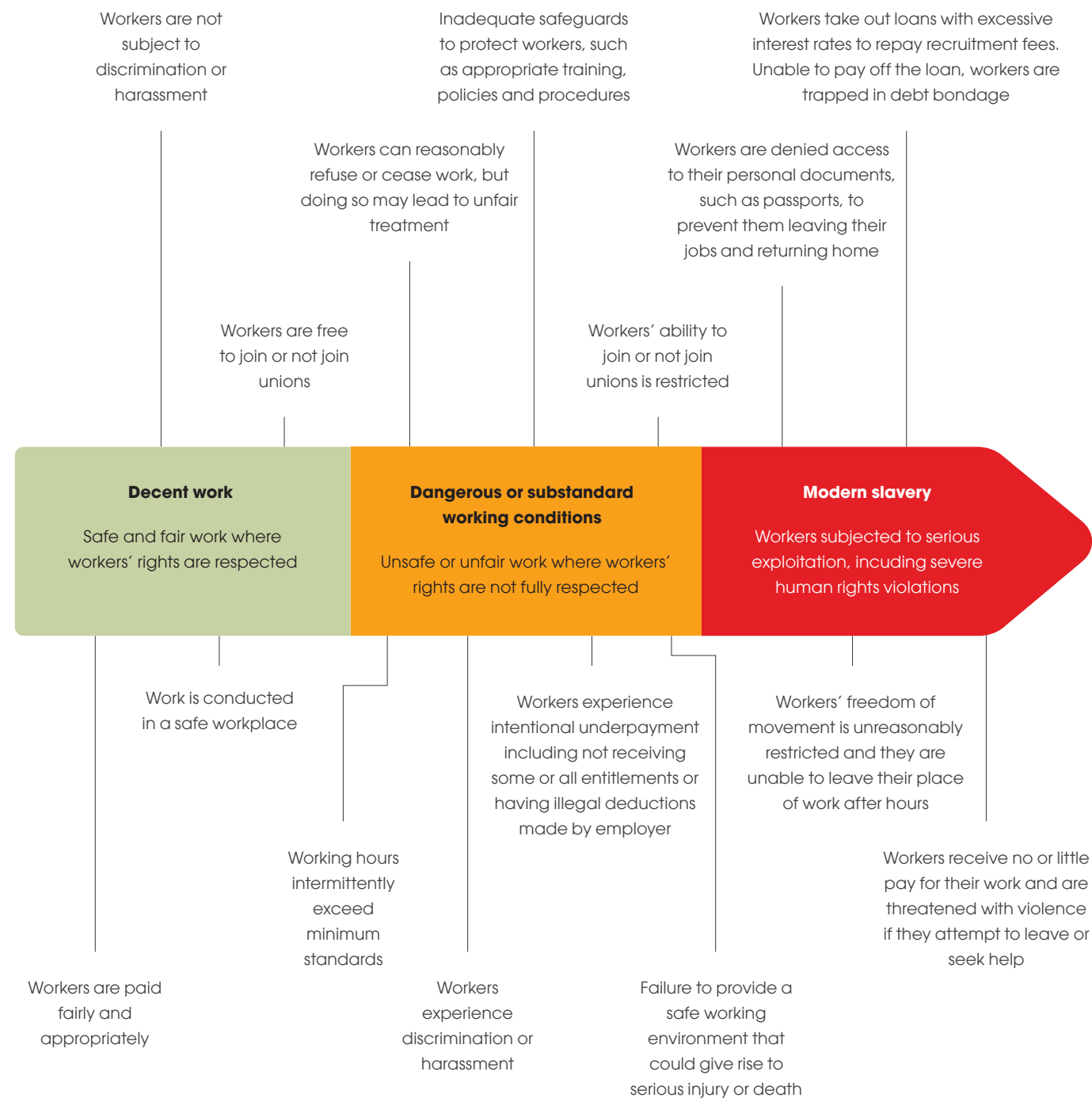


¹ Direct supplier means a business that Coles has made a payment to in the relevant financial year - including recurrent suppliers, and those Coles may only have paid once. It excludes payments made to providers under Coles' workers compensation program.

Identifying modern slavery risks

The complexity of our operations and breadth of our supply chains means we are exposed to a range of potential modern slavery risks. We focus on identifying and understanding these risks, including assessing how they could occur in the retail sector and the ways that our actions and other factors may shape our risk profile.

Modern slavery describes situations of serious exploitation which happen when 'coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom'. Modern slavery occurs at the most serious end of the labour exploitation continuum. The boundaries of this continuum are not clear, which means it may be challenging in practice to understand whether a particular situation of exploitation meets the threshold for modern slavery. We recognise that exploited workers may not identify themselves as victims of modern slavery and that their experiences may move up or down the continuum over time.



Why we take an integrated approach

Coles believes that modern slavery cannot be addressed in isolation from other human rights issues. That is why we integrate modern slavery risk management with our broader work to respect human rights, including through our Ethical Sourcing Program. Taking a holistic approach to addressing these human rights issues supports us in identifying systemic root causes and implement solutions that address interconnected problems.



Integrating our response to modern slavery with our work to respect and protect human rights aligns with our Human Rights Strategy. Our strategy outlines our commitment to respecting human rights across everything we do and sets out nine key human rights focus areas to guide our response.

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

Sharing the learnings from our approach

We recognise the role Coles plays in providing insights on our integrated approach to encourage collaboration with stakeholders, including suppliers, NGOs and industry peers. During the reporting period, Coles was invited to speak at a conference held by the Attorney General's Department on the collaborative efforts to address human rights issues within its horticulture supply chain. In partnership with the Australian Workers Union, practical learnings were shared which highlighted the importance of not focusing on modern slavery in isolation and that one company is not able to solve this issue on its own, showcasing the need for collaboration and industry-wide solutions to amplify positive impact.



How we identify and assess modern slavery risks

Our modern slavery risk profile is not static. It changes over time, including as we enter new areas of business or work with different suppliers, or we source from different countries or regions.

External factors such as inflation, the location of our suppliers, climate change and conflict can also impact our risk profile globally. For example, rising fuel

prices may reduce logistics companies' margins, which may lead to increased risks of excessive working hours or underpayments. In some contexts, such as where we operate or source from remote areas, we may have limited ability to choose between different suppliers or to monitor their practices. More broadly, external factors such as climate change,

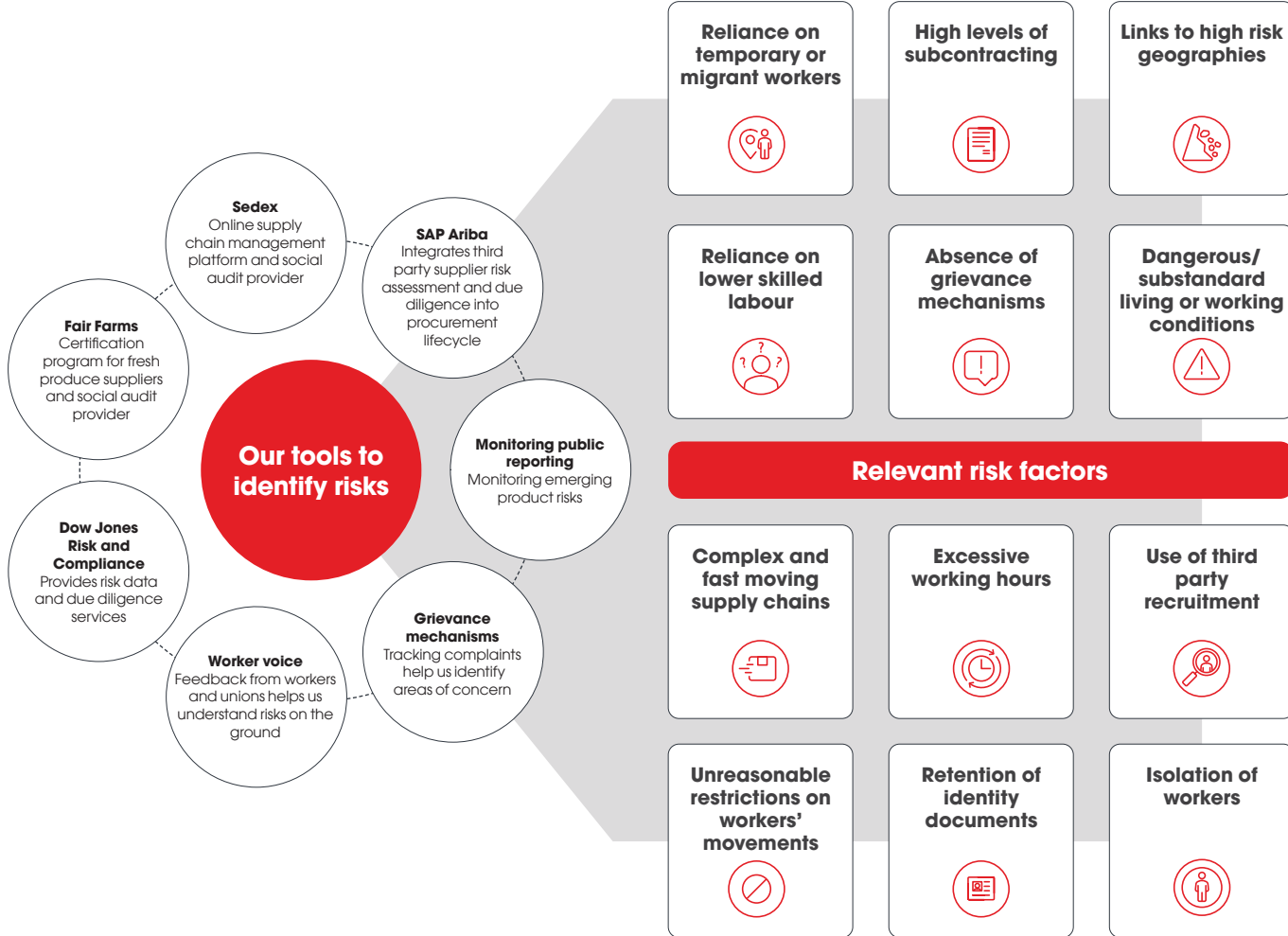
laws of different countries or conflict may affect our modern slavery risk profile, including where they result in increases in migration of vulnerable populations.

What we have learnt



In some cases, actions to manage modern slavery risks may have flow on consequences that also need to be considered. For example, Coles made a decision several years ago to directly employ trolley collectors, rather than fully rely on contractors, which allows for greater control over working conditions. However, as this model is unable to be scaled at pace, from time to time for the stores where we have in-housed trolley collection, we may still need to source workers from a supplier at short notice. Whilst we have not identified any concerns, we recognise that ad-hoc unpredictable demand can place additional pressure on suppliers.

Many recognised areas of modern slavery risk globally (such as renewable energy, cotton and rubber gloves) are relevant to a variety of sectors. We are also focused on understanding how these risks could occur in our own retail-specific context. This includes taking steps to understand how the structure of the retail sector more broadly, as well as our own purchasing practices, may shape our modern slavery risk profile. The below diagram includes several tools we use to support identification of our risks as well as relevant risk



UN Guiding Principles on Business and Human Rights (UNGPs)

We align our approach to understanding and assessing our modern slavery risks with the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGPs are the authoritative global standard for addressing modern slavery and other harms associated with business activities.

The UNGPs set out a three-part continuum of involvement, which we use to understand how modern slavery might occur in our operations or supply chain. It supports us in liaising across the business to find out how sourcing practices can contribute to modern slavery risks.

This includes, for example, engaging with the business on how last minute orders might contribute to forced overtime or excessive working hours.

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

Assessing modern slavery risks below tier one

Modern slavery risks can occur at any level of the supply chain, but may be more likely to occur below tier one. A tier one supplier is one who has a direct contractual relationship with Coles. Modern Slavery below tier one can be difficult to identify and address. This is because Coles has no contractual relationship with these parties, for example, to require them to provide documentation or otherwise commit to complying with minimum standards. Also, the further down the supply chain a site is, the more difficult it is to get transparency of the operational environment. Coles relies on its relationships and contractual terms with suppliers to navigate this challenge.

An example of a modern slavery risk area below tier one is the use of labour hire providers, which often sit at tier 3 or below. In our 2022 Modern Slavery Statement we reported on our work to map the labour hire providers used by our tier one and tier two fresh produce suppliers.

This visibility of labour hire providers in our fresh produce supply chain enables us to proactively contact relevant suppliers where issues have been identified with labour hire provider compliance, and to work with those suppliers to manage risks.

Key reflection

Partnering with our suppliers by sharing information and managing identified risks assists the effectiveness of our Ethical Sourcing Program. Consideration of contractual requirements with tier one suppliers that allow transparency beyond tier one and require action from tier two and beyond is important.



Our modern slavery risks

We assess the modern slavery risks in our operations and supply chain using a variety of tools and resources (refer pg, 15), and consider geographic, sector, product and supplier specific risk factors. The presence of one or more risk factors may indicate an increased vulnerability to modern slavery, but does not necessarily

mean modern slavery is occurring.

The following are examples of potential risk areas that could occur across Coles operations and supply chain.

Whilst we recognise some of these risks could be present in our own operations, based on the controls detailed

throughout this document, we believe the risk of modern slavery in our own operations to be low. This table identifies key potential areas of modern slavery risk relevant to our operations and supply chains. However, we recognise modern slavery risks may also occur in other areas.

Risk area	Key Risk factors	Our relationship to the risk
Workers in our extended Australian fresh produce supply chain	<ul style="list-style-type: none"> Reliance on temporary or migrant workers Reliance on lower skilled labour Use of third-party recruitment Retention of identity documents High levels of subcontracting 	<p>Directly linked/contribute.</p> <p>We recognise we could also contribute to modern slavery in this area. For example, if we disregarded evidence a supplier had confiscated passports of migrant workers working illegally in Australia and therefore was engaged in modern slavery.</p>
Sourcing and processing of raw material food ingredients such as cocoa, tea, tobacco and seafood in our own brand and proprietary brand supply chains	<ul style="list-style-type: none"> Reliance on lower skilled labour Links to high-risk geographies Complex and fast-moving supply chains Absence of grievance mechanisms Use of third-party recruitment 	<p>Directly linked/contribute.</p> <p>The nature of our relationships with suppliers in this area can differ significantly (for example, between our own brand supplier and a multinational proprietary brand). We recognise we could also contribute to modern slavery in this area, such as through our engagement with our own brand suppliers. For example, if our sourcing practices reduced these suppliers' margins to a level where they were incentivised to source raw materials from sub-suppliers exploiting their workers.</p>
Sourcing of raw materials used in our own brand and proprietary health and home products and goods not for resale supply chain from areas of reports where state-sponsored force labour exists, such as cotton, polysilicon and minerals	<ul style="list-style-type: none"> Reliance on lower skilled labour Links to high-risk geographies Complex and fast-moving supply chains Absence of grievance mechanisms Use of third-party recruitment 	<p>Directly linked/contribute.</p> <p>We recognise we could also contribute to modern slavery in this area. For example, in sourcing from a supplier where we have disregarded credible evidence a supplier was sourcing polysilicon from a sub-supplier identified as using state-sponsored forced labour.</p>
Manufacturing of goods for our goods not for resale supply chain, such as uniforms, IT, and solar panels and batteries	<ul style="list-style-type: none"> Reliance on temporary or migrant workers Links to high-risk geographies Complex and fast-moving supply chains Absence of grievance mechanisms Use of third-party recruitment 	<p>Directly linked/contribute.</p> <p>We recognise we could also contribute to modern slavery in this area, such as if our sourcing practices reduced suppliers' margins to a level where they were unable to pay their workers.</p>
Third-party international shipping	<ul style="list-style-type: none"> Absence of grievance mechanisms Isolation of workers Dangerous/substandard living or working conditions Unreasonable restrictions on workers' movements 	<p>Directly linked.</p> <p>Seafarers could be required to pay large recruitment fees to obtain jobs on a vessel, which they are unable to repay due to high interest rates.</p> <p>Whilst third-party international shipping providers are used across our supply chain and in our export business, we do not directly charter vessels and consider there is limited scope for us to contribute to modern slavery in this area.</p>

Overview Section 1 Section 2 Section 3 Section 4 Section 5 Section 6 Section 7

Taking a contextual approach to assessing modern slavery risks

External stakeholders have highlighted a range of modern slavery risk areas which are likely to be relevant to different businesses across a broad range of sectors, such as renewable energy (including solar panels), cotton, and rubber gloves. To effectively assess and manage these risks, we have sought to understand how they could occur in our own retail environment. For example, as shown below, the variety of products we retail and use in our operations means our potential exposure to risks relating to cotton or rubber gloves may be different from a company with a different sourcing footprint. Information about our work to assess and manage solar related modern slavery risks is set out later in this statement.

Assessing rubber gloves-related modern slavery risks

We procure rubber gloves for our Own Brand product range, as well for our back of house operations (e.g. for food handling and cleaning). We are aware of reported modern slavery practices in the global rubber glove sector.

We assessed our Own Brand rubber gloves that we provide for resale and identified that we source from a single long-term supplier. This supplier is based in Sri Lanka and operates an integrated supply chain, which includes rubber plantations and latex facilities. We met with this supplier during the reporting period to discuss their modern slavery risk management. We receive regular audit reports from the supplier's manufacturing facility, which has been used to supply products to Coles since 2016, and have not identified any indicators of modern slavery.

The rubber gloves we procure for our back of house operations are sourced through a distributor which may draw on multiple suppliers. We receive audit reports from each site which manufactures our back of house rubber gloves come from.

During the reporting period, we commenced a tender in collaboration with our distributor to refresh our supplier base. The tender included ethical sourcing requirements, including that successful suppliers be on-boarded to our Ethical Sourcing Program. During the tender process, our Ethical Sourcing Team also engaged directly with prospective suppliers to explain our expectations, including in relation to modern slavery.

Key reflection

Modern slavery risks in products such as rubber gloves may be present in different areas of the business. Engagement with internal stakeholders is key to identifying these areas, and engagement with suppliers is key to identifying how these risks are being managed, and whether supplier capability building and training is required.



Assessing cotton-related modern slavery risks

Cotton production is recognised as a high-risk sector for modern slavery, including due to the reported use of state sponsored forced labour.

During the reporting period, we re-evaluated how this risk could be relevant to our supply chain. We identified that in our Own Brand product range, a variety of products are made with cotton, including apparel items such as sleepwear, textiles such as tea towels and bedding, health and beauty items such as cotton buds, and in the handles on some re-usable shopping bags. In our GNFR supply chain we have exposure to this risk through our team member uniforms.

We continue to work with relevant Own Brand and GNFR suppliers to assess, help understand and address, where possible, any potential modern slavery risks associated with these cotton products. This has included meetings with key suppliers (including our uniform suppliers) to obtain information to assess their risk of modern slavery, by obtaining information about their supply chains and sourcing practices and due diligence systems they have in place. We review the information provided by these suppliers about their sourcing practices.

Key reflection

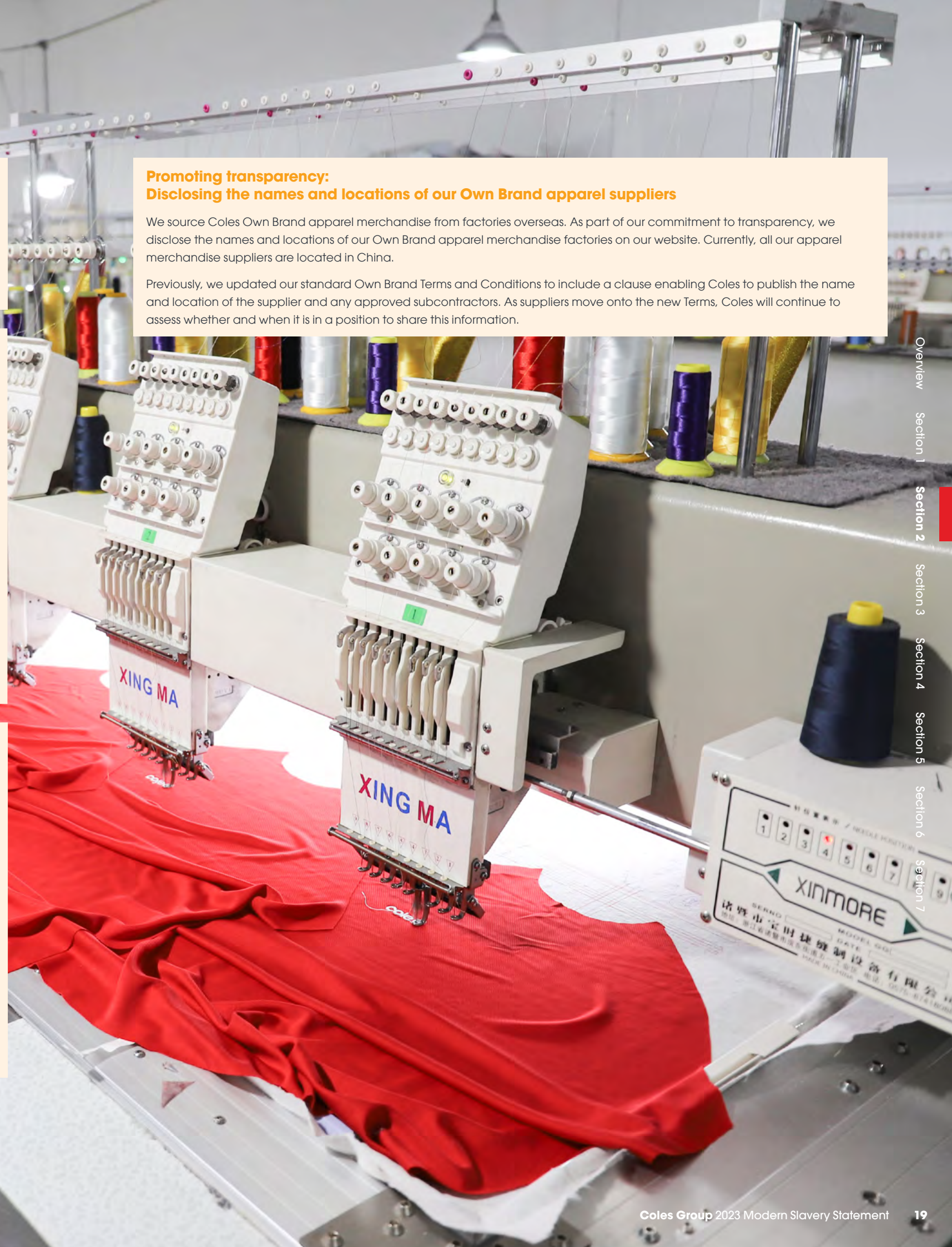
Modern Slavery in the production of raw materials such as cotton, may present differently across sectors. It is important to assess how they are relevant and where they occur in businesses' individual operating contexts to enable targeted responses.



Promoting transparency: Disclosing the names and locations of our Own Brand apparel suppliers

We source Coles Own Brand apparel merchandise from factories overseas. As part of our commitment to transparency, we disclose the names and locations of our Own Brand apparel merchandise factories on our website. Currently, all our apparel merchandise suppliers are located in China.

Previously, we updated our standard Own Brand Terms and Conditions to include a clause enabling Coles to publish the name and location of the supplier and any approved subcontractors. As suppliers move onto the new Terms, Coles will continue to assess whether and when it is in a position to share this information.



Our exposure to geographic modern slavery risk

Modern slavery can occur in any country. However, there are certain countries where modern slavery is reported to be more prevalent¹, including some countries where our suppliers are located. These differences in prevalence can reflect a range of risk factors, such as the absence or effectiveness of labour rights protections, whether the country has large number of migrant workers, and the impacts of conflicts and natural disasters.

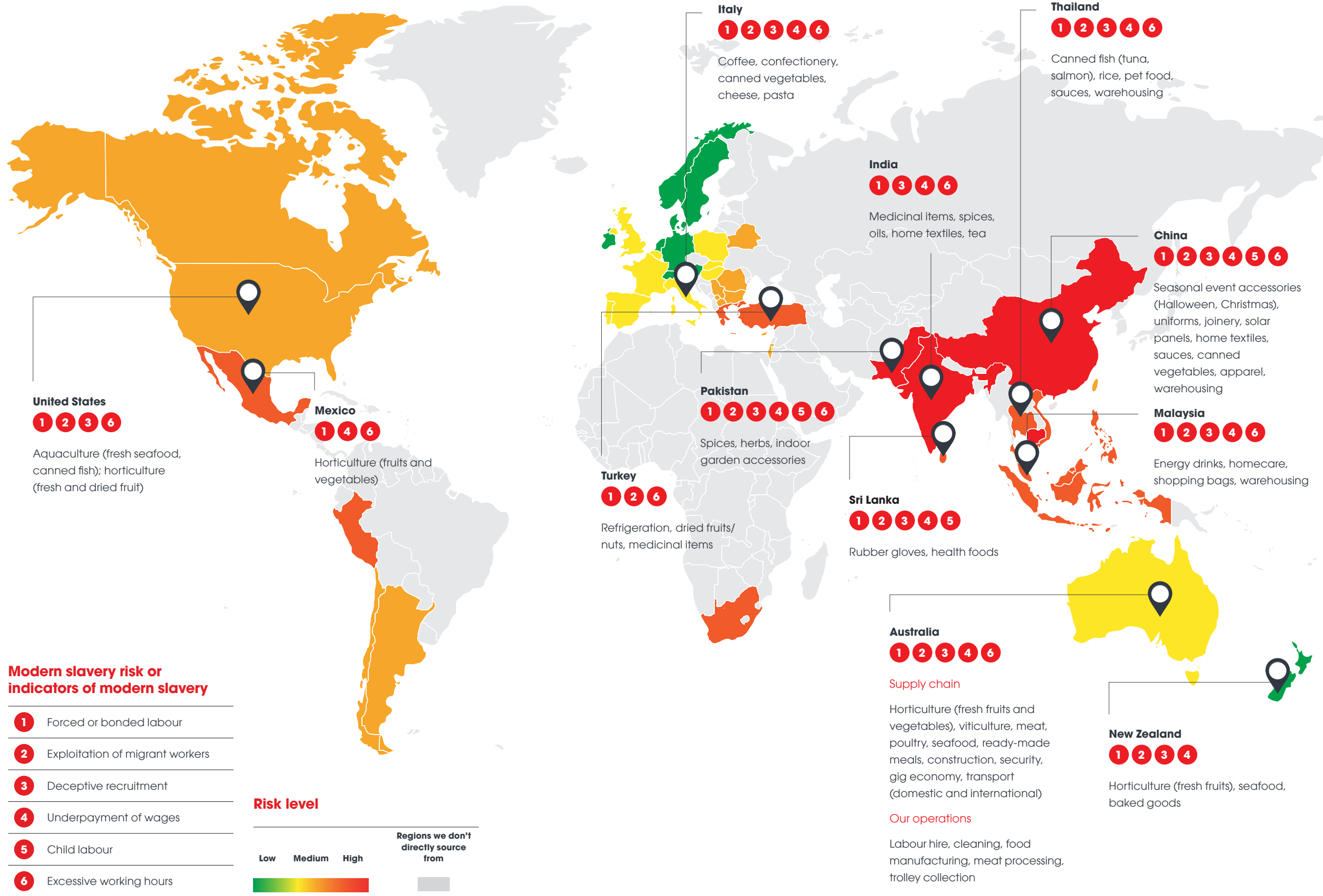
Through our Ethical Sourcing Program, we manage over 2,000 suppliers located across 47 countries.

Using geographic risks to help inform modern slavery risk assessments can be complex. For example, certain sectors in countries generally seen as comparatively lower risk may still involve high modern slavery risks (such as cleaning or horticulture). Conversely, some suppliers in higher risk countries may have more mature risk management processes in place than similar suppliers in lower risk countries, reducing their risk profile. In other cases, suppliers located in one country may rely on inputs or services sourced from another country, which changes their risk profile.

These complexities are addressed through country risk assessments which are then overlaid with commodity or sector risk as well as the individual site characteristics and management systems to generate an individual site risk ratings for suppliers in our Ethical Sourcing Program. The map shows the inherent country risk, which takes into account various risks such as: forced labour, country employment laws, freedom of association, health and safety, children and young workers, wages, working hours, discrimination, gender, regular employment, labour standards, business ethics, biodiversity, energy and emissions, waste and pollution, water and the environment.

This map visually represents the countries and sectors we source from covered by our Ethical Sourcing Program. Appendix 2 provides the number of sites in each country, and the business units from which the products are sourced.

The map identifies examples of products from selected sourcing countries.



¹ Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation. Available from: <https://walkfree.org/global-slavery-index/>.

Our modern slavery response

We focus our modern slavery risk management response on three key areas.

Focus area	What we do	How we do it
Addressing known modern slavery risks	We take a proactive and tailored approach to addressing known modern slavery risks.	Our Ethical Sourcing Program is the foundation for our work in this area. It provides us with a framework, policy and standards to assess potential risks associated with relevant suppliers and evaluate selected suppliers' practices through ethical audits. In addition to the audit process, we work closely with relevant suppliers to understand and enhance their own modern slavery risk management processes.
Maintaining effective grievance mechanisms to enable the identification and remediation of modern slavery harm	We work to implement and maintain safe reporting channels for workers and other stakeholders to safely raise concerns about modern slavery, without fear of retaliation. Where modern slavery indicators are identified, we investigate to verify the situation and support remediation in line with the UNGPs. We review the effectiveness of our grievance mechanisms on a periodic basis.	We display posters and distribute business cards that explain how to contact our Wages and Conditions Hotline at our worker education events, and provide business cards for auditors to share with workers during confidential interviews. We display posters with the details of STOPLine in our stores, distribution centres and store support offices. Workers are also able to raise concerns during confidential interviews conducted during each ethical audit.
Mitigating future modern slavery risks	We seek to mitigate modern slavery risks occurring by taking a range of actions to reduce the potential for modern slavery risks to arise.	We implement a detailed policy framework, including our Ethical Sourcing Policy and Code of Conduct, which is reviewed annually and updated as required. We also provide a range of training activities to our team members and suppliers aimed at increasing awareness of modern slavery risks and indicators as well as looking for opportunities to collaborate with stakeholders.

How we address key modern slavery risks

One of the focus areas for our response is addressing known modern slavery risks. Our primary tool to do this is our Ethical Sourcing Program.

Our Ethical Sourcing Program helps us to address modern slavery risks by assessing our suppliers' compliance with our Ethical Sourcing Policy, including identifying potential modern slavery risk factors or concerns. Whilst we require all our suppliers to comply with our Ethical Sourcing Policy, our Ethical Sourcing Program is focused on key supplier categories.

Our Ethical Sourcing Program scope



- Fresh produce means unprocessed fruit, vegetables and flowers, and includes Coles Own Brands as well as proprietary.
- *Coles Group completed the sale of the Coles Express fuel and convenience business ('Express') to Viva Energy Group Limited on 1 May 2023.
- **Produce packing includes packing sheds, as well as farms that pack produce on site. In cases where the farm harvests produce then sends it to a packhouse, only the packhouse and supplier of final products are within the program.
- Packing/manufacturing refers to sites that manufacture or pack Coles Own Brands into their final retail form.

2,049

Tier one and two suppliers in scope of the program

2,019

Suppliers risk assessed under the program

1,129

Ethical audits conducted on in scope suppliers

18

Suppliers suspended or contracts exited for non-compliance

Resources allocated to implementing the program

Overseen by the Chief Legal and Safety Officer, General Manager of Risk and Compliance and Head of Compliance, our commitment to ethical sourcing is supported by our dedicated Ethical Sourcing Team. Our Ethical Sourcing Team is comprised of 12 employees in Australia, including two social compliance (ethical) auditors certified by the Association of Professional Social Compliance Auditors (APSCA). We also have one contractor in Hong Kong focused on supporting the implementation of our Ethical Sourcing Program at offshore sites in China, Malaysia, Taiwan and Thailand.

Our buying and procurement teams, play an essential role in our program execution. They are the first to engage with suppliers to communicate our requirements, and they provide a point of escalation where requirements are not met.

Our audit program

Ethical audits can be undertaken in a range of ways. Generally, audits are commissioned by individual suppliers or Coles commissions an audit for the supplier. Where Coles commissions the audit, we may directly engage an audit provider to undertake an announced, semi-announced or unannounced audit, or use one of our own APSCA certified auditors to conduct an audit.

These audits assess modern slavery risks in a range of ways, including through document reviews, site tours and private and confidential worker interviews. Importantly, the interviews provide an opportunity to assess potential modern slavery indicators, such as recruitment fees or withholding of identity documents.

In FY23, 1,129 independent ethical audits were conducted on in-scope Coles Supermarkets, Coles Express, Coles Liquor and Coles GNFR suppliers. This is a 23.9% increase of audits year on year. Of the 1,129 audits, 11 were unannounced and 181 were semi-announced.

How does our Ethical Sourcing Program work?

Suppliers in scope of our Ethical Sourcing Program complete a risk assessment questionnaire to help us understand their activities and potential ethical sourcing risks. This questionnaire includes an assessment of suppliers' inherent risk based on location, sector and industry, as well as questions about topics relevant to modern slavery, such as workforce composition, working hours, contractual arrangements and recruitment costs.

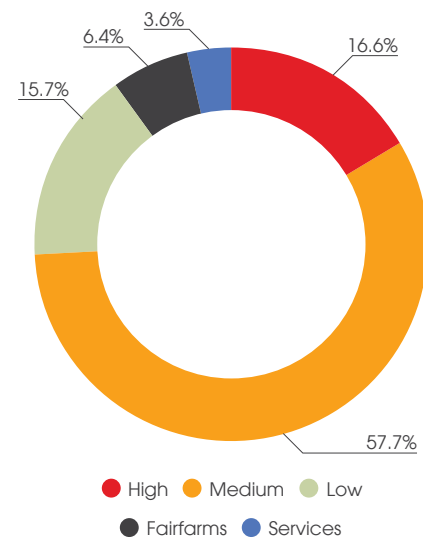
For suppliers managed through SEDEX, a high, medium or low risk rating is assigned. This risk rating determines the level of monitoring and oversight of the supplier, including the frequency of ethical audits.

Suppliers managed through Fairfarms are required to complete a risk assessment questionnaire and undertake an independent audit.

Based on the results, suppliers may be required to undertake training before an audit can be conducted. Audit frequency

is determined based on the results of the audit. Through Coles Third Party Risk Management Framework (TPRM), suppliers of high-risk services are required to regularly complete a Coles risk assessment questionnaire that determines whether an audit is required.

Sites by risk rating



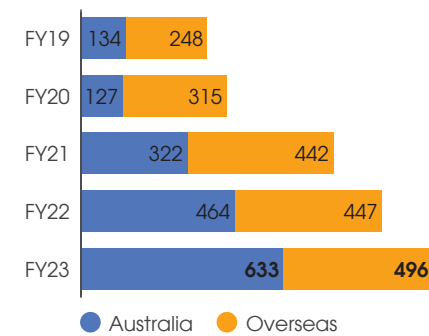
Over 56% of the audits were conducted at Australian sites which is broadly in proportion to the percentage of Australian sites within the Ethical Sourcing Program.

The Coles-funded Third Party Audit Program ran for a second year, with over \$2.9m invested over that time. It was designed to share some of the cost of auditing in horticulture, support an increase in qualified auditors in Australia and improve the overall quality of the audit experience. Some of the improvements we sought were increased depth and effectiveness of the assessment, report writing, and engagement from certification bodies and their auditors. Of the 1,129 audits conducted, 219 were conducted as part of this program.

The increase in audits during FY23 is due to factors such as the continued rollout of the Program to suppliers of GNFR, an increased number of auditors in Australia enabling a higher volume of audits, and the removal of COVID-19 restrictions, which constrained audit numbers in recent years. Coles does not expect continued growth in audit

volumes. Fluctuation in future years will likely be the result of varying site audit cycles, number of new suppliers and proportion of follow-up audits.

Independent ethical audits



Our perspective on the value of audits

We see audits as a core and effective element of our modern slavery and broader ethical sourcing response, when used with a number of other initiatives to manage risk.

Our experience suggests that, when implemented appropriately and as part of a wider human rights due diligence process, ethical audits can provide a valuable tool to assess supplier practices and address any identified non-conformances. For example, our ethical audits have enabled us to identify potential modern slavery indicators relating to recruitment fees (see page 35), which has prompted further investigation. Our audit program and requirement for suppliers to close major and critical non-conformances in a reasonable time has arguably also improved the working environment of many workers.

We recognise that audit programs will only be effective where they:

- are clearly communicated to suppliers. It is important suppliers understand why they are being requested to undergo audits, what is being assessed, and how any non-conformances will be managed.
- are fit for purpose. We work closely with our audit providers to understand challenges on the ground, including difficulties applying audit methodologies. During the reporting period, we developed a new ethical audit methodology for our services providers (see case study on page 43).
- include meaningful follow up to monitor how non-conformances are addressed. We invest time and resources in monitoring audit results for our suppliers and working with suppliers to close out major or critical non-conformances (see case studies on pages 34 and 35).
- form part of a wider response. Audits are one of a range of tools to manage modern slavery risks and are most effective when combined with broader supplier outreach and engagement, and effective grievance mechanisms to enable safe reporting of concerns. For example, we provide tailored capability building to selected suppliers in China to help address the root causes of gaps in their ethical sourcing performance (see case study on page 40).

Audits also help to increase supplier awareness and understanding of requirements through discussion and guidance from auditors.



How we address our key modern slavery risks (continued)

We monitor our audit data to help identify and analyse common findings and trends. This includes differences between how modern slavery risk indicators may vary across our Australian and overseas suppliers.

Ethical audit findings and trends

Once an audit is completed, suppliers must address major and critical non-conformances within time-frames agreed with the auditor. During the reporting period, 1,129 ethical audits undertaken across our suppliers identified (6,953) major or critical non-conformances, a (94.1%) increase year on year. (4,946) of these non-conformances had been closed out by the end of the reporting period.

The table on the right shows the identified major and critical audit non-conformances across our program. For the first-time due to reporting improvements these numbers also capture non-conformances raised through the Fair Farms program.

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

We monitor our audit data to help identify and analyse common findings and trends. One trend we identified is an increase in the number of average non-conformances for audits at Australian sites (see average non-conformance graph). This trend increase is likely the result of multiple factors, including the number of sites completing their first audit, improvement in audit quality, and Coles' audit monitoring program and capability training sessions.

Coles seeks feedback on auditors and their assessments, as well as the overall auditing process for suppliers engaged in the Coles funded audit program. From the responses, the following aspects of supplier auditing all scored a satisfaction rate of 90% or above: communication (accessibility, professionalism, facilitation); technical competency (qualifications, experience); reporting quality (accuracy,

consistency, timeliness, completeness) and professional integrity (dependability, work ethics). An example of supplier feedback during the reporting period was:

"(Auditor) was extremely professional and informative. We found him to be easy to work with. When discussing areas for improvement he was clear, decisive and knowledgeable."

We welcome the audits and (Auditor's) ability to assist our company in ensuring our bar is kept high and we are displaying best practices for ourselves and our customers."

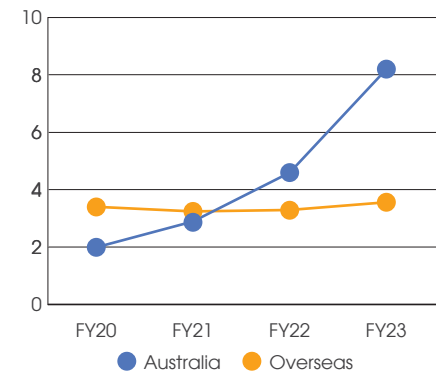
Our monitoring program also includes acknowledging the differences between how modern slavery risk indicators may vary across our Australian and overseas suppliers. For example, non-conformances relating to working hours is the second most common identified non-conformance for our overseas suppliers (18.9% of total non-conformances for overseas suppliers) but only 4.7% of total non-conformances for Australian suppliers. This is important, especially where there are legislative requirements relating to the maximum hours allowed to work. In some countries (like Australia) this only applies to certain industries and, therefore, requires different approaches to remediation.

Similar to prior years reporting, health and safety remains the most common category of non-conformance identified representing 53.7% of the total overall non-conformances raised (53.3% of all Australian issues and 55% of total overseas issues).

Where a supplier fails to close out a non-conformance by the date specified by the auditor or does not comply with any other requirements under our Ethical Sourcing Program, we follow a documented process to work with the supplier to address the issue. In line with our commitment to assess individual circumstances, we may provide an extension (such as by the due date the supplier must comply) which we refer to as a derogation. Any derogations must be

approved by relevant senior leaders from Risk and Compliance and the relevant Business Unit.

Average ethical audit non-conformances



4,946
non-conformances remediated

Top 5 issues

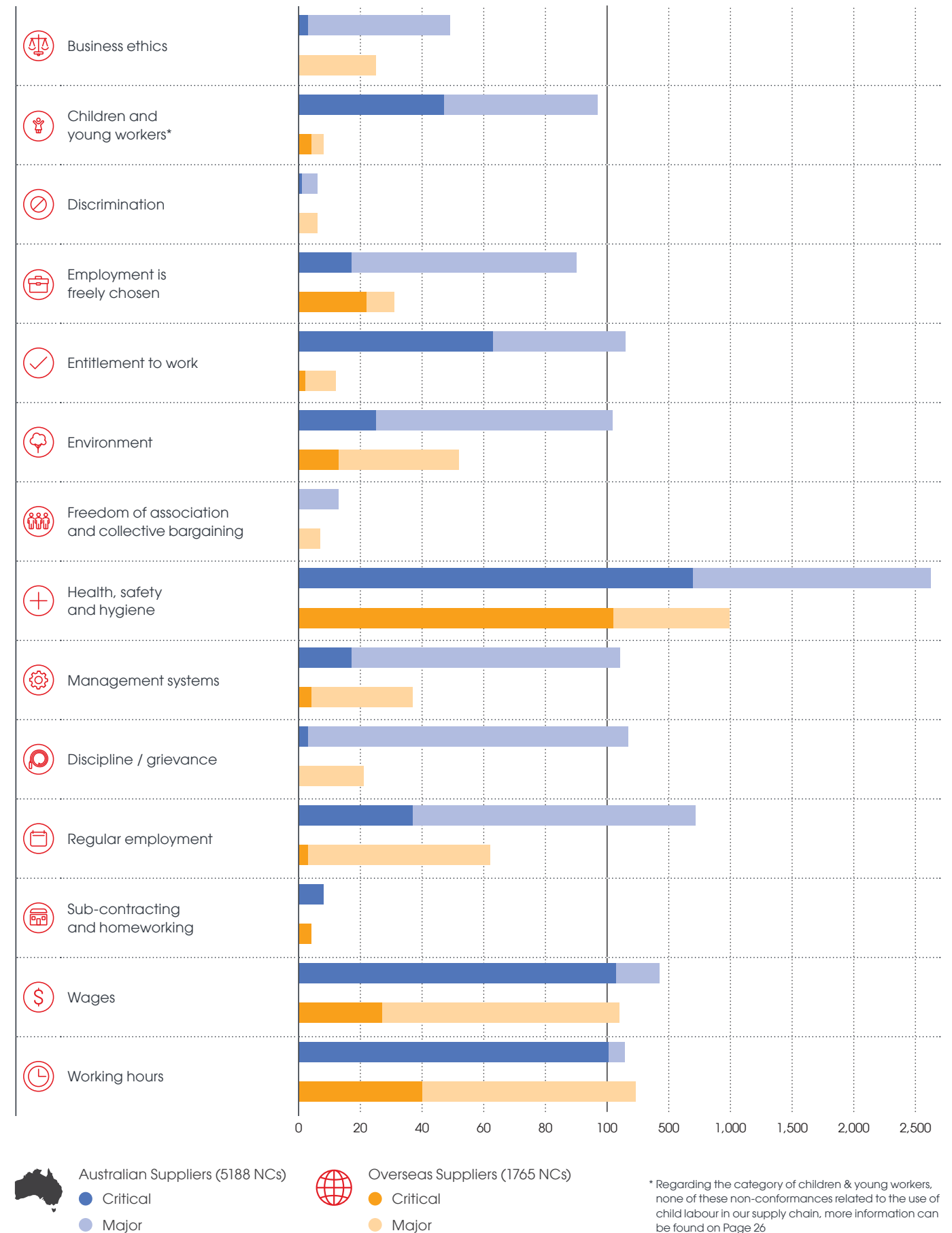
53.7%
Health and safety

11.1%
Regular Employment

8.9% Wages
8.3% Working hours

3.7%
Entitlement to work

FY23 Supplier audit non-conformance



Australia Australian Suppliers (5188 NCs)
● Critical
● Major

Overseas Suppliers (1765 NCs)
● Critical
● Major

* Regarding the category of children & young workers, none of these non-conformances related to the use of child labour in our supply chain, more information can be found on Page 26

Engaging with our suppliers

We aim to work closely with relevant suppliers to understand and enhance their own modern slavery risk management processes.

The case studies set out in this section highlight examples of how we have engaged with our suppliers. This includes using our relationships to foster collaboration and collective responses, as well as an example of how we have engaged a large multinational supplier where we had little business in comparison to their overall sales. The case studies also explain how we are managing potential modern slavery risks associated with our renewable energy and de-carbonising commitments.

Working with a supplier based in Thailand to address excessive working hours

During the reporting period, we worked with a Thai supplier to address instances of excessive working hours identified through audits.

Excessive working hours is a common area of non-conformance for our overseas suppliers. In some cases, excessive working hours in supply chains can be an indicator of modern slavery, as well as posing short or long-term health and safety risks for workers. However, legal requirements relating to maximum permitted working hours, and overtime, vary significantly across countries. As a result, some jurisdictions legally allow for significantly higher working hours than the Ethical Trading Initiative (ETI) Base Code maximum of 60 hours a week (including overtime). Our Working Hours Framework (Framework) guides how we engage with our suppliers to reduce excessive working hours.

In this case study, an audit identified working hours of up to 78 hours a week (the maximum legal working hours in Thailand is 84 hours per week), as well as a failure to provide some workers with sufficient rest days.

We engaged with the supplier to complete a root cause analysis and a corrective action plan. The supplier advised of actions they would complete to address the excessive hours, including the installation of new machinery to increase efficiency, and expansion of their production lines to improve capacity. The supplier advised that the excessive working hours were compounded by COVID-19-related shortages and restrictions. As part of our review, we confirmed that overtime was voluntary and the site had no outstanding critical or major health and safety non-conformances.

Based on this information, we agreed to provide the supplier with time to implement their action plan prior to a follow up audit to assess the effectiveness of their actions. The follow up audit confirmed the supplier had reduced working hours and addressed issues relating to rest days. The site committed to further reducing working hours over the following audit cycle. Coles will continue to assess the progress of the supplier over upcoming audits.



Key reflection

Working with suppliers to reduce working hours requires a context-specific approach. In this case, the installation of new machinery by the supplier appears to have facilitated a reduction in working hours.

It can be challenging to work with suppliers to reduce working hours where these hours are above the ETI Base Code, but are legally permitted in the relevant jurisdiction. We will continue to work with our suppliers to address these challenges, but recognise this is an area where increased collaboration across businesses, government, NGOs and other key stakeholders is needed to address the structural factors that can contribute to excessive working hours.

Engagement with workers in the last mile delivery sector

Demand for online delivery services increased significantly during the pandemic and has remained high over FY23.

We work with a small number of last mile delivery suppliers to provide groceries and liquor items to our customers, and recognise that this sector can involve a range of risk factors, including time pressures and limited job security. These risks have been the subject of focus and discussion by the Senate Select Committee on Job Security.

We have partnered with our last mile delivery suppliers to review driver earnings. We were provided access to trip earnings and information for Coles specific orders, which helped us assess factors such as correlation between driver fees earned, time spent delivering and distance travelled. There were limitations on the review given that independent contractors and the calculative method in which drivers are remunerated is considered intellectual property of the suppliers (e.g. drivers may deliver multiple orders from different places per trip), and the review was unable to determine if underpayments based on these calculative methods had occurred. In the absence of legislation or a specific Award that applies to this industry, it is not possible

Key reflection

Engagement in this sector has highlighted the value of matching data (such as payment data) with feedback from workers to understand and validate key trends and issues.

Monitoring compliance in a sector which has minimal legislative protection can present challenges. Coles is continuing to monitor potential legislative changes and the impact it may have on the supply chain.

to specifically identify any instances of underpayment. This review identified that workers earning median rates would be earning higher than minimum wage for the trip duration. In summary, this deep dive trip earnings data review identified the following:

- Differences in delivery offerings across the suppliers make direct comparison of driver fees difficult
- Large variances between high and low-fee earning deliveries
- Differences in payment structure depending on the type of deliveries undertaken
- Lack of correlating factors determining driver earnings across all three suppliers

We complemented this deep dive with continued engagement with delivery drivers. This included working with a supplier to leverage their regular driver representative sessions to ask a series of driver wellbeing questions on behalf of Coles. Another supplier included questions about driver wellbeing and wages through the driver app, resulting in over 300 responses. Survey responses indicated that a majority of drivers did not understand or partially understood how their fee was calculated. Most respondents also reported that they were not contributing to their superannuation. We are looking into these survey findings and noting them as risk indicators of job insecurity in the last mile delivery sector.

Drivers also used the survey as an opportunity to provide feedback on their interactions with Coles stores, as part of their pick-up experience. These were then shared with internal stakeholders to calibrate on points for improvement. These driver engagement approaches provided us with insights into the day-to-day experiences and challenges experienced by last mile delivery drivers, and build on regular ongoing engagement with our suppliers. Through this engagement one supplier self-reported three instances where, due to system errors, some driver fees were incorrectly calculated. These amounts have now been repaid by the supplier.



Engaging and learning from IT suppliers

The IT equipment sector can involve a range of modern slavery risks, such as the sourcing of component minerals and conditions at manufacturing sites. IT equipment supply is largely concentrated across several large multinational companies. As a result, customers, such as Coles, may have challenges influencing these suppliers, on their ethical sourcing practices.

During the reporting period, we worked to engage with two key IT suppliers regarding their modern slavery risk management and due diligence activities. The suppliers (both large multinational companies) initially shared with us their modern slavery statements and other public disclosures to gather relevant information. Following further conversations with the suppliers Australian representatives, we arranged a discussion with the suppliers international teams responsible for human rights.

These discussions enabled us to better understand our suppliers' modern slavery risk management, including their audit program. Following the discussion, we requested and were provided with copies of the audit reports for the manufacturing sites where equipment sold to Coles is manufactured. This enabled us to understand our supplier's practices in this area and opportunities for further engagement. For example, we were provided with another internationally recognised audit scheme report that large international IT companies (including our suppliers) endorse and apply. Access to these audit reports showed us the extent covered in the audit scheme and, more importantly, the scheme's emphasis on verified closure of audit findings as critical to demonstrating compliance, which aligns with Coles' Ethical Sourcing Program approach. We also learnt that our suppliers are members of the Responsible Minerals Initiative, which looks to address responsible mineral sourcing issues in their supply chains.

We recognise that there are multi-stakeholder modern slavery-related initiatives for the IT sector, which many global IT companies including our suppliers are a part of. Investing the time to explain to our suppliers the rationale of our information request, with a view to learning from our suppliers their ethical sourcing practices, provides us with better insights to understanding sector differences in modern slavery risks in our supply chain.



Key reflection

There can be many challenges to engaging companies on modern slavery, including that norms of the industry allow for particular behaviour or where the bargaining power is with the other party. Persistent engagement may unlock opportunities to improve knowledge or standards.

Addressing modern slavery risks associated with our renewable energy and de-carbonisation commitments

Addressing modern slavery risks is relevant to many different areas of work across our business, including our renewable energy and de-carbonisation commitments. The following case studies highlight the different ways we have engaged with key suppliers to help us address modern slavery risks in this area.

Managing modern slavery risks related to sourcing of solar panels and batteries

Use of solar energy and battery energy storage systems is essential to us achieving our renewable energy commitment to be powered by 100% renewable electricity by the end of June 2025. However, we recognise that supply chains associated with these technologies include a range of potential human rights risks, including modern slavery.

During the reporting period, we continued to work with a key supplier in the energy sector and their solar panel provider. This included supporting a social compliance audit of the provider's new manufacturing site. In a previous audit, we identified concerns with excessive working hours, which we continue to monitor and engage directly with the supplier to improve.

We also received a briefing from the supplier about how they have worked to meet modern slavery-related U.S Government requirements for importing solar panels. As part of this engagement, the supplier provided attestation that polysilicon was not sourced from Xinjiang, in line with the requirements of the U.S laws.

During the reporting period, we continued to monitor our sourcing of batteries, recognising that batteries with cobalt have modern slavery risks associated with this mineral including the risk of child labour. Our suppliers' proposed battery solutions for Coles renewable energy needs that did not include cobalt-based chemistries. These battery sites also underwent social compliance audits. We appreciate that alternate minerals such as lithium can also pose a risk of modern slavery and we continue to work with our suppliers to understand these risks.

Key reflection

The solar sector can involve a range of modern slavery risks beyond the sourcing of polysilicon, including working conditions at manufacturing sites. It is important that actions taken to manage modern slavery risks in this area consider the different ways modern slavery could occur across the full solar value chain.



Managing modern slavery risks related to refrigeration suppliers

Our net zero greenhouse gas emissions commitment also requires a reduction in our energy footprint. Refrigeration is a significant contributor to our energy consumption and we have a number of initiatives to improve efficiency, including adding doors to refrigeration units across our stores and moving to a natural refrigerant. At the end of FY23, natural refrigerants were in use in 54 supermarkets (28 in FY22) and 33 Coles Liquor Stores (15 in FY22).

Our refrigeration systems are provided by tier two suppliers based in China and Turkey. Experience to date demonstrates awareness of modern slavery risks in refrigeration supply chains is variable and suppliers have less experience with audit requirements and processes. We are engaging directly with our tier two suppliers to support them to understand our expectations and work through audit results to address non-conformances.

We are mindful of the Syrian refugee crisis and the reported issues faced by Syrian refugees in the labour market, including in Turkey. These include poor working conditions, poor wages and discrimination. The audit at our sub-supplier's site in Turkey did not identify any Syrian workers at the site.

Key reflection

In order to meet our de-carbonisation commitments, businesses engage in a range of different carbon reduction activities. It is important to identify the breadth of these activities and ensure ethical sourcing considerations are embedded into these activities.



How we seek to identify and remediate modern slavery risks

We support open and transparent working relationships across our operations and supply chain, where concerns about modern slavery or broader human rights issues can be safely voiced.

It is important our stakeholders have access to a range of reporting pathways that are trusted and easily accessible.

We have formal grievance mechanism channels including STOpline, which is available to our team members and stakeholders across our supply chain, and our Wages and Conditions Hotline that is designed for workers in our supply chain. We may also identify modern slavery concerns through other sources, such as audits, supplier self-reporting, and information provided by third parties, such as unions and civil society groups.

We proactively promote our grievance mechanisms to key stakeholders,

including through engagements with supply chain workers. For example, we display posters and distribute business cards that explain how to contact our Wages and Conditions Hotline at our worker education events, and provide business cards for auditors to share with workers during confidential interviews. We display posters with the details of STOpline in our stores, distribution centres and store support offices.

In addition to our own grievance mechanisms, we require our suppliers to provide appropriate channels for worker and community grievances, including an anonymous, confidential method for all workers to raise concerns without fear of retaliation. Through our Ethical Sourcing Policy, we expect our suppliers to effectively communicate these channels to their workers, in relevant languages and in physical and electronic forms.

We aim to be transparent about the types of complaints we receive and how we respond. We publish deidentified information about supplier-related complaints received through our grievance mechanisms, audits, unions and other channels on our website along with details of our response.

Details of supplier complaints

Total number of complaints against suppliers received in FY23 **12**

Number of complaints involving alleged underpayments against suppliers **4**

Number of complaints involving alleged use of undocumented workers or workers in breach of visa conditions against suppliers **1**

Number of complaints involving workplace health and safety issues against suppliers **2**

Source of complaints	
Worker unions	2
Stopline	2
Direct contact to Coles	4
Audits	2
Worker education event	1
Wages and Condition Hotline	1

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

Our approach to grievance management

Grievances reported to Coles

Our grievance mechanisms are open to all potentially affected stakeholders, including past and present team members, their dependents, contractors, officers, suppliers' workers and affected communities. These stakeholders can safely report concerns relating to potential modern slavery or other human rights issues using the following channels.

STOPline

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

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

Availability: 24 hours a day, 7 days a week on 1300 304 550 or coles@stopline.com.au

Coles Wages and Conditions Hotline and Email

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

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

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

Coles Protected Disclosure Officers

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

Open to: Anyone covered by the Coles Whistleblower Policy.

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

Worker interviews

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

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

Investigation

We assess and investigate complaints and seek to promote their timely resolution.

We also seek to update complainants throughout the grievance process. If the complainant is dissatisfied with the outcome of a grievance process, they can refer the issue or complaint to the relevant National Contact Point.

Grievance Raiser

Coles

Supplier

Independent verifier

Coles assesses nature of grievance

Supplier may be notified of grievance raised where appropriate (complainant anonymity is maintained where required)

May be notified of grievance by Coles

Invited to participate as appropriate

Coles commences investigation within agreed timeframe

May be requested to share further information with Coles

Remediation

Where we determine a remedy is necessary in line with the UNGPs, this may be provided by Coles directly, or in collaboration with third parties.

In some cases, it is not possible for Coles to address the issue and provide remedy in isolation. In these instances, we consult with the affected person/s or their representative trade union/NGO/ representative agent, to ensure assistance meets the needs of each individual. We are also open to collaborating with judicial and non-judicial grievance mechanisms, including the relevant National Contact Point.

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

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

Notified of outcome

Prepare time-bound remediation and action plan to resolve grievance (including consultation with affected persons/their representatives where appropriate)

Recommends action plan with Coles and supplier

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

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

Implement and monitor until grievance is resolved and remediation provided (regular updates provided to stakeholders)

Verifies and monitors implementation

Our expectations for remediation by suppliers

We use our relationships with suppliers to support effective remedy to workers and other persons who have experienced human rights harm, such as modern slavery. We set out our expectations for suppliers' remediation processes in the following standards:

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

Suppliers are expected to comply with the legal requirements of the countries in which they operate, in addition to elements of Coles' Ethical Sourcing Policy. All Australian suppliers must comply with all Australian laws and regulations regarding labour, wages and benefits, as well as health, safety (including psychosocial safety), anti-discrimination, sex-based misconduct and the environment. If a supplier underpays or fails to pay workers, they must determine how long the underpayment has occurred, the total amount owed to workers, and they must identify the number of affected workers. The supplier must then pay the owed amount to the affected workers within a reasonable time period, to be agreed with Coles.

Coles Ethical Sourcing – Child Labour Remediation Requirements:

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

Coles Ethical Sourcing – Forced/Bonded Labour Remediation Requirements:

If a supplier's worker pays a recruitment fee or deposit for their employment or contract for services other than, or in addition to, the direct costs of travel, visas and other legitimate costs, then Coles will work with the supplier on appropriate remediation. Payslips and financial records must be made available for auditor review, verifying that the worker is no longer in debt and key employment terms and conditions must be reissued to all workers in their own language. Any worker found to have entered an employment or contract for services arrangement against their free will must be immediately freed, with no notice period required. Workers must be allowed to freely leave with their earned payment, identity papers and other personal effects. The supplier must also provide independent evidence to demonstrate all identified issues have been rectified in the form of a re-audit (at the supplier's expense) from a recognised certification body. This re-audit must include worker interviews.

Working with a cleaning supplier to address underpayments

As part of contract requirements, a floor cleaning service conducted audits on 12 sub-contractors working in Coles stores and identified underpayments.

As part of our work to remediate these underpayments, we have worked with our Tier one supplier to ensure all underpayments are backpaid with payslips and bank transactions provided as evidence.

Key reflection

Suppliers utilise software solutions to streamline administrative activities including payroll. It is important to regularly review the accuracy of the application to ensure the outputs remain compliant, which includes workers being paid correctly.



Investigating concerns about recruitment fees charged to suppliers' workers

Payment of recruitment fees by workers can be a potential modern slavery indicator.

Recruitment fees occur when a worker pays fees to obtain a job, such as for recruitment agency services, work permits, and/or health checks. Some workers are charged excessive recruitment fees, which may be difficult to repay. This can increase their vulnerability to modern slavery practices such as debt bondage, including where workers take out loans with unfavourable interest rates to cover recruitment fee costs, or where their employer deducts repayments from their wages.

Migrant workers can be particularly vulnerable to exploitation associated with recruitment fees. This reflects a range of factors, such as language barriers and limited alternative work options. The use of recruitment fees can also limit the amount of money (remittances) migrant workers are able to send home, which can affect their families and local economies.

During the reporting period, a number of ethical audits of our suppliers' sites based in Asia identified potential concerns relating to recruitment fees. We subsequently commissioned independent investigations across these sites to verify and understand these concerns, including to establish whether modern slavery practices could be occurring. These investigations were undertaken by expert third parties with experience working in the region and on issues relating to recruitment fees.

We chose to use two different assessment methods to investigate these concerns to help us understand the most effective approach to examining recruitment fee issues. The first assessment method involved a substantial number of worker interviews, as well as engagement with the suppliers' management. The second assessment method involved a higher-level assessment, which included a worker survey and supplementary worker interviews.

Our investigations uncovered a diverse range of findings including where recruitment fees had been charged to workers. In one instance we also identified that a number of migrant workers held visas that were close to expiring and could, therefore, be at risk of working illegally, which could increase their vulnerability to exploitation.

Coles' assessment, after thorough review, was that the recruitment fees paid by workers were not substantial, and, absent of other indicators, did not meet the threshold of modern slavery. However, these type, of fees require remediation. These investigations provide us with a deeper understanding of the challenges around recruitment fees and we are planning to engage with suppliers to explain in detail the findings and to support and work through a remediation pathway with them that may include repayment of fees to workers.

Another part of our approach to supporting the remediation of these issues is taking steps to prevent similar conduct from reoccurring. This included holding a capability building webinar with relevant suppliers to provide them with information on how they can improve on their recruitment practices.

Key reflection

In practice, it can be challenging to identify when charging recruitment fees meets the threshold for modern slavery and investigating these concerns requires tailored, context-specific approaches. We are using this experience to support ongoing internal and supplier conversations about modern slavery and how to respond to modern slavery red flags.



Human rights forum for construction principal contractors

In March 2023, we held a human rights forum with 15 principal contractors from across our property development and construction portfolio.

The aim of the forum was to explore opportunities and collaborate to manage labour rights risks in the construction supply chain, including modern slavery, underpayment, and access to effective grievance mechanisms. This built on earlier work described in our past statements to assess our principal contractors' approach to ethical sourcing, including modern slavery risk management. We surveyed attendees on practices related to wage compliance, subcontracting and subcontractor management. Whilst the majority of respondents reported having systems in place to manage wage compliance and subcontractor compliance, the requirement to check if subcontractor workers are receiving their correct entitlements emerged as an area requiring focus. This was a key pillar of discussion in the forum.

Participants attended the forum virtually, or in person, and conversations covered a range of issues including challenges with maintaining visibility of subcontractors across complex supply chains and working in remote regions where there may be limited subcontractor options.

At the forum, participants also discussed the key subcontractor categories that may pose higher modern slavery risks, including due to the use of base skilled labour, for example, trades such as plastering, painting, and tiling and floor grinding, may involve higher modern slavery risk. Participants also recognised the retail context could heighten these risk factors. For example, nightshift refurbishments can involve tight timing deadlines to enable stores to trade during the next day. Subcontracted workers undertaking nightshift work may also have worked for other clients during the day, leading to risks of excessive working hours. Detailed project planning is critical and undertaken to help mitigate risks.

We received positive feedback from attendees, including the value of creating opportunities for sharing experiences between different suppliers. Felim Brady from Mainbrace Constructions shared that conversations at the forum reinforced that the discussion on human rights in supply chains for the construction industry is only the beginning of a journey for many and that education is key. Our other principal contractor, Ken Carter from FLEXEM, shared that, as a result of Coles reaching out to better understand their ethical sourcing practices, this activity led them to review and expand their own practices. This included the development of an Ethical Sourcing Policy, supplier risk assessment, adding ethical sourcing to the company's risk register, updating purchase orders and contracts, and reviewing their overseas steel supplier (as one of the key building material suppliers).

We are using feedback from the forum to help us build future strategies to assess and address risk in this space. With the insights gained from this activity, we will also plan targeted diligence and ethical sourcing activities relevant to retail construction.

Key reflection

Creating opportunities to build knowledge and learn from peers helps build a more effective response to the modern slavery risks in a given sector. Construction in the retail sector is somewhat unique in that significant refurbishment activity is conducted at night within tight timeframes. Understanding this operating environment was important to enable us to work with our principal contractors and internal stakeholders to better understand the risks to workers in this area. Given that multiple suppliers were present at the forum, Coles took specific steps to consider and manage legal considerations relating to competition laws.



How we work to prevent modern slavery occurring

Our work to prevent modern slavery risks is supported by a commitment to strong governance. In addition to the policies summarised below, we have several other standards and programs of work which support our work to manage modern slavery risks. For example:

- Internal standards and guidelines (for example our Working Hours Framework)
- Online and face to face learning for team members and suppliers
- Capability building programs for selected suppliers
- Due diligence and negotiation of contracts prior to supply
- Procedures for the timely closure of non-conformances
- Risk appetites and key risk indicators to support performance monitoring
- Oversight by the Board, Audit and Risk Committee and Human Rights Steering Committee

Our policies

Maintaining and meaningfully implementing effective policies around issues such as modern slavery is a key part of meeting our commitment to respect human rights. Our key policies are summarised below.

Policy title	Relevance to modern slavery	How we implement this policy
Human Rights Strategy	Outlines our commitment to respecting human rights, our nine key human rights focus areas, and our pathway to achieving our commitments. During the reporting period, we commenced a process to refresh our Human Rights Strategy, which started with detailed consultation with internal and external stakeholders.	We publish this strategy on our external website. The ambitions outlined in the strategy are embedded in our ethical sourcing strategic action plan.
Ethical Sourcing Policy	<p>Together with our Ethical Sourcing Program Requirements, our Policy articulates our expectations for our suppliers in relation to modern slavery, labour rights, and broader human rights.</p> <p>Our Ethical Sourcing Policy is aligned with key internationally recognised frameworks and instruments, including the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, UNGPs and the Ethical Trade Initiative (ETI) Base Code. It sets clear standards for suppliers in relation to modern slavery and decent work.</p> <p>In 2023, we included a new clause outlining our approach when disputes arise regarding interpretation of law, added multiple clauses to the subcontractor section requiring the provision of subcontractor lists and other related documents, and updated the working hour clause to align with an update to our Working Hours Framework.</p>	We publish this policy on our internal and external websites. Compliance with this policy (or agreed equivalent) is a condition of trade for direct suppliers. We expect direct suppliers to include similar and appropriate requirements in their own direct supply relationships. We monitor compliance with this policy through our Ethical Sourcing Program.
Whistleblower Policy	Outlines the processes Coles has in place to receive and manage reports regarding potential misconduct, this includes suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct, as well as concerns that represent a potential breach of the Code. This can include complaints relating to modern slavery.	We publish this policy on our internal and public websites. The policy is also communicated to team members through the Code. Posters promoting the Whistleblower Hotline (STOPline) are displayed in our retail and distribution centre sites to promote awareness.

Policy title	Relevance to modern slavery	How we implement this policy
Code of Conduct	<p>Defines how we do business and outlines the standards of behaviour expected from our team members and leaders, including in line with the recent Respect@Work legislative changes and related guidance material. The Code makes it clear that Coles does not tolerate inappropriate behaviour or business practices. The Code emphasises our commitment to operating ethically and with integrity, and includes a section on human rights and modern slavery. This section outlines our commitment to respect the rights of workers to freedom of association and collective bargaining, the right not to be subjected to forced labour and the abolition of child labour. The Code sets out our expectation that team members report any instances of human rights violations.</p> <p>The Code provides that failure to comply with it may result in disciplinary action, up to and including dismissal.</p>	We publish the Code on our internal and external websites. All team members are required to read the Code on commencement of employment and acknowledge that they have read and understood the Code. The responsibilities expressed in the Code are reiterated in other policies and training programs, and material breaches of the Code are reported to our Audit and Risk Committee.
Work Experience Policy	Details the requirements for work experience placements to make sure they are appropriate and legally compliant. Coles is committed to ensuring the work environment is safe, especially for young workers, including by requiring work experience participants to complete training in safe work procedures and other Coles policies.	We publish this policy on our internal website. The policy is supplemented by detailed guidance material for managers on the process for requesting and managing a work experience placement. Coles' People and Culture function reviews and monitors work experience placements to encourage compliance with the Work Experience Policy.
Working Rights Policy	Sets out the requirements for ensuring team members are legally permitted to work in our business, including compliance with relevant visa conditions.	We publish this policy, alongside detailed guidance material for line managers, on our internal website. The policy requirements are embedded into the systems and processes, including recruitment, onboarding and ongoing monitoring through employment, in order to encourage compliance and maintenance of valid working rights
Ethical Sourcing Remediation Framework	Guides our approach to investigating human rights-related concerns within our supply chain, which could include modern slavery. It sets out the core principles Coles adheres to and expects our suppliers to adhere to in its aim to provide effective remedy for human rights violations, such as modern slavery.	We publish this Framework on our public website.
Remuneration Policy	Our Remuneration Policy sets out our remuneration principles for employees, as part of its commitment to fair and equitable remuneration outcomes across its reward programs and practices.	We publish this policy on our internal website.

Training and supplier capacity building

We provide training and other assistance to our team members and suppliers to support our work to prevent and manage modern slavery risks. This complements broader engagement with other stakeholders, including our engagement with suppliers' workers.

Internal training

Team members in key roles are required to complete an 'Introduction to Ethical Sourcing' online module when they commence an applicable role at Coles. This includes category managers and other team members across our goods for resale, and GNFR operations. During the reporting period, 246 team members completed the e-learning module, with over 876 team members having completed the module since its introduction.

We delivered training on our Ethical Sourcing Program to over 140 Coles team members in key roles.

These sessions aimed to equip team members to understand Coles' approach to ethical sourcing, including modern slavery. The content included an overview of human rights, ethical sourcing at Coles, supplier compliance activities and common areas of audit non-compliance. We also delivered a training session for over 30 members of our procurement team to give them an overview of modern slavery and human rights-related topics, the role of the Ethical Sourcing Team and how the Team is engaged with their day-to-day work.

External training

A key pillar of how we strengthen partnerships with our suppliers is by delivering ongoing training and education, especially on complex or known issues we have identified within our supply chain.

During the reporting period we conducted five webinars on key ethical sourcing topics for tier one and tier two suppliers. Four of these webinars were conducted in partnership with ELEVATE (a specialist consultancy we partner with on a number of initiatives), which covered topics including:

- Highlighting proper practices relating to health and safety (attended by 109 participants)
The webinar focused on preventing and remediating worker health and safety risks identified through the Coles Ethical Sourcing Program. Positive feedback was received, with 97% of attendees reporting that they gained better understanding on preventing health and safety risks from the training.
- Management of migrant workers and recruiting responsibly (attended by 55 participants)
This webinar covered key elements of a migrant worker's journey and a number of associated themes suppliers should be aware of, which included things such as available responsible recruitment standards, forced labour risks and indicators, employer pays principles, effective management systems, pre-departure training and best practice remediation strategies for identified issues relating to recruitment fees.
- Understanding issue root causes and implementing associated management systems (attended by 103 participants)
Providing insights on common issues found within Coles' supply chain, management systems and change management was identified as a root cause issue and this session was designed to provide further education and implementation strategies to support remediation.
- Understanding and reducing the risk of excessive working hours (attended by 109 participants)
Coles is aware of the risks of modern slavery and where the use of excessive working hours could be considered an indicator of modern slavery. With working hour non-conformances being a common non-conformance identified in Coles supply chain, this webinar was designed to educate suppliers on Coles tolerances in relation to working hours, and also provide a number of approaches suppliers could enact to manage and reduce working hours in their supply chain.

We also delivered through Coles Quality Academy (a platform specifically designed for training of Coles suppliers, primarily used by suppliers based in Australia) a webinar on embedding ethical sourcing practices into their business. This session was attended by 170 participants and aimed to provide resources and knowledge to help suppliers implement a program to safeguard the rights of workers in their own operations and their own supply chains. The webinar included sharing anonymised examples of suppliers managing and mitigating ethical sourcing risks identified through the Coles Ethical Sourcing Audit Program, as well as common gaps and areas for improvement. A key theme was guidance on how to manage labour hire providers.

Auditor training day

Coles hosted an event regarding social compliance (ethical) audit quality and Coles' Ethical Sourcing Audit Program.

The event was attended by representatives from 7 audit firms, the CEO and President of APSCA and the Head of Office for SEDEX Australia.

The event discussed topics including learnings from the Coles funded Third Party Audit Program, common non-conformances in Australia and recent and upcoming legislation changes.

The format of the event provided a conducive environment for auditors to share challenges and strategies when navigating the social compliance (ethical) space. The value of the event was recognised by APSCA with the awarding of CPD hours for each auditor that attended the session. The feedback from auditors in attendance was positive.

"It was a great experience from start to finish. I found it especially interesting to understand the ethical sourcing commitment and overall scope from Coles management team- something that gives me a new perspective on daily operations" Auditor



Implementing a contractor assurance program

In FY22, we conducted a risk assessment on a high-risk service contract extension at Coles distribution centre. The audit detected instances of underpayments, which the provider remediated by providing back pay to those impacted. Coles worked closely with our supplier to better understand its existing subcontractor management systems and internal resourcing to manage ethical sourcing risks.

This engagement resulted in our supplier further strengthening their subcontractor ethical sourcing management approach, which included:

- enhancing their existing subcontractor management framework
- analysing and categorising subcontractors from high-risk industries
- putting in place a risk-informed approach to an ethical sourcing audit program to manage risks
- recruiting a dedicated auditor specialising in subcontractor employment.

Coles continues to be engaged in this supplier's continuous improvement journey towards Ethical Sourcing best practice.

Key reflection

With the impending changes following the review of the Australian Modern Slavery Act, potentially lowering the threshold of reporting entities, we recognise our role and responsibility as a large business in Australia to influence and support our supplier base. By investing time to engage with our direct suppliers, to understand their existing management systems and to contribute to changing the way they manage modern slavery risks, we hope to achieve positive impacts beyond engagement with Coles.



Supporting suppliers to strengthen their programs

Our tier one suppliers are key partners in our work to mitigate and manage modern slavery risks. By working with these suppliers to build their capacity and strengthen their ethical sourcing approaches we can help to drive longer term, sustainable change across our supply chains.

During the reporting period, we worked with ELEVATE (ESG and supply chain specialist advisory firm) to support a number of tier one suppliers based in China. We selected three suppliers from our Health and Home, and Grocery business units that manage the largest number of in-scope tier two supplier sites in China, to participate in a multi-step capability building program.

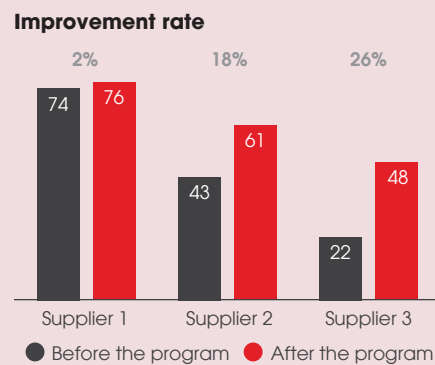
As part of this program, ELEVATE engaged directly with the suppliers' China-based teams to assess their existing ethical sourcing programs. This informed the development of a tailored two-day capability building program for each supplier.

The one-to-one engagement aims to identify and address the root causes of ethical sourcing performance gaps by demonstrating the link between business processes and social performance.

The program begins with a performance diagnostic covering six key areas: workforce management, production management, quality management, compensation, health and safety, and management attitude.

Following this, ELEVATE supported each supplier to map out their training needs and conducted tailored training for each supplier based on the gaps and opportunities identified through the diagnostic. Depending on the level of maturity in their ethical sourcing program management, ELEVATE also worked with each supplier to develop relevant post training action plans which varied for each supplier. In the graph below are the improvements made by each of our suppliers following their participation in the program.

We identified that each of our suppliers were at different stages of their ethical sourcing journeys, some further along than others with policies and processes in place. This is reflected in the rates of improvement for each supplier following the program completion. For those with fewer processes in place, the areas of improvement included the development of a code of conduct for their suppliers and inclusion of ethical sourcing requirements embedded as part of their purchase orders with suppliers. One supplier even took a beyond audit approach to trial worker surveys as a component of their ethical sourcing program.



Quote from one of our participating suppliers of homewares and general merchandise

“Since (the program) we have paid more attention to the cultivation and improvement of our company’s culture. We have paid more attention to creating a better working environment for employees and improving employee benefits; we have improved the reward mechanism to motivate employees to work enthusiastically”

In the next phase of this program, we plan to track the ethical sourcing performance of the tier two sites producing for these suppliers. By continuing to support supplier capability building programs, we are seeking to improve our direct suppliers' ethical sourcing management and practices.

Key reflection

One-off capability building sessions may have limited impact and longer-term investment is needed to see sustained change. We are continuing to support these suppliers over FY24, including tracking the ethical sourcing performance of the sites these suppliers manage on our behalf.



Developing a new services audit methodology

During the reporting period, we worked to develop an audit methodology for high-risk services providers, including to assess their modern slavery risk management. In our experience, it can be challenging to apply existing ethical audit methodologies to services providers in the retail context. Among other factors, this reflects the differences between suppliers providing services and physical goods.

To help address this gap, we have developed a new audit methodology for services providers which is tailored to the services sector. The methodology includes a focus on suppliers' management systems (including disciplinary practices), employment practices (including working hours and payment of wages and entitlements), and subcontractor management (including processes to monitor any subcontractors).

We trialled the audit methodology with two high risk services suppliers and a selected subcontractor for each supplier. This process included a series of worker interviews and identified a range of gaps, including relating to incorrect application of awards and ineffective subcontractor management.

The audit trial allowed us to identify gaps and areas to be improved to build a more robust audit methodology for service provision. Key learnings included:

- Initial sample size selection was too large and not conducive to a timely audit review period. As a result, the sample size was re-adjusted during the trial.
- Information provided by the suppliers relating to their subcontractor management practices did not initially enable sufficient evaluation due to missing details. As a result, additional questions were added to enhance the audit.
- Challenges with collection and review of documentary evidence through virtual processes as compared with the review of documentary evidence in an on-site audit.
- Increased administrative coordination when seeking to interview workers via phone with reduced effectiveness as compared with on-site interviews completed during standard on-site ethical audits.

We are working with the relevant suppliers to address the gaps identified through the audit trial and are continuing to refine our services audit methodology. Once finalised, we plan to release the methodology and related training material to third party APSCA social compliance audit providers to inform future audits on our services providers.



Key reflection

To be effective, audit methodologies need to be tailored to suppliers' operating contexts and it is important to understand the advantages and limitations of different approaches. For example, whilst on-site face to face interviews with workers can increase overall audit costs and time-frames, we have found this approach to be more effective than phone interviews with workers.



How we work to prevent modern slavery occurring (continued)

Collaboration and stakeholder engagement

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

Stakeholder/ forum	How we engage	How this engagement has supported our modern slavery response
Ethical Retail Supply Chain Accord (ERSCA)	We entered into the Accord in 2019, with three of Australia's largest trade unions: the Australian Workers Union; the Shop, Distributive and Allied Employees Association; and the Transport Workers Union. We re-signed the Accord in April 2022 for an additional three years.	The ERSCA aims to promote a 'safe, sustainable, ethical and fair retail supply chain for all workers'. We meet regularly with the union members of the ERSCA to identify opportunities to strengthen social compliance standards in our Australian supply chain, including in relation to modern slavery. This includes planning collaborative activities such as joint worker education events.
UN Global Compact Network	The Global Compact Network is the world's largest corporate sustainability initiative. We joined the Global Compact Network in 2019, and participate in the UN Global Compact Network Australia's Modern Slavery Community of Practice.	Participating in the Community of Practice enables us to share learnings with peers and collaboratively discuss issues such as effective grievance mechanisms and responding to modern slavery risks in high-risk geographies.
Indirect Spend Alliance	This multi-stakeholder initiative brings together procurement and sustainability professionals to coordinate and create ethical and responsible sourcing best-practice across key indirect spend categories, such as logistics or facilities maintenance.	The project includes quarterly best practice group sessions, which support us to understand, share and apply key learnings. The project also resulted in the development of a matrix of risks, opportunities and tools to support supplier due diligence. During the reporting period, we presented on our GNFR sourcing practices to over 50 attendees at a retailer invitation-only event, including major global companies in the retail sector. We also separately shared our work on last mile providers with members.
Transport Charter	In 2020, we signed a charter with the Transport Workers Union (TWU) on standards in road transport and the gig economy focusing on safety, driver education and mental health.	The charter includes a formal consultation process between the TWU and Coles to require an ongoing emphasis on safety and to establish mechanisms through which safety issues can be identified and addressed.
Our investors	Our investment community includes institutional investors, buy and sell-side analysts and retail shareholders.	Engagement with investors helps us to understand investor expectations. Enhanced engagement from investors in recent years has helped to drive our continuous improvement approach to modern slavery risks.
Participation in corporate sustainability benchmarks	We voluntarily participate in a number of corporate sustainability benchmarks relevant to modern slavery, including the Corporate Human Rights Benchmark and World Benchmark Alliance.	Participation and engagement with key benchmarks support our efforts and achievements in sustainability. It also helps us understand how our response to modern slavery and broader human rights issues aligns with key peers, identify emerging trends and issues, and consider where there may be opportunities for improvement.

Stakeholder/ forum	How we engage	How this engagement has supported our modern slavery response
Roundtable on Sustainable Palm Oil (RSPO)	<p>Coles has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since September 2010. The RSPO is a not-for-profit organisation that has more than 5,000 members worldwide who represent all links along the palm oil supply chain.</p> <p>Coles is also a member of the Retailers Palm Oil Group, a coalition of companies that have the common aim of using sustainable palm oil in their products.</p>	The RSPO has developed the RSPO Principles and Criteria (RSPO P&C), which covers the most significant environmental and social impacts of palm oil production, and the immediate inputs to production and social impacts related to on-farm labour and community relations. Companies must comply with these RSPO P&C in order to produce Certified Sustainable Palm Oil (CSPO). Palm oil is used in many products and can involve high social impacts. As a member of the RSPO, Coles has embraced the RSPO P&C for sustainable palm oil production and our intention is to use only sustainable palm oil in Coles Own Brand products.
Sedex	We participate in monthly meetings with Sedex to discuss common trends and issues including Human Rights related topics. We present as a member to the wider Sedex community about best practice, as well as contribute to their regular conferences.	This partnership helps to ensure that current tools and methodologies we use to identify and assess potential modern slavery risk. These engagements also help us to understand common risks or issues facing the broader industry.
Fair Farms	We hold a buyer's membership with Fair Farms and we actively participate in and support the updating of their risk assessment methodology and associated requirements. This has included providing a formal submission with recommendations to amendments to the Fair Farms framework.	Active engagement in the development of the Fair Farms certification program has helped develop the Fair Farms standard to meet Coles' minimum requirements to safeguard human rights and seek to mitigate the risk of modern slavery within the Australian Horticulture Industry.
Institute for Human Rights and Business (IHRB) - Responsible Shipping Dialogue	Convened by IHRB, the Responsible Shipping Dialogue for container cargo owners is a working group including global brands (such as Coles), shipowners and operators, and seafarers' representatives, aiming to provide guidance for cargo owners on ensuring human rights due diligence in their shipping activities.	Participating in the Responsible Shipping Dialogue allows Coles to discuss and better understand seafarers' welfare issues with peers, as well as with ocean carriers and expert organisations. During the reporting period, Coles participated and presented in an IHRB organised 'Seafarer' Roundtable in Singapore to share our learnings with industry stakeholders including charterers, seafarers and seafarers' rights organisations. A case study on Coles featured in the 'Delivering on Seafarers' Rights 2022 Progress Report', a joint publication by IHRB and the Responsible Shipping Dialogue. This was the result of our continued engagement on seafarers' welfare issues through the Responsible Shipping Dialogue.
Clean Energy Council	The Clean Energy Council is a peak body for clean energy in Australia. It works with renewable energy and energy storage businesses to further the development of clean energy in Australia.	Engaging with the Clean Energy Council has helped us to understand how the clean energy industry addresses modern slavery risks and enabled us to share learnings.

Engagement with workers and their representatives

We see engagement with workers and their representatives as a core element of our modern slavery response.

The ERSCA (described on page 44) enables us to work closely with key unions, including to discuss the investigation of complaints and hear from workers. This provides us with important perspective and we seek to integrate the voices of workers into our risk management, in line with the expectations under the UNGPs that companies engage with potentially affected stakeholders.

One of the issues identified through the ERSCA is the opportunity for more education to be provided to workers on their rights, particularly in regions that may have experienced issues in the past. In partnership with ERSCA members, we held a worker education session in Coffs Harbour in November 2022.

This worker education session aimed to increase workers' awareness of their rights. It included practical advice about working conditions, stories from workers about their experiences and guidance about accessing key resources and grievance mechanisms. Workers were also able to take away fact sheets outlining their entitlements across areas such as superannuation, wages and piece rates, deductions and health and safety.

Worker engagement events are a key focus area for the ERSCA and we plan to arrange additional events over FY24.



How we track the effectiveness of our actions

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

We want to make sure that the actions we take to manage our modern slavery risks work. This is why we take a range of steps to assess the effectiveness of our modern slavery response.

Since our first standalone release of our modern slavery statement in 2020, we have learnt more about how to enhance

our effectiveness. For example, as our Ethical Sourcing Program has matured, we have identified ways to enhance the impact of our ethical audits, including by establishing formal processes to monitor and close non-conformances and support the development of auditor capability.

We acknowledge that there is more to learn. We continue to monitor our effectiveness and identify opportunities to improve. We are also working to integrate our modern slavery response into our broader, business-wide assessment of controls for key risk areas.

Integrating modern slavery into our business-wide risk frameworks

A key component of the Coles' Risk Management Framework is the risk management process that is set out in Coles' Risk Management Standard, which defines the standard risk management process to be applied at Coles. Through application of this process we have identified ethical sourcing (which includes modern slavery) as being a material risk to Coles, along with the key controls for preventing and mitigating ethical sourcing risk.

We regularly report on ethical sourcing risk, controls and treatment plans to the Audit & Risk Committee as part of reporting on Coles' material risks. We also provide quarterly reporting on the status of our Ethical Sourcing Program ('the Program') to the Board. Reporting to the Board and the Audit & Risk Committee includes performance against established key risk indicators that measure timely management action in response to supply chain ethical audit non-conformances. This reporting provides regular opportunities for the Board and Audit and Risk Committee to review Program performance.

These processes build on our modern slavery specific approach to assessing effectiveness of our actions, which is outlined below.

Going forward, we are exploring how we can further assess and test the effectiveness of our controls for managing ethical sourcing risks, as well as opportunities for further integrating the assessment and management of modern slavery risks into our business processes and activities.

Key reflection

Inclusion of ethical sourcing risk in Coles' risk management framework can provide an opportunity to continually assess modern slavery and broader ethical sourcing risks and key controls, and identify opportunities to enhance our responses for how we treat and manage these risks. This approach can also help to make sure that modern slavery risks are not overlooked in discussions on Group-wide risks.



How we track the effectiveness of our actions (continued)

Component of our modern slavery response	How we assess our effectiveness in this area (including key metrics)	Key outcomes
Policy and governance frameworks	<ul style="list-style-type: none"> We regularly review key policies to evaluate whether they are current and fit for purpose. This includes an annual review of our Ethical Sourcing Policy, in consultation with external stakeholders such as suppliers and unions. We monitor the effective implementation of our policy and governance frameworks (and wider response) through quarterly reporting to both the Board and the Audit and Risk Committee, which includes performance against key risk indicators. 	<ul style="list-style-type: none"> Feedback from our Ethical Sourcing Policy review indicated the policy is well understood by our suppliers. We updated our Working Hours Framework based on discussions with the Board arising from regular Board reports on Human Rights and Ethical Sourcing.
Risk assessment process	<ul style="list-style-type: none"> We continually monitor our modern slavery risk profile to ensure our understanding of our modern slavery risks is fit for purpose, including by working with suppliers to validate our understanding of modern slavery risks in our extended supply chain. 	<ul style="list-style-type: none"> We undertook 41 wage reviews across 55 contracts to better understand risks of underpayment in our supply chain. We engaged with key cotton and rubber gloves suppliers to better understand potential modern slavery risks in these areas. This will inform ongoing work in these areas.
Performance monitoring	<ul style="list-style-type: none"> We monitor the performance of our program in a range of ways, including: <ul style="list-style-type: none"> monitoring and reporting to the Board on key metrics including number of suppliers in scope; proportion of suppliers onboarded to Fair Farms and Sedex; time since last audit, status of complaints against suppliers, and number of resolved and outstanding non-conformances reviewing trends in ethical audit data over time engaging with our audit providers to seek feedback and discuss key trends comparing audit findings with reporting through our grievance mechanisms. 	<ul style="list-style-type: none"> 1,129 ethical audits were conducted over FY23 (a 23.9% increase from FY22) 6,953 critical and major non-conformances were identified as a result of these audits 4,946 of these non-conformances had been remediated by the supplier by the end of the reporting period
Training	<ul style="list-style-type: none"> We assess the effectiveness of our training through engagement with team members and supplier participants, such as through surveys to identify remaining knowledge gaps. 	<ul style="list-style-type: none"> We delivered training for over 950 of our team members and suppliers.
Our grievance mechanisms and remediation processes	<ul style="list-style-type: none"> We assess the effectiveness of our grievance mechanisms and remediation processes against the criteria set out in the UNGPs. We consider best practice by reviewing our processes in line with international benchmarks. We consider stakeholder feedback and changes in reporting trends, and monitor and report on the number of supplier complaints received and addressed. 	<ul style="list-style-type: none"> Twelve supplier complaints relating to labour exploitation were received through our grievance mechanisms. Whilst we did not assess that any of these complaints met the threshold for modern slavery, these reports indicate our stakeholders are engaging with our grievance mechanisms.

Our modern slavery reporting	<ul style="list-style-type: none"> We engaged an expert business and human rights advisory firm to review our 2022 statement and advise on how we can more effectively communicate our work in this area. We also reviewed key third party benchmarks to understand how our statement compares to wider reporting trends. As part of this process, a human rights advisory firm provided a presentation to our Ethical Sourcing Team about our performance in a key benchmark. 	<ul style="list-style-type: none"> We have continued to enhance our approach to reporting, including by sharing our reflections on key lessons learnt in this statement.
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Engaging with suppliers' workers (workers voice)

Engaging with potentially affected stakeholders, such as suppliers' workers, can provide important insights into the effectiveness of our modern slavery response. It is important to us that we include the voices of potentially impacted stakeholders in our work and we are continuing to expand our activities in this area.


Since FY19, we estimate that over 12,500 workers have been engaged through worker interviews during ethical audits. During the reporting period, we worked to gather further direct feedback from workers across 13 Australian supplier sites about their experiences through a tailored anonymous survey. These supplier sites encompassed a range of sectors, including fresh produce, meat, bakery and liquor.

To help facilitate meaningful engagement, we provided access to the survey in languages commonly spoken by the workers in the sites and industries we are engaging with. We are using the results to help us understand issues such as potential payment of recruitment fees, wages, and worker health and safety as well as identify opportunities to refine our current controls.

We are also taking other steps to engage with workers in our supply chain, including continuing to deliver worker voice programs and engaging with drivers for our last mile delivery services (see case study on page 28). We also engage with workers at worker outreach events and with workers' representatives through the ERSCA.

Key reflection

Whilst worker voice initiatives provide valuable insights, they can be challenging to implement effectively.



How we have consulted our business

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

Statement development

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

Consultation with reporting entities

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

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

Additional consultation, including with owned and controlled entities

In addition to the specific consultation with reporting entities outlined above, this statement was developed through an extensive cross-functional consultation process that encompassed engagement with directors of owned and controlled entities and the executive leadership team of Coles.

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

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

In accordance with the requirements of section 14(2)(d)(ii) of the Modern Slavery Act, this statement was approved by the Board of Coles Group Limited in their capacity as principal governing body of Coles Group Limited on 14 September 2023, and is signed by the Chairman and Chief Executive Officer of Coles Group Limited.



James Graham AM

Chairman

22 August 2023



Leah Weckert

Managing Director and Chief Executive Officer

22 August 2023

Appendix 1: Compliance with Modern Slavery Act requirements

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

Mandatory criteria for Modern Slavery Statements	Location of information
Identify the reporting entity	Approach to reporting - page 1 Our structure - page 6
Describe the structure, operations and supply chains of the reporting entity	Our structure - page 6 Our operations - page 7 What we source - page 10,11 Appendix 2: Country Risk Data - page 52
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Identifying modern slavery risks - page 12 Our modern slavery risks - page 17 Our exposure to geographic modern slavery risks - page 20, 21
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	How we address key modern slavery risks - page 23 - 30 How we seek to identify and remediate modern slavery incidents - page 31 How we work to prevent modern slavery occurring - page 38-46 Appendix 3: Coles Supplier Complaints Table - page 53
Describe how the reporting entity assesses the effectiveness of such actions	How we track the effectiveness of our actions - page 47-49
Describe the process of consultation with any entities that the reporting entity owns or controls	How we have consulted our business - page 50
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	Welcome to our 2023 statement - page 2 Our pathway of continuous improvement - page 4,5

Appendix 2: Country risk data

	Inherent risk score	Coles		Dairy, Frozen & Convenience		Fresh Produce		GNFR		Grocery		Health and		Meat, Deli,		Total
		Bakery	Express	Convenience	Export	Produce	GNFR	Grocery	Home	Liquor	Seafood	Total				
Grand Total		91	11	155	1	911	146	262	303	47	122	2049				
Europe																
Austria		-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Belgium		3	-	5	-	-	-	6	2	-	-	-	-	-	-	16
Bulgaria		-	-	-	-	-	-	-	1	-	-	-	-	-	-	1
Cyprus		-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Denmark		-	-	4	-	-	-	-	-	1	-	-	-	-	-	5
France		4	-	5	-	-	-	3	-	5	3	-	-	-	-	20
Germany		2	-	1	-	-	-	7	7	1	-	-	-	-	-	13
Greece		-	-	2	-	-	-	3	-	-	-	-	-	-	-	5
Hungary		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Ireland, Republic Of		2	-	-	-	-	-	-	-	1	-	-	-	-	-	3
Italy		4	-	5	-	1	-	27	1	3	3	-	-	-	-	44
Lithuania		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Netherlands		2	-	3	-	-	-	3	-	-	1	-	-	-	-	9
North Macedonia		-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Norway		-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Poland		1	-	1	-	-	-	4	1	-	-	-	-	-	-	7
Portugal		1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Romania		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Serbia		-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Slovakia		-	-	-	-	-	1	-	-	-	-	-	-	-	-	1
Spain		-	-	2	-	-	-	4	3	1	1	-	-	-	-	11
Sweden		-	-	-	-	-	1	-	-	-	-	-	-	-	-	1
Switzerland		-	-	1	-	-	-	4	-	-	-	-	-	-	-	5
Turkey		-	-	-	-	-	1	1	1	-	-	-	-	-	-	3
United Kingdom		7	-	4	-	-	-	4	1	2	1	-	-	-	-	19
South America																
Chile		-	-	3	-	-	-	-	-	-	-	-	-	-	-	3
Mexico		-	-	-	-	4	-	1	-	-	-	-	-	-	-	5
Peru		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Africa																
South Africa		-	-	-	-	-	-	1	-	-	1	-	-	-	-	2
North America																
Canada		2	-	1	-	-	-	2	-	-	4	-	-	-	-	9
United States		-	-	-	-	17	-	8	-	1	-	-	-	-	-	26
Asia																
Cambodia		-	-	-	-	-	-	-	1	-	-	-	-	-	-	1
China		1	-	2	1	-	27	19	200	-	3	-	-	-	-	253
Hong Kong		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
India		-	-	1	-	-	-	12	22	-	-	-	-	-	-	35
Indonesia		-	-	-	-	-	-	1	1	-	-	-	-	-	-	2
Israel		-	-	-	-	4	-	-	-	-	-	-	-	-	-	4
Malaysia		-	-	-	-	-	1	1	2	-	-	-	-	-	-	4
Pakistan		-	-	-	-	-	-	1	1	-	-	-	-	-	-	2
Philippines		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Singapore		-	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Sri Lanka		-	-	-	-	-	-	1	3	-	-	-	-	-	-	4
Taiwan		-	-	-	-	-	1	1	-	-	1	-	-	-	-	3
Thailand		-	-	1	-	1	1	18	3	-	1	-	-	-	-	25
Vietnam		-	-	5	-	2	1	2	7	1	8	-	-	-	-	26
Oceania																
Australia		58	11	103	-	841	112	112	51	29	94	-	-	-	-	1411
New Zealand		4	-	-	-	41	-	9	1	2	1	-	-	-	-	58

Appendix 3: Coles Supplier Complaints Table

Period Received	Type of Supplier	Nature of Complaint / Investigation	Outcome
April-Jun 2023	Labour company used by produce Supplier (indirect)	Allegations of withholding visas, no payslips, deductions, unapproved accommodation, bullying and threats were raised by the union.	Closed. Investigation was resolved to the satisfaction of the union.
April-Jun 2023	Produce supplier (direct)	Allegations of non-transparency, high working hours, no payslips provided, overcrowded accommodation and intimidation of workers.	Open. Investigation in progress.
April-Jun 2023	Produce supplier (direct)	Allegations of harassment and bullying.	Open. Investigation in progress. Supplier not currently in season.
April-Jun 2023	Multiple produce suppliers (indirect)	Allegations that labour hire provider used by the site is involved in phoenixing activities.	Open. Investigation in progress.
April-Jun 2023	Grocery supplier (indirect)	Allegations of discrimination by supervisors, based on race, gender and sexual orientation.	Closed. An independent investigation found the allegation to be unsubstantiated.
Jan-Mar 2023	Produce suppliers x 4 (indirect/direct)	Allegations of underpayments, unlicensed labour provision and unlawful worker contracts.	Closed. Investigation completed, with finding partially substantiated. Issues resolved through negotiation between the suppliers and union.
Oct-Dec 2022	Produce supplier (direct)	Allegation of sub-standard accommodation provided to seasonal workers including overcrowding, no storage and inaccessibility to amenities.	Closed. Allegations of substandard accommodation were partially substantiated, and corrective actions were implemented by the suppliers.
Oct-Dec 2022	Labour hire providers used by Coles (direct)	Allegation of inaccurate payment to workers.	Closed. Allegation of inaccurate payment to workers was substantiated in Coles view, but disputed by the supplier. Further issues were identified regarding lack of payslips and super/tax compliance. Services of labour hire provider were terminated and workers offered direct employment with Coles.
Jul-Sept 2022	Bakery supplier (direct)	Allegations of underpayment, cash-in-hand payments and not making superannuation payments.	Closed. An unannounced audit was conducted, allegations were substantiated and the supplier made repayments totalling over \$20,000 to workers that were effected.
Jul-Sept 2022	Meat supplier (direct)	Allegations of bullying, harassment, involuntary overtime.	Closed. An independent investigation found the allegation to be unsubstantiated.
Jul-Sept 2022	Meat supplier (direct)	Allegations of harassment and threats of losing their job by the management team after workers raised grievances in the group interview component of the ethical audit.	Closed. An independent investigation found the allegation to be unsubstantiated.
Jul-Sept 2022	Meat supplier (direct)	Alleged underpayment of workers.	Closed. An audit was conducted and found the allegation to be unsubstantiated.



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