

A photograph of two men in a greenhouse. The man on the left is wearing a red polo shirt with a small 'coles' logo and a dark blue turban. The man on the right is wearing a dark blue polo shirt with a 'Blackberries' logo. They are both looking down at a red plastic basket filled with strawberries that the man on the left is holding. The background shows rows of strawberry plants in a greenhouse with a translucent roof.

Good practices.  
Better outcomes.

colesgroup

110 coles  
serving Australia since 1914

2024  
Modern Slavery Statement

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## Our 2024 reporting suite

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

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

To view these reports visit [colesgroup.com.au](https://colesgroup.com.au)

- [2024 Annual Report](#)
- [2024 Corporate Governance Statement](#)
- [2024 Sustainability Report](#)
- [2024 Modern Slavery Statement](#)
- [2024 Economic Contribution Report](#)

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

Contact STOPline on 1300 30 45 50 or send an email to [coles@stopline.com.au](mailto:coles@stopline.com.au)

### Forward-looking statements

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

Any forward-looking statements are based on the Group's current knowledge and assumptions, including with respect

to 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, many of which are beyond the control of the Group, that could cause the actual results, performance, 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 and such statements should be considered in conjunction with the risks, uncertainties and assumptions associated with the relevant statements. All forward-looking statements contained in this report reflect the Group's views held as at the date of this report, and 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 for future performance.

### Approach to reporting

This statement is provided by Coles Group Limited (ACN 004 089 936) under the *Australian Modern Slavery Act 2018* (Cth) (Modern Slavery Act) for the period 26 June 2023 to 30 June 2024 (referred to as the reporting period, this year or FY24).

It is a joint statement that covers Coles Group Limited and the following three reporting entities:

1. Coles Supermarkets Australia Pty Ltd (ACN 004 189 708)
2. Liquorland (Australia) Pty Ltd (ACN 007 512 414) and
3. Coles Supply Services Pty Ltd (ACN 664 431 510).

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' 2024 Annual Report. This statement has been approved by the Board of Coles Group Limited (the 'Board' or 'Coles Board') and the Boards of each other reporting entities. The statement has been signed by the Chairman and CEO of Coles Group Limited, and has also been signed by the CEO in her capacity as a director of each of the reporting entities. 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](mailto:ethicalsourcing@coles.com.au)



**colesgroup**

**We seek to foster a transparent, fair and ethical environment, where we are making a positive impact on the lives of workers throughout our operations and supply chain.**

**By continuously looking to improve our own practices and sharing our learnings, we hope to build momentum for positive change.**

Pictured: Cover - Coles team member Pradeep at Berry Sweet farms with Kyle Yewers.

### Acknowledgement of Country

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



### THIS REPORT IS INTERACTIVE

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# Our commitment

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

**James Graham AM and Leah Weckert**

At Coles, we are committed to respecting human rights across our operations. Our business and supply chain is extensive, which makes the challenges associated with safeguarding human rights significant and complex.

Our 2024 statement highlights the steps we've taken this year, and will continue to take to help protect human rights in Coles' own operations and our supply chains. It reflects not only our successes but also the challenges we continue to face as we work to help ensure a fair working environment for those who support our business. Although we have achieved a lot, we are committed to learning and continually improving our program.

In FY24, we refreshed our Human Rights Strategy, which identifies the most significant areas of risk to people across our operations and value chain. The strategy is centred around these salient human rights issues, and the key areas of action for the future. Importantly, the updated strategy enables us to align to a coordinated, company-wide approach to further integrate our work.

We have continued to prioritise education by conducting 16 training sessions for over 960 supplier representatives, team members and auditors across Australia, China, and Thailand on key ethical sourcing topics. To better understand individual needs and desires for training and education opportunities, we engaged our external stakeholders for feedback to ensure Coles' approach is in line with their expectations.

We know our customers are seeking to understand the human rights impacts of the products they purchase and be assured that they are supplied in a way that aligns with Coles values.

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

**James Graham AM**  
Chairman, Coles Group Limited

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



# Helping Australians eat and live better every day

## Our structure

Coles is a national retailer selling products including fresh food, groceries, household goods, liquor, media and financial services.

We provide an omnichannel offering through 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 general merchandise, meal solutions, pet supplies, gift cards and our full retail offering. Our retail brands are outlined on the right and are supported by our central support operations, including functions such as buying, warehousing, delivery, meat processing, manufacturing, and marketing.

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	Liquorland (Australia) Pty Ltd	Coles Supply Services Pty Ltd
ACN 004 189 708 Our supermarket business operates 856 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.	ACN 007 512 414 Our liquor operations have 992 stores across Australia, as well as providing online liquor delivery services within Australia.	ACN 664 431 510 Coles Supply Services is a business offering products and services to selected business customers. This is the first year this business has met the reporting entity threshold.

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, WA and South Australia, and Coles operates the associated retail liquor outlets.

## Our brands

## Our commitment

### Helping Australians eat and live better every day

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## Our pathway to continuous improvement

We learn from our experiences and use 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 16 training sessions for over 960 supplier representatives, team members and auditors to improve knowledge across various human rights topics.
- Invested over \$865,000 to fund ethical audits of sites in Australia that are in scope of our Ethical Sourcing Program. This brings our total audit investment to over \$3.79 million in the past three years, supporting farms in Australia and building the capabilities of Australian certification bodies.
- Monitored or supported suppliers to close 1,289 critical and 4,228 major non-conformances from audits conducted under our Ethical Sourcing Program, an overall increase of 4.8% year on year.
- Investigated 17 complaints raised through external facing grievance mechanisms.
- Engaged three international certification bodies who conducted the majority (over 61%) of our offshore audits to share improvement opportunities identified through our local Coles funded audit program.

#### FUTURE ACTIVITIES

- Develop a living wage framework including an income adequacy assessment for high-risk countries.
- Have 95% of role relevant team members and leadership (including Coles Board) complete human rights training.

### Building trust

#### HOW WE BUILD TRUST

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

#### ACHIEVEMENTS THIS YEAR

- Conducted a review of our grievance mechanisms and designed a roadmap to implement improvements.
- Conducted 1,239 independent audits, an overall increase of 9.7% year on year.
- Continued activities to understand and support the delivery of a minimum standard for workers' accommodation in Coles' supply chain.
- Held farm-worker education events in Mildura, Victoria and Devonport, Tasmania.
- Continued our supplier capability building program for selected strategic suppliers in China and commenced a similar program in Australia.
- Launched eLearning for in-scope tier one and two suppliers on modern slavery and preparing for an audit.

#### FUTURE ACTIVITIES

- Validate program effectiveness by achieving 10% of audits in high-risk countries scheduled on an unannounced basis.
- Publish standard for accommodation providers in Australian agriculture industries.

### Continuous improvement

#### HOW WE CONTINUOUSLY IMPROVE

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

#### ACHIEVEMENTS THIS YEAR

- Developed and published Coles' revised Human Rights Strategy.
- Engaged with 20 subject matter experts from the corporate and NGO sectors – both domestic and abroad – to learn how to advance programs on complex topics such as living wage, worker voice, responsible purchasing practices and recruitment fees.
- Strengthened our due diligence activities for waste services, international shipping, and construction services providers to include wage verification activities.
- Continued quarterly reporting to the Coles Board and Audit and Risk Committee on human rights and modern slavery performance.
- Became a member of the Be Slavery Free network.

#### FUTURE ACTIVITIES

- Continue to engage with government, civil society, and unions to understand and advocate to remediate root causes for issues relating to visa scheme labour in Australian agriculture.
- Deliver services audit methodology for external use.
- Introduce a Responsible Purchasing Policy, outlining team member responsibilities and referencing considerations when purchasing products or services from suppliers.

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**Helping Australians eat and live better every day**

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# Human Rights Strategy

This year we launched the latest version of Coles' Human Rights Strategy. The launch of our revised strategy is a milestone in our work to respect human rights, continuing to extend our program to mitigate risks of modern slavery.

## Strategy design

Our strategy gives us a framework to take a coordinated, company-wide approach to safeguard human rights. Importantly, our strategy is centred around our eight salient human rights issues, which were identified through an extensive assessment process. The diagram on pages 8 to 9 explains the key features of our strategy, including our four key strategic ambitions for the future and the underlying enablers for our approach.

Our strategy was built in partnership with an external advisory organisation specialising in human rights.

## How our strategy supports us to enhance our response to modern slavery and other human rights issues

By identifying the most significant issues and areas of risk to people across our operations and value chain, our strategy will support us to focus on and prioritise key areas for action.

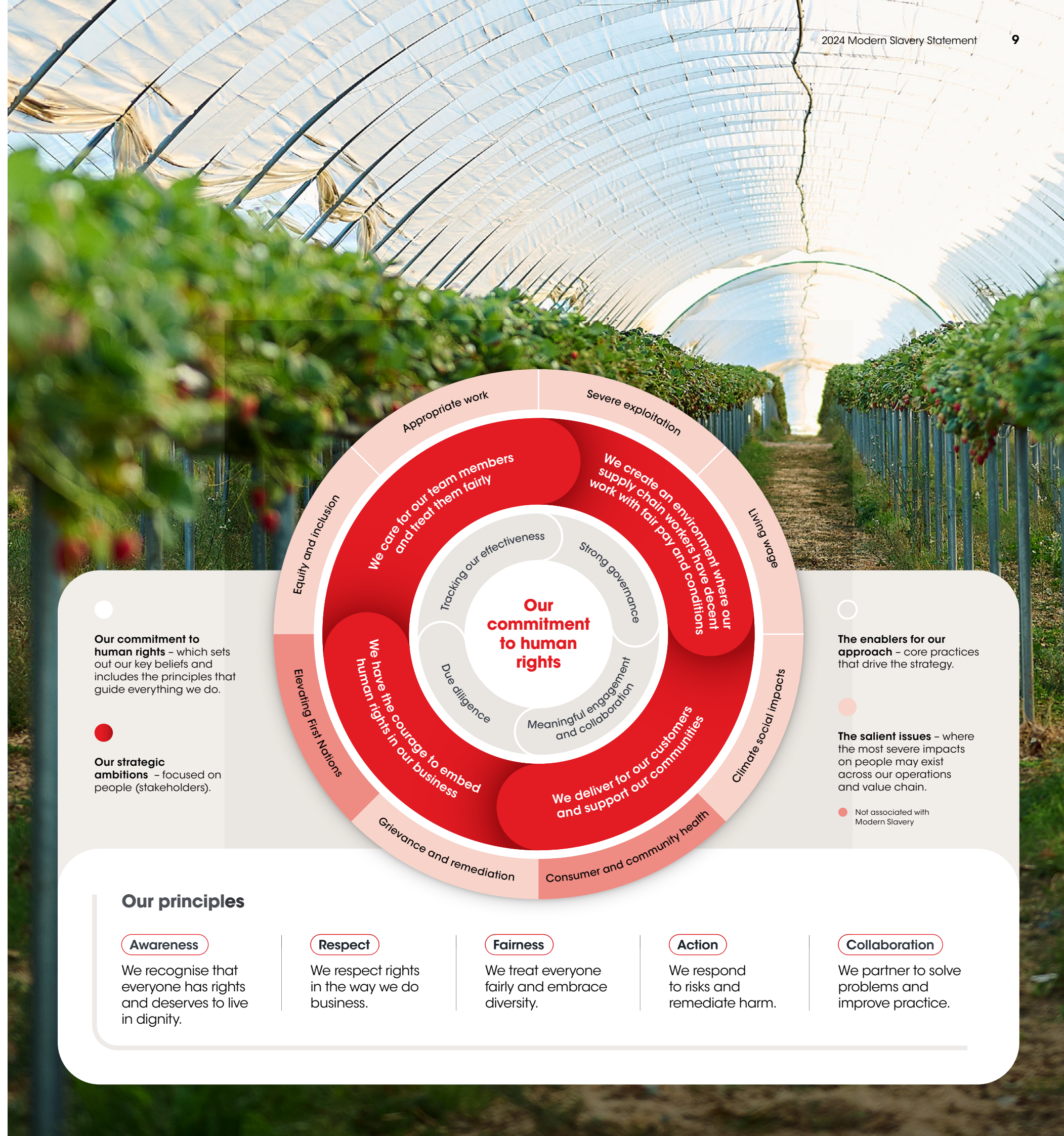
Key issues identified in our strategy (and where we want to focus our actions) include 'severe exploitation' (which includes modern slavery practices), 'appropriate work'<sup>1</sup>, 'living wage', and 'grievance and remediation'. Further information is available in the *Identifying modern slavery risks* section on page 16. One of the four key strategic ambitions in the strategy is to 'create an environment

where our supply chain workers have appropriate work<sup>1</sup> with fair pay and conditions'. This includes addressing the risk of severe labour exploitation in our supply chain and strengthening suppliers' responses through due diligence and capacity building. Each of our four ambition areas are supported by detailed internal plans and targets to support achieving our goals over the coming years.

## Harnessing stakeholder opinions

Stakeholder engagement is a core focus for us.

Our commitment to stakeholder engagement, including with affected stakeholders and their representatives, informed the development of our strategy. During this process, we engaged more than 3,500 internal and external stakeholders to identify our salient human rights issues. Through this engagement, we proactively listened to people who have experienced human rights impacts in relevant areas, and did so with care and respect. This included engagement with lived experienced advocates who have encountered modern slavery, representatives of vulnerable groups such as migrant workers, civil society, and union representatives able to share the experiences of vulnerable groups. More details about our engagement with stakeholders and our lessons learned is outlined in the section on *Identifying Modern Slavery Risks* on page 16.

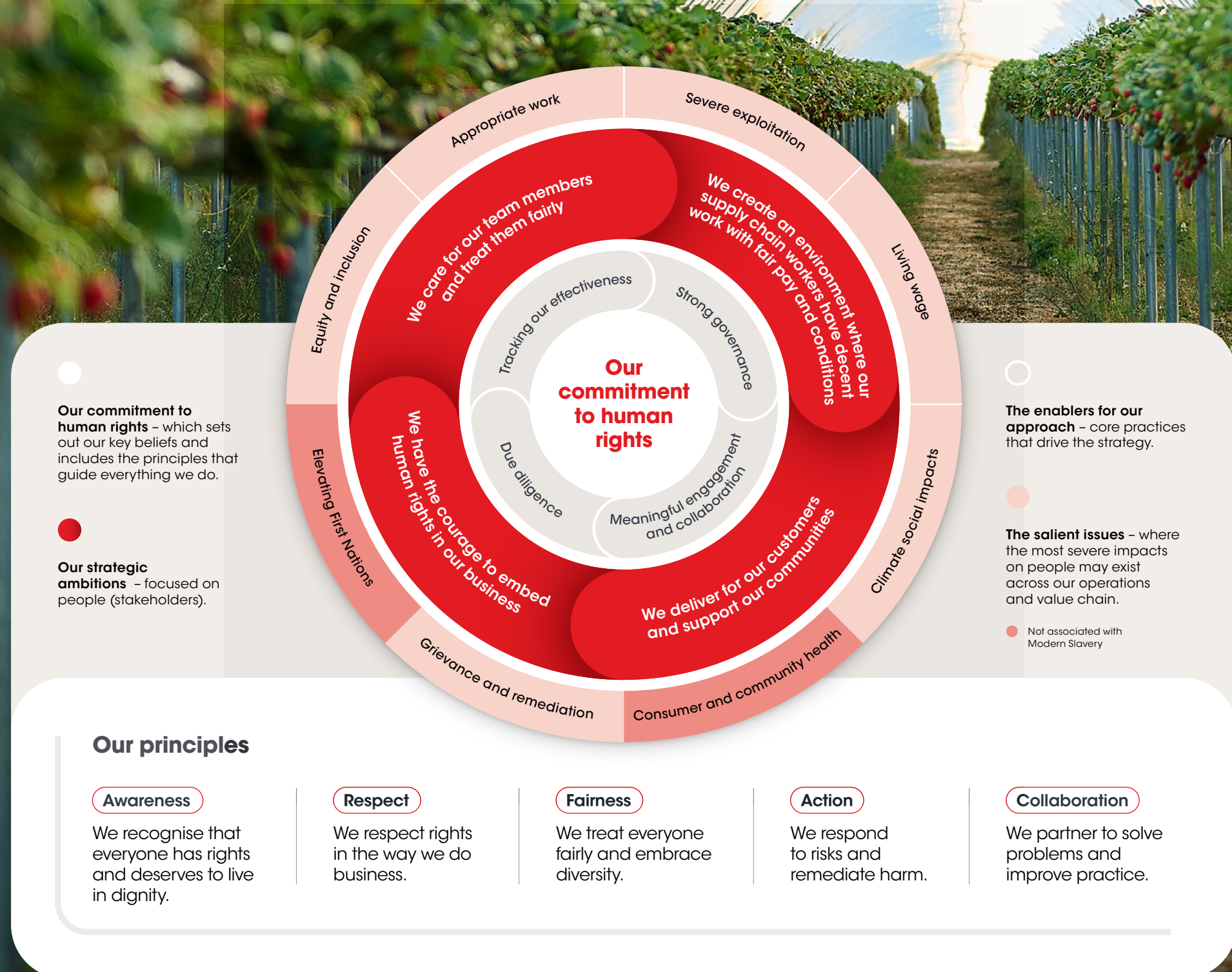


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**Our commitment to human rights** - which sets out our key beliefs and includes the principles that guide everything we do.

**Our strategic ambitions** - focused on people (stakeholders).

**The enablers for our approach** - core practices that drive the strategy.

**The salient issues** - where the most severe impacts on people may exist across our operations and value chain.

● Not associated with Modern Slavery

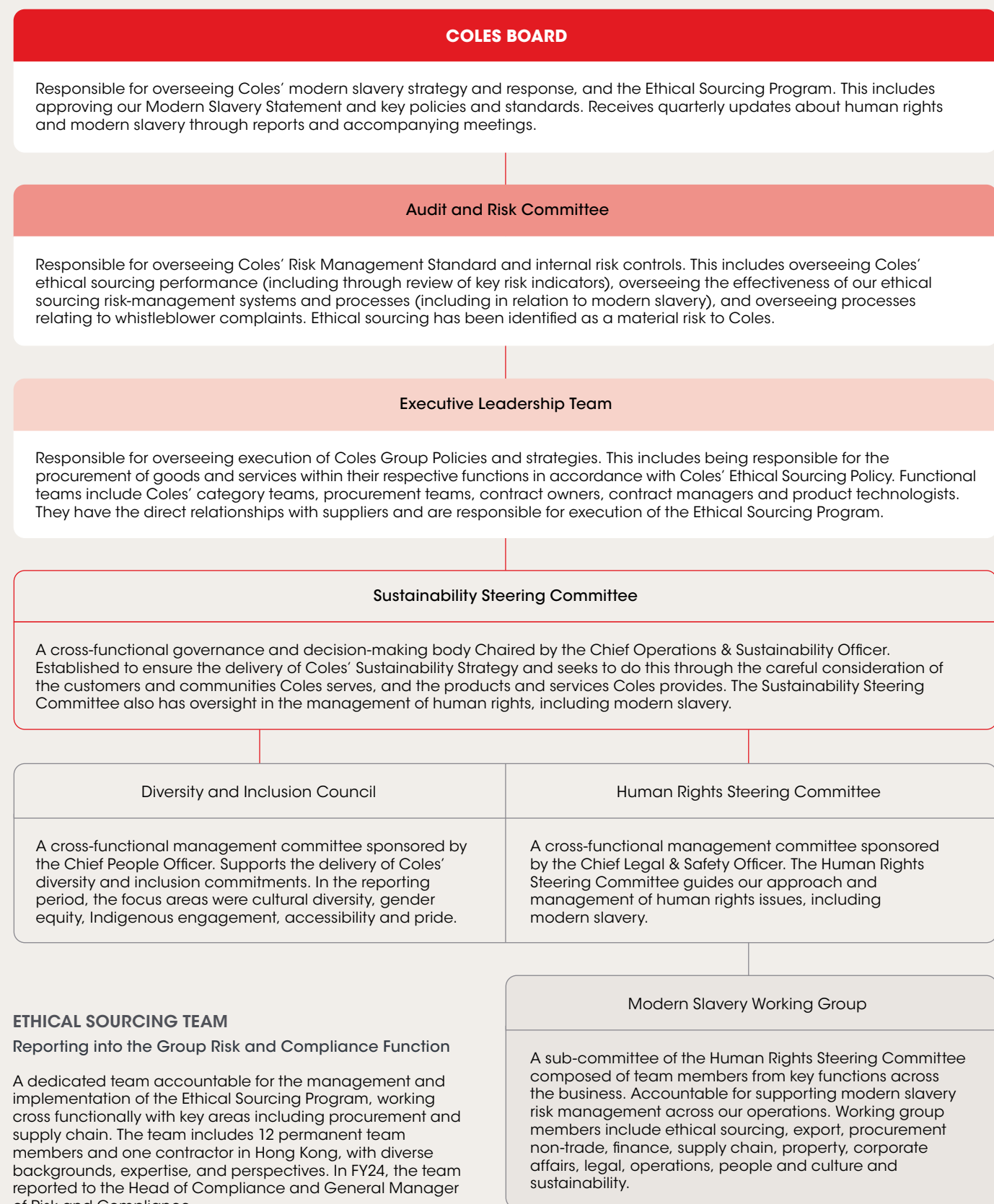
## Our principles

- Awareness**  
We recognise that everyone has rights and deserves to live in dignity.
- Respect**  
We respect rights in the way we do business.
- Fairness**  
We treat everyone fairly and embrace diversity.
- Action**  
We respond to risks and remediate harm.
- Collaboration**  
We partner to solve problems and improve practice.

1. Where we refer to 'appropriate work', the ILO refer to it as 'decent work'. Decent work<sup>1</sup> is defined by the International Labour Organization as work that is productive, safe, dignified and where worker's rights are protected.

# Our governance

Strong governance processes are essential to building an effective modern slavery response. Our modern slavery strategy and response is integrated into our broader governance structure.



# Our operations

**115,000+**

team members

Permanent full-time <sup>1</sup>	20.5%
Permanent part-time <sup>1</sup>	48.1%
Casual <sup>1</sup>	31.2%
Fixed term <sup>1</sup>	0.1%

**3.6%**

of our team members<sup>3</sup> identify as Aboriginal or Torres Strait Islander

**48.6%**

of our team members<sup>1</sup> identify as female

**50.6%**

of our team members<sup>1</sup> identify as male

**8.5%**

of our team members<sup>3</sup> identify as being part of the LGBTQI+ community

**86.6%**

of our team members are covered by an Enterprise Agreement and 30.3% of our team members are union members<sup>2</sup>

**0.8%**

of our team members<sup>1</sup> identify as gender diverse or choose not to nominate

**7.5%**

of our team members<sup>3</sup> identify as having a disability



## Retail outlets

By the end of the reporting period, our retail network comprised of over 1,840 retail outlets across Australia, including Coles Supermarkets, Coles Local, Liquorland, First Choice Liquor and Vintage Cellars.



## Distribution network

Our retail stores, and wholesale and digital businesses, are serviced through a network of 28 Coles-operated and third-party distribution centres across Australia, including our Redbank Automated Distribution Centre (ADC) in Queensland. During this reporting period our ADC and Customer Fulfilment Centre (CFC) programs reached key milestones, with full ramp up of our Queensland ADC and construction of our NSW ADC and both CFCs completed during the year. All facilities were operational from July.



## Processing/meal solutions

We operate six facilities across Australia that focus on meat processing, milk processing<sup>4</sup>, ready made meals, and meal kits. These are located in NSW and Victoria.



## Store support

We support our operations through our store support functions, including buying, marketing and safety. We also undertake construction and property development activities in partnership with third parties, and work with 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 provide same day delivery through our third-party delivery partners and next day delivery through our fleet of over 900 Coles Online vans. We also operate Coles

360, which provides suppliers with market insights and marketing support. During the reporting period we launched Swaggle, an online pet supplies business.



## 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, Africa, the Pacific, Europe, United States, and the Middle East, including meat, packaged grocery, and liquor.



## Business to business

We provide products and services to selected business customers.

1. All population categories are reported as at 3 July 2024, reflecting the Group's final payroll cycle for FY24. 2. Approximation based on instances where union fees are paid directly out of a workers' wages. 3. Based on results of our May 2024 mysay engagement survey, which was responded to by 71% of team members. 4. Coles completed the acquisition of two automated milk processing facilities during the reporting period (June 2024).

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# Our team

Our salient human rights assessment (which included assessment of both our supply chain and operations) and other modern slavery specific risk assessment processes identify the highest modern slavery risk areas in our supply chain rather than in our operations.

We consider that the nature and characteristics of our workforce mean that there is a low risk of modern slavery occurring in our operations. We also assess that the controls we have in place mitigate the residual risk that modern slavery could occur in this area.

Operating an omnichannel retail business entails a variety of complex tasks involving a diverse range of skills. Broadly, from a modern slavery risk perspective, there are two key team member cohorts. These include operational team members (inclusive of store and distribution centre team members) and store support team members. As part of the salient human rights assessment conducted during the development of our revised Human Rights Strategy, we assessed the types of human rights harm that could occur in our operations. This process, which included engagement with our team members, did not identify any risks of modern slavery for our operations.

Our operational cohort includes team members who, for example, provide service to customers, operate registers, replenish stock, collect trolleys, clean stores, and provide security services. Collectively these roles typically require customer service skills, physical stamina, time management and organisational skills. The nature of these roles mean they include a range of full-time, part-time or casual team members. Some of these roles, may also involve younger workers aged below 18: for example, a supermarket team member working outside school hours or on weekends.

Outside of the Coles environment, we recognise that operational team members may have a higher inherent modern slavery risk. This reflects the presence of potential risk factors such as irregular working hours, minimum wages and the specific 'demographics' of key worker cohorts, such as younger workers who might be more vulnerable to exploitation.

In the Coles environment, we consider that our engagement of operational team members poses a low risk of modern slavery as we have undertaken a number of steps to mitigate this risk. As outlined in the diagram on page 13, these include the high level of visibility we have over our team members' working conditions, which are predominately regulated through long standing industrial instruments negotiated with our unions; our direct employment of workers involved in trolley collection and cleaning rather than through external contractors; our workers' access to accessible and confidential grievance frameworks; and our implementation of relevant legislative requirements, including in relation to workers' health and safety and remuneration. We also respect our team members' right to join or not join a union and we aim to work closely with workers' representatives.

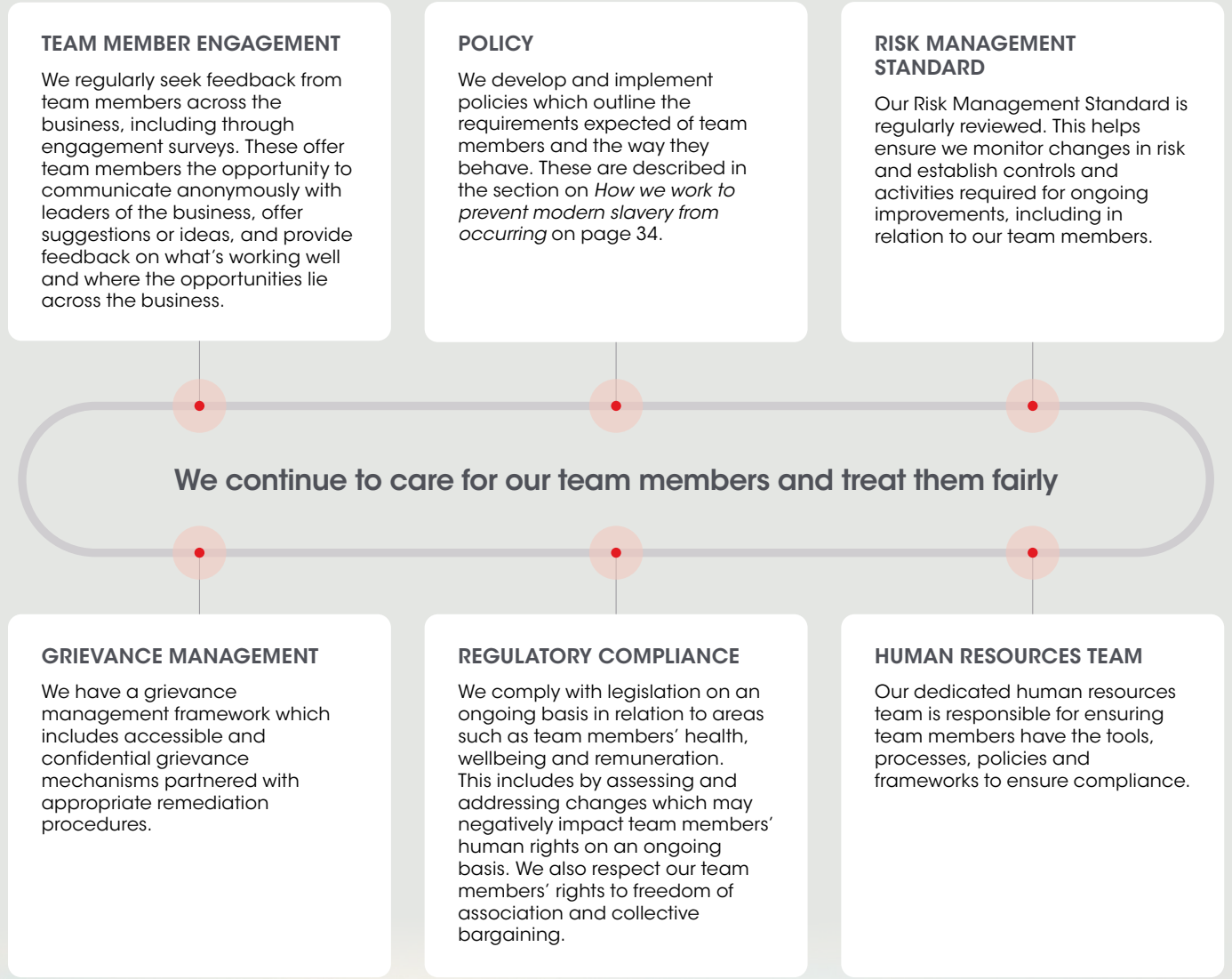
Store support team members include store management, as well as team members responsible for areas such as legal and

safety, finance, IT, human resources, buying of goods and services and marketing. These roles require a different range of skills and have a higher proportion of office-based time. Compared to operational team members, they also include a higher proportion of full-time roles and do not generally involve younger workers. These roles are not typically exposed to modern slavery risks, however the modern slavery controls outlined in the diagram on page 13 are also relevant to these workers.

While we consider we have mitigated the potential risks of modern slavery in our operations, we continue to focus on our team members' working conditions and wellbeing. One of the four strategic ambitions set out in our Human Rights Strategy is to continue to 'care for our team members and treat them fairly.' This includes maintaining our focus on providing a safe and respectful environment and providing team members with decent work.



Pictured: Coles team member Jihans inspects products at Laverton distribution centre.



Pictured: Workers from Schreurs & Sons, a 100% Australian family-owned farm who specialise in celery and leeks.

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# What we source

Our suppliers are key partners in our modern slavery response.

We work closely with our suppliers to communicate our expectations, and manage potential modern slavery and broader ethical sourcing risks.

We broadly define our supply chain in two categories – goods for resale (GFR) and goods not for resale (GNFR). These two categories then have a variety of tiers. We define tier one suppliers as those suppliers who have a direct contractual relationship with Coles. Tier two suppliers provide either products, processes or services to the tier one suppliers to meet their contractual commitments. Where there are references to tier three in this report, we define these suppliers as those who are engaged by a tier two supplier and provide either products (such as a component of the finished item) or services (like additional labour) to support fulfillment of that supplier's requirements. Further information on tiers is provided in the *Ethical Sourcing Program scope* section on page 24.

Managing our supply chain across both these categories and across all tiers is complex. For example, we need to move fresh produce quickly and safely over long distances (in compliance with legal obligations such as biosecurity) to either our stores or distribution centres within generally tight timeframes. This includes stores and distribution centres in remote areas.

We also need to respond to seasonal changes in supply and demand whilst maintaining stock levels.

Our supply chain has a global footprint (see section on *Our exposure to geographic modern slavery risk* on page 20 for further information). This may be affected by a range of external factors, such as natural disasters or unseasonal weather events that affect key growing regions, climate change, geopolitical issues affecting existing trade routes or risk rating changes to raw materials following political decisions in sourcing countries.

We also rely on a wide range of services to support our operations, including transport, logistics, IT services and construction.

The size, capacity and locations of our suppliers and their sub-suppliers can differ significantly. For example, our supermarket supply chain includes small family farms in Australia to large multi-national companies. In some cases, a supplier may provide us with seasonal products (like Easter chocolates or seafood) for only a short window each year. Or comparatively, we may rely on suppliers to consistently provide high volumes of product year-round (such as a dairy supplier). 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, circumstances, and countries and take a tailored, context-specific approach.

The diagram on page 15 describes three products and their journey from raw material to store, demonstrating various tiers and the potential number of businesses engaged to create and deliver products for consumers to purchase. There are also supplementary processes related to delivering these products such as the manufacturing of bottles or packaging.

Our product and service types are provided in a number of ways – food products may be available in-store fresh or packaged, whilst non-food items may be available with minimal packaging. Product safety and quality is prioritised in our supply chain and operations and we maintain rigorous supplier requirements. 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).

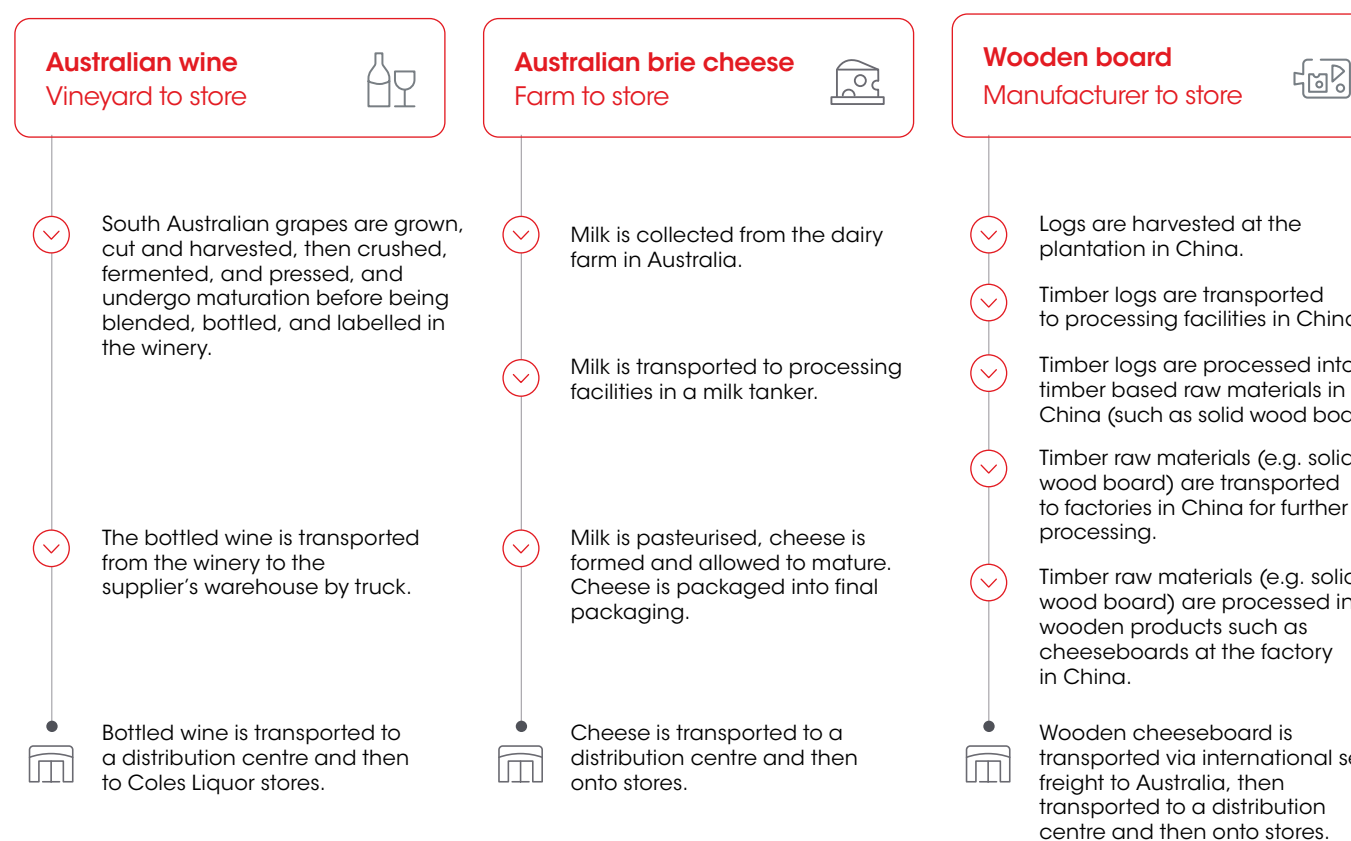
Compliance with our Ethical Sourcing Policy is a condition of trade for direct suppliers (unless a satisfactory alternate position has been agreed) regardless of their geographic location or the product or service provided. We focus our enhanced due diligence activities on key supplier categories which are described in the section on *Our Ethical Sourcing Program scope* on page 24.

## Goods for resale

We procure an extensive range of goods for resale from over 4,500 direct suppliers.

Goods for resale includes the products we retail in our stores and online from proprietary suppliers, as well as goods from suppliers producing Coles Own Brands or Coles Liquor Own Brands.

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



**Pictured:** Coles team member Dave at Liquorland Highpoint.



**Pictured:** Coles team member at store assisting customers with their selection of cheese.



**Pictured:** A selection of Australian sourced cheeses and products.

## Goods not for resale

We procure a range of goods and services not for resale from over 4,100 direct suppliers.

Goods not for resale encompasses non-tradeable goods and services we procure to support our operations.

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

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# Identifying modern slavery risks

Our work to identify our modern slavery risks is integrated in our broader human rights risk management approach.

## Taking an integrated approach

Human rights harm such as modern slavery usually does not happen in isolation. Modern slavery may be closely linked to other types of human rights harm, such as discrimination, physical and other forms of violence, and lack of access to effective grievance mechanisms. A person's vulnerability to modern slavery can also be affected by external factors that undermine their human rights, such as conflict or the social impacts of climate change. More broadly, the factors that can drive modern slavery, such as the complexity of global supply chains, can also facilitate other human rights harms, such as exposure to dangerous working conditions or environmental damage.

The interconnected relationship between modern slavery and other forms of harm means that actions to identify and manage modern slavery risks can be most effective when they are integrated with broader work to respect human rights. Taking a holistic approach supports us in identifying systemic root causes and implementing solutions that address interconnected problems.

## Identifying our salient human rights issues

We have identified eight salient human rights issues in our Human Rights Strategy. Our salient human rights issues are the areas of our operations and value chain that could involve the most severe harm to people. They reflect a strong focus on labour rights and include 'severe exploitation' (including modern slavery), 'decent work' and 'living wage'. They also include other issues closely connected to vulnerability to modern slavery, such as 'grievance and remedy'. Six of our eight salient issues are relevant to modern slavery. Information regarding this is described in section *The salient issues* on page 17.



**Pictured:** Coles Ethical Sourcing Operations and Governance Manager Stephanie Farrugia visiting Coles' supplier Trendpac in New South Wales.

## Engaging with all stakeholders to understand our risks

As part of our work to identify and understand our modern slavery and broader human rights risks, we seek to understand the concerns and experiences of people in our operations and value chain whose human rights may be negatively impacted. Our approach aligns with the United Nations (UN) Guiding Principles on Business and Human Rights (UNGPs), which underscores that human rights risk assessments should 'involve meaningful consultation with potentially affected groups and other relevant stakeholders'.

As part of our salient human rights assessment, we proactively engaged with a wide range of 3,500 stakeholders, including representatives from potentially affected groups. Externally, we engaged with more than 26 selected stakeholders via interviews. This included representatives of vulnerable groups such as migrant workers overseas and vulnerable farm workers, as well as

survivor advocates who have experienced modern slavery. It also included civil society and union representatives relevant to potentially affected groups and academics conducting primary research into the experience of potentially affected stakeholders.

We also engaged over 3,400 customers and members of the public via a survey and conducted interviews with suppliers from key categories such as meat, seafood and hard goods.

Internally, we held focus groups, interviews, and workshops with over 40 stakeholders across the business.

### KEY REFLECTION

Our engagement with potentially affected groups and other stakeholders as part of our risk assessment has provided insights into diverse perspectives and needs. These views helped us shape our understanding on what Coles' role is in addressing the risks identified. Perceptions of Coles' role varied across stakeholders but were useful in broadening our understanding.

## The salient issues

Where the most severe impacts on people may exist across our operations and value chain.

### EQUITY AND INCLUSION

In some cases, people vulnerable to inequality and exclusion may have a higher risk of modern slavery, such as migrant workers

### APPROPRIATE WORK

Appropriate work means people are paid fairly and have stable and consistent employment – making them less vulnerable to exploitation

### SEVERE EXPLOITATION

Severe exploitation includes modern slavery practices such as forced and bonded labour

### LIVING WAGE

Payment below a living wage may mean workers are more vulnerable to exploitive practices, including excessive overtime

### CLIMATE SOCIAL IMPACTS

Climate change-related events can have broad social impacts such as increased migration, making people vulnerable to exploitation

### GRIEVANCE AND REMEDIATION

People impacted by modern slavery need access to trusted and accessible grievance mechanisms to enable remediation

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# Assessing our modern slavery risks

By building a strong understanding of our modern slavery risks and how they may be evolving over time, we are able to target our risk management to focus on the areas of greatest risk to people.

Our salient human rights assessment has further enhanced our understanding of our modern slavery risks across our operations and value chain. We also take additional steps to understand and track our modern slavery risks across our supply chains. The diagram below explains how we work to identify and assess our modern slavery risks.



# Geographic risk factors

Modern slavery can occur in any country. However, there are some countries where modern slavery is reported to be more prevalent, including countries where some of our suppliers are located.

We work to integrate country risks into our understanding of modern slavery risks through our Ethical Sourcing Program. Through this program, we manage over 1,970 suppliers located across 47 countries, including suppliers who have modern slavery risk factors as identified on the previous page.

Conversely, some suppliers in higher risk countries may have more mature management processes in place than similar suppliers in lower risk countries, reducing their risk profile.

As part of our Ethical Sourcing Program, we address these complexities through country risk assessments which are then overlaid with commodity or sector risk, as well as individual site characteristics and management systems to generate individual site risk ratings for suppliers in our Ethical Sourcing Program.

Risk as a result of geographic factors can reflect a range of risk factors, such as the absence or effectiveness of labour rights protections, socio-economic environment, whether the country has a large number of migrant workers, and the impacts of conflicts and natural disasters.

Using geographic risks to help inform modern slavery risk assessments can be complex. For example, certain sectors in countries generally seen as lower risk may still involve high modern slavery risks (such as cleaning or horticulture).

## How our modern slavery risk profile evolves over time

Our modern slavery risk profile is not static. It changes over time, including as we enter new areas of business, engage different suppliers, or where we source products, materials and services across different countries or regions.

Certain categories and industries have higher risk for modern slavery due to types of labour, vulnerability of workers and poor governance. Shifts in suppliers or sectors can alter this risk. Geographic risks also vary, impacting our risk profile when sourcing from different countries. External factors such as the location of our suppliers, economic changes, climate change and conflict can also impact our risk profile globally and in Australia. The following are examples of potential risk areas that could occur across Coles' operations and supply chain:

Risk area	Key risk factors	Our relationship to the risk
<b>Workers in our extended Australian fresh produce supply chain</b>	<ul style="list-style-type: none"> <li>Reliance on temporary or migrant workers</li> <li>Reliance on lower skilled labour</li> <li>Use of third-party recruitment</li> <li>Retention of identity documents</li> <li>High levels of subcontracting</li> </ul>	<p><b>Directly linked/contribute.</b></p> <p>We recognise we could also contribute to modern slavery in this area, for example, if we intentionally disregarded evidence a supplier had confiscated passports of migrant workers working illegally in Australia and therefore was engaged in modern slavery.</p>
<b>Manufacturing of goods for our goods not for resale supply chain, such as uniforms, IT, solar panels and battery energy storage systems</b>	<ul style="list-style-type: none"> <li>Reliance on temporary or migrant workers</li> <li>Links to high-risk geographies</li> <li>Complex and fast-moving supply chains</li> <li>Absence of grievance mechanisms</li> <li>Use of third-party recruitment</li> </ul>	<p><b>Directly linked/contribute.</b></p> <p>We recognise we could also contribute to modern slavery in this area, such as if we award contracts in high risk countries without sufficient supplier due diligence.</p>
<b>Third-party international shipping</b>	<ul style="list-style-type: none"> <li>Absence of grievance mechanisms</li> <li>Isolation of workers</li> <li>Dangerous/substandard living or working conditions</li> <li>Unreasonable restrictions on workers' movements</li> </ul>	<p><b>Directly linked.</b></p> <p>Seafarers could be required to pay large recruitment fees to obtain jobs on a vessel, resulting in significant debt which they are unable to repay.</p> <p>Whilst we do not directly charter vessels, risk of exploitation of seafarers can occur in our extended supply chain through third-party international shipping providers we use to support our businesses' import and export needs.</p>

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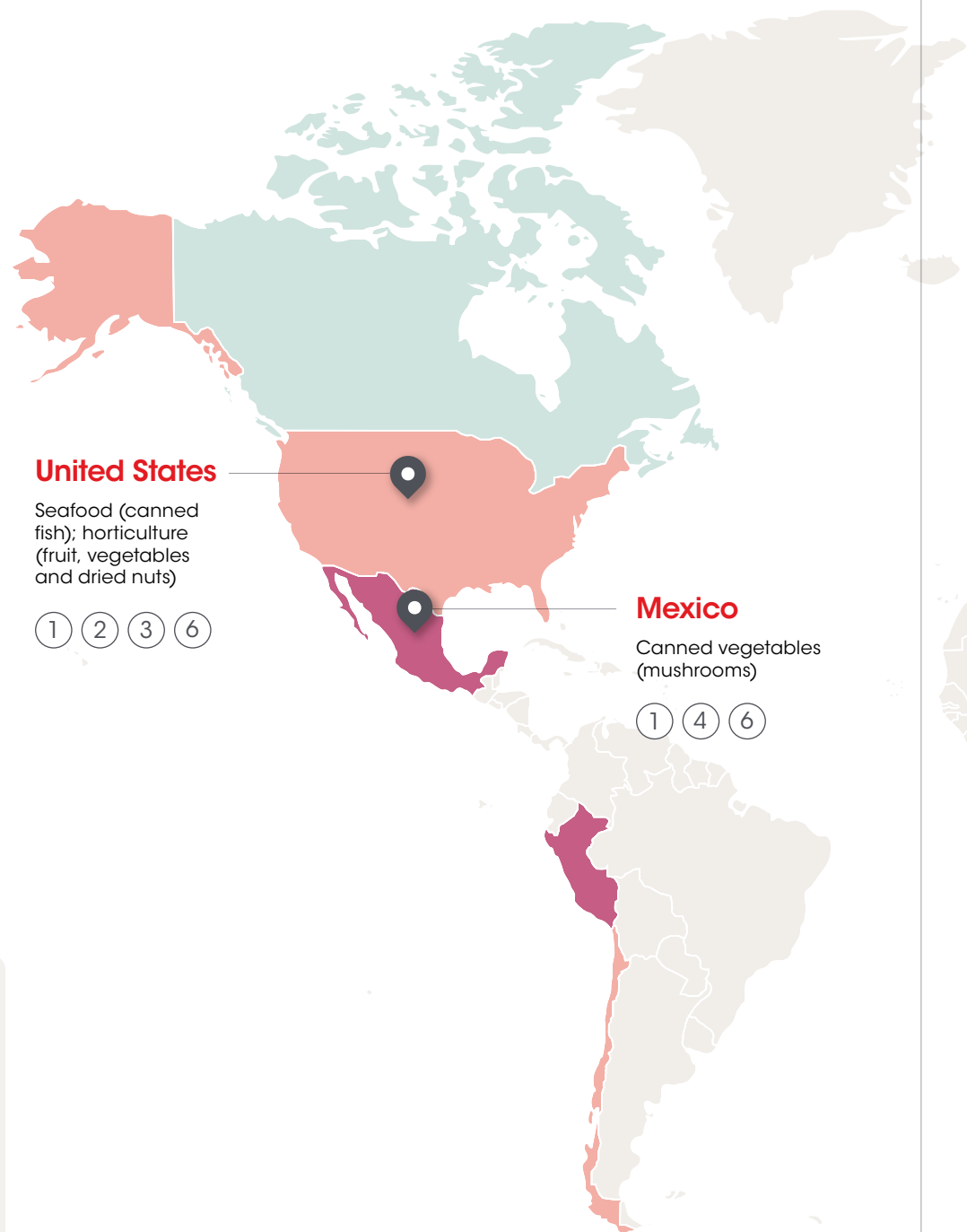
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# Our exposure to geographic modern slavery risk

This map highlights the 47 countries where suppliers covered by our Ethical Sourcing Program are located. Appendix 3 provides further detail, including the number of suppliers in each country and the products or services which are supplied.

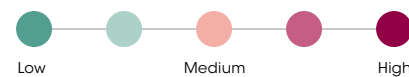
The map identifies examples of products and services we engage or source from, by selected countries.



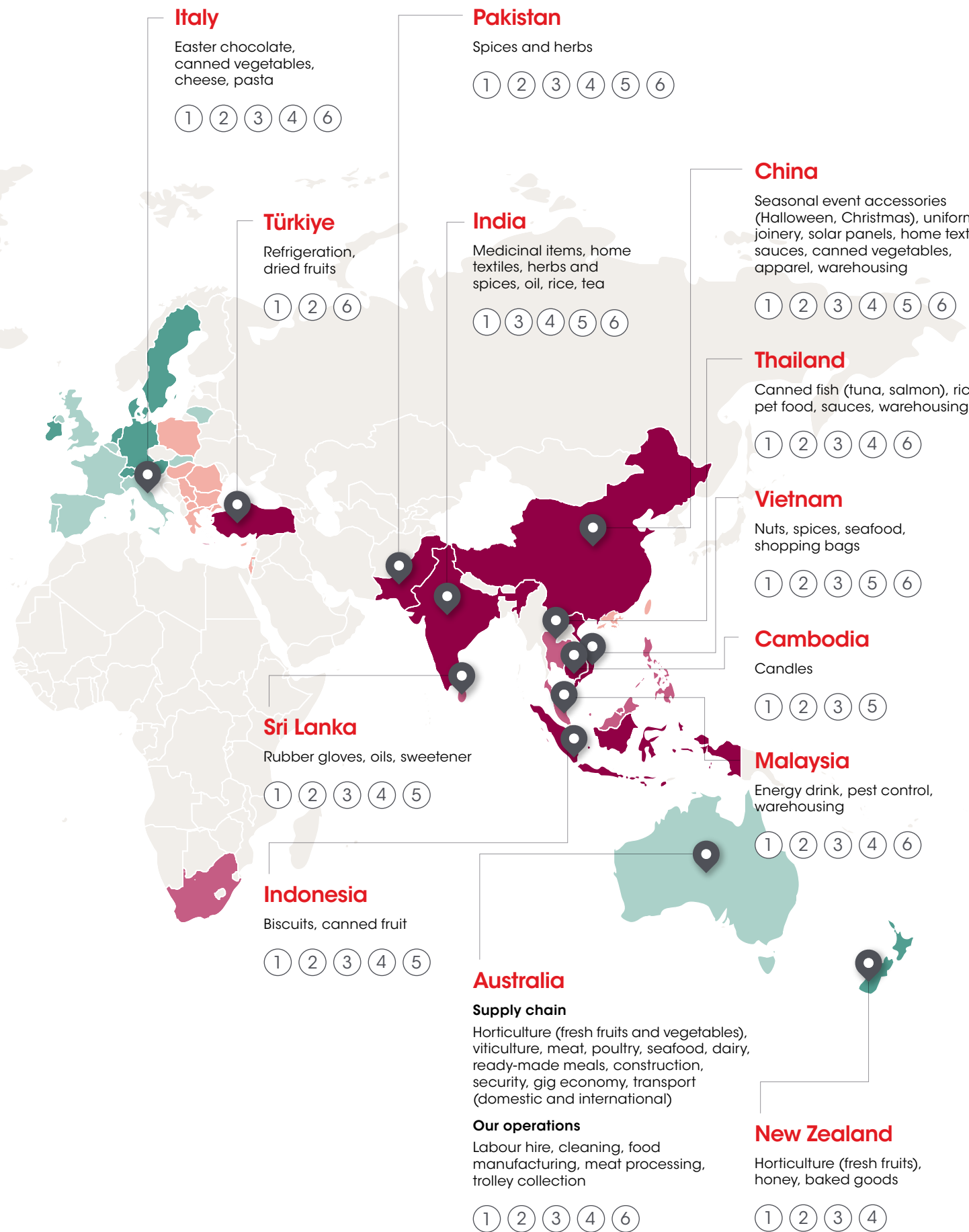
### MODERN SLAVERY RISK OR INDICATORS OF MODERN SLAVERY

- ① Forced or bonded labour
- ② Exploitation of migrant workers
- ③ Deceptive recruitment
- ④ Underpayment of wages
- ⑤ Child labour
- ⑥ Excessive working hours

### RISK LEVEL



● Regions we don't directly source from



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## Our modern slavery response

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

Focus area	1 Addressing known modern slavery risks	2 Maintaining effective grievance mechanisms to enable the identification and remediation of modern slavery harm	3 Mitigating future modern slavery risks
What we do	<p>⌵</p> <p>We take a proactive and tailored approach to addressing known modern slavery risks.</p>	<p>⌵</p> <p>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.</p> <p>⌵</p> <p>We review the effectiveness of our grievance mechanisms on a periodic basis.</p>	<p>⌵</p> <p>We seek to mitigate modern slavery risks by taking a range of actions to reduce the potential of modern slavery risks increasing.</p>
How we do it	<p>Our Ethical Sourcing Program is the foundation for our work in this area. It provides us with a framework, which includes policies and standards, to assess potential risks associated with in-scope suppliers and evaluate selected suppliers' practices through ethical audits. Further information on our Ethical Sourcing Program, including the suppliers that are in scope, is detailed in the section on <i>How we address modern slavery risks</i> on page 23.</p> <p>In addition to the audit process, we work closely with selected suppliers to understand and enhance their own modern slavery risk management processes.</p>	<p>Where permissible 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.</p> <p>Workers are also able to raise concerns during confidential interviews conducted during each ethical audit.</p>	<p>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 training to our team members and suppliers aimed at increasing awareness of modern slavery risks and indicators.</p> <p>We participate in various forums to stay abreast of evolving risks, so we can continuously improve our program.</p>

## How we address modern slavery risks

Our primary tool to address modern slavery risks is our Ethical Sourcing Program.

Our Ethical Sourcing Program helps us identify and address potential modern slavery risks by assessing our suppliers' compliance with our Ethical Sourcing Policy. Whilst we require our direct suppliers to comply with our Ethical Sourcing Policy, our Ethical Sourcing Program is focused on key supplier categories.



**Pictured:** Coles team member Mariko at Schreurs & Sons in Victoria with Chris and Adam Schreurs.

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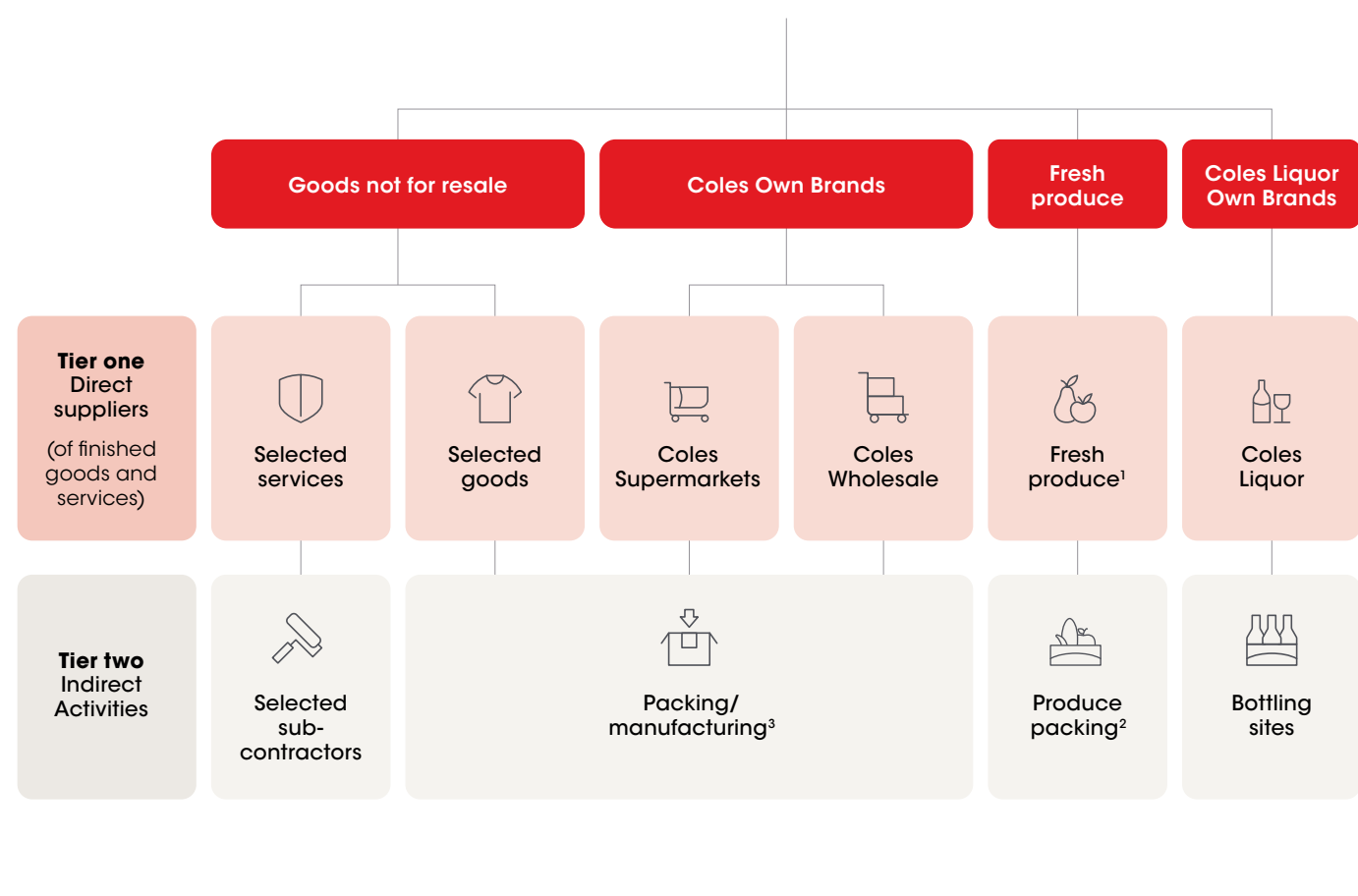
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### Our Ethical Sourcing Program scope



<b>1,977</b>	<b>1,239</b>	<b>1,920</b>	<b>18</b>
Tier one and two suppliers in-scope of the program	Ethical audits conducted on in-scope suppliers	Suppliers risk assessed under the program	Suppliers suspended or contracts exited for non-compliance

1. Fresh produce means unprocessed fruit, vegetables, and flowers, and includes Coles Own Brands as well as proprietary brands. 2. 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 in scope of the program. 3. Packing/manufacturing refers to sites that manufacture or pack Coles Own Brand products into their final retail form.

### Resources allocated to implementing the program

Overseen by the Chief Legal & Safety Officer, General Manager of Risk and Compliance and Head of Compliance (in FY24), our commitment to ethical sourcing is supported by our dedicated Ethical Sourcing Team. Our Ethical Sourcing Team is comprised of 12 team members 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, India, Malaysia, Taiwan and Thailand.

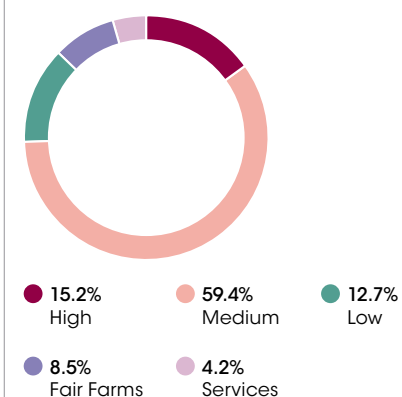
Our buying and procurement teams play an essential role in our program execution. They are the first to engage with suppliers to communicate our requirements, and they provide a point of escalation where requirements are not met.

### How our Ethical Sourcing Program works

Suppliers that are in scope of our Ethical Sourcing Program complete risk assessment questionnaires to help us understand their activities and potential ethical sourcing risks. These questionnaires includes an assessment of each supplier's inherent risk based on location, sector, and industry, as well as site-specific factors such as workforce composition, working hours, contractual arrangements, and recruitment costs.

- For suppliers managed through Sedex (the Supplier Ethical Data Exchange platform), a high, medium, or low risk rating is assigned. This risk rating determines the frequency of ethical audits.
- For suppliers managed through Fair Farms, an initial audit will determine the frequency of future audits. Suppliers may also be required to undertake training before an audit can be conducted, based on the results of their questionnaire.
- For suppliers managed through Coles' Third-Party Risk Management (TPRM) process, the results of Coles' risk assessment questionnaires determines if an audit is required.

### SITES BY RISK RATING



### Our audit program

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

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. We recognise that audit programs will only be effective when they are:

- Clearly communicated to suppliers
- Fit for purpose
- Include meaningful follow up to monitor how non-conformances are addressed
- Work in parallel with other activities such as effective grievance mechanisms.

Ethical audits may be arranged by individual suppliers or directly commissioned and funded by Coles under our Third-Party Audit Program. Where Coles commissions the audit, we may arrange an announced, semi-announced or unannounced audit, or use one of our own APSCA certified auditors to conduct the audit.

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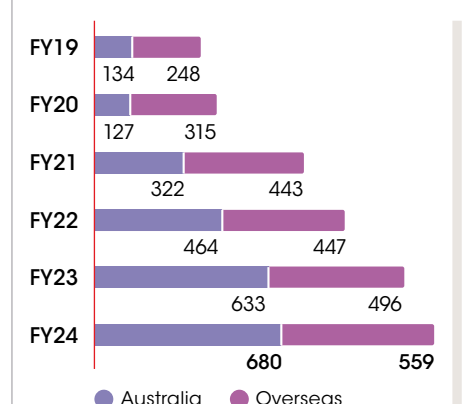
When the audit contract is with Coles, it allows greater flexibility on audit duration (e.g. to include additional aspects), more information for Coles (e.g. verification of parts of the risk assessment questionnaire) and an opportunity to review the audit report prior to it being published.

In FY24, 1,239 independent ethical audits were conducted on in-scope tier one and two suppliers, including both GFR and GNFR suppliers. Over 52% of our 1,997 in-scope suppliers have participated in an ethical audit. Of the 1,239 audits, 15 were unannounced and 228 were semi-announced.

Over 54% 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 third year, with over \$3.79 million invested over that time. It was designed to share some of the cost of ethical auditing in horticulture (through Coles funding for in-scope sites to have their audit conducted), 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 1,239 audits conducted, 116 were conducted as part of this program.

### INDEPENDENT ETHICAL AUDITS



### Ethical audit findings and trends

Once an audit is completed, suppliers must address major and critical non-conformances within timeframes agreed with the auditor and in line with our Ethical Sourcing Program Requirements. The 1,239 ethical audits undertaken across our suppliers identified 7,269 major or critical non-conformances, a 4.5% increase year on year. 5,517 of these non-conformances had been closed out by the end of the reporting period.

The graph on page 27 shows the identified major and critical audit non-conformances across our program.

Regarding the category of children and young workers, none of these non-conformances related to modern slavery in our supply chain. One finding related to a 15-year-old working on an Australian site during school hours which was rectified post the audit. 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). To ensure our suppliers are aware of the requirements surrounding children and young workers captured within Coles' Ethical Sourcing Policy, a notice was sent to all in-scope suppliers during the reporting period to remind them of their obligations.

We monitor our audit data to help identify and analyse common findings and trends. One trend we identified in this reporting period, was an improvement in the average number of non-conformances from sites in China being closed on time. Since the beginning of FY22, Coles has engaged LRQA (who have expertise in sustainability and supply chains) to provide local language support to these suppliers. When we first commenced the engagement (in FY22), only 75.3% of the findings were closed on time. In FY24, 91.7% of findings were closed on time. We believe this improvement is a result of both in-language support for suppliers as well as suppliers being more proactive in resolving issues, knowing that findings will be monitored and actioned if not addressed.

Another trend we identified in this reporting period, is a year on year decrease in wage-related non-conformances in our Australian supply chain from 8.5% in FY22 to 8.1% in FY23 and 7.6% in FY24. These non-conformances include: benefits and insurance, deductions, overtime premium, record-keeping and payment of wages. The main improvement was a reduction in non-conformances relating to employee benefits and payment of wages. Wage-related regulations in Australia can be complex to navigate, with businesses having to account for different industry based awards and enterprise agreements (which are also regularly updated), alongside annual rate adjustments. In FY24, we conducted training for our suppliers on common non-conformances (including wage-related non-conformances) and how to prevent and mitigate these issues (see the *Training and supplier capability building* section on page 36).

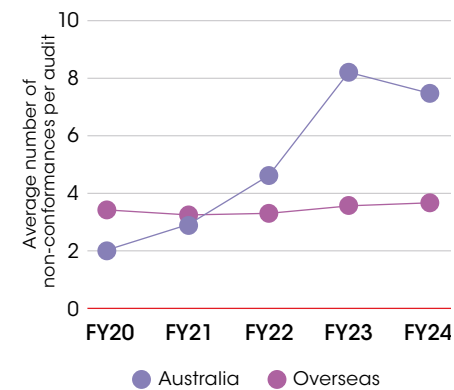
As part of the Coles-funded audit program, Coles seeks feedback from suppliers on the overall auditing process. This feedback indicates an overall satisfaction rate of 90% from participating suppliers.

*"Auditor took his time to understand the processes and procedures on site. During the site visit, he took notes and pointed out areas of improvement, good practices, and challenges. His communication in terms of Corrective Action Plan reports (CAPRs), the reasons for them being raised and follow up towards close out was beyond expectation."*

As health and safety has the highest percentage of non-conformances, Coles will continue to invest in supporting supplier education initiatives in the coming year. Health and safety non-conformances represented 54.3% of the total overall non-conformances raised (55.2% of all Australian issues and 52% of all overseas issues). The high proportion of findings for health and safety also reflects the significant size of this audit category, which includes over 15 subcategories such as fire safety, chemicals management, health and safety management, use of Personal Protective Equipment, electrical aspects, training and machinery.

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 additional time to comply) which we refer to as a derogation. Any derogations must be approved by relevant senior leaders from Risk and Compliance and the Business Unit, be documented and contain appropriate mitigation.

#### AVERAGE ETHICAL AUDIT NON-CONFORMANCES



# 5,517

non-conformances remediated

#### Top 5 issues

Health and Safety	54.3%
Regular employment	9.8%
Working hours	9.3%
Wages	9.1%
Management systems	3.8%

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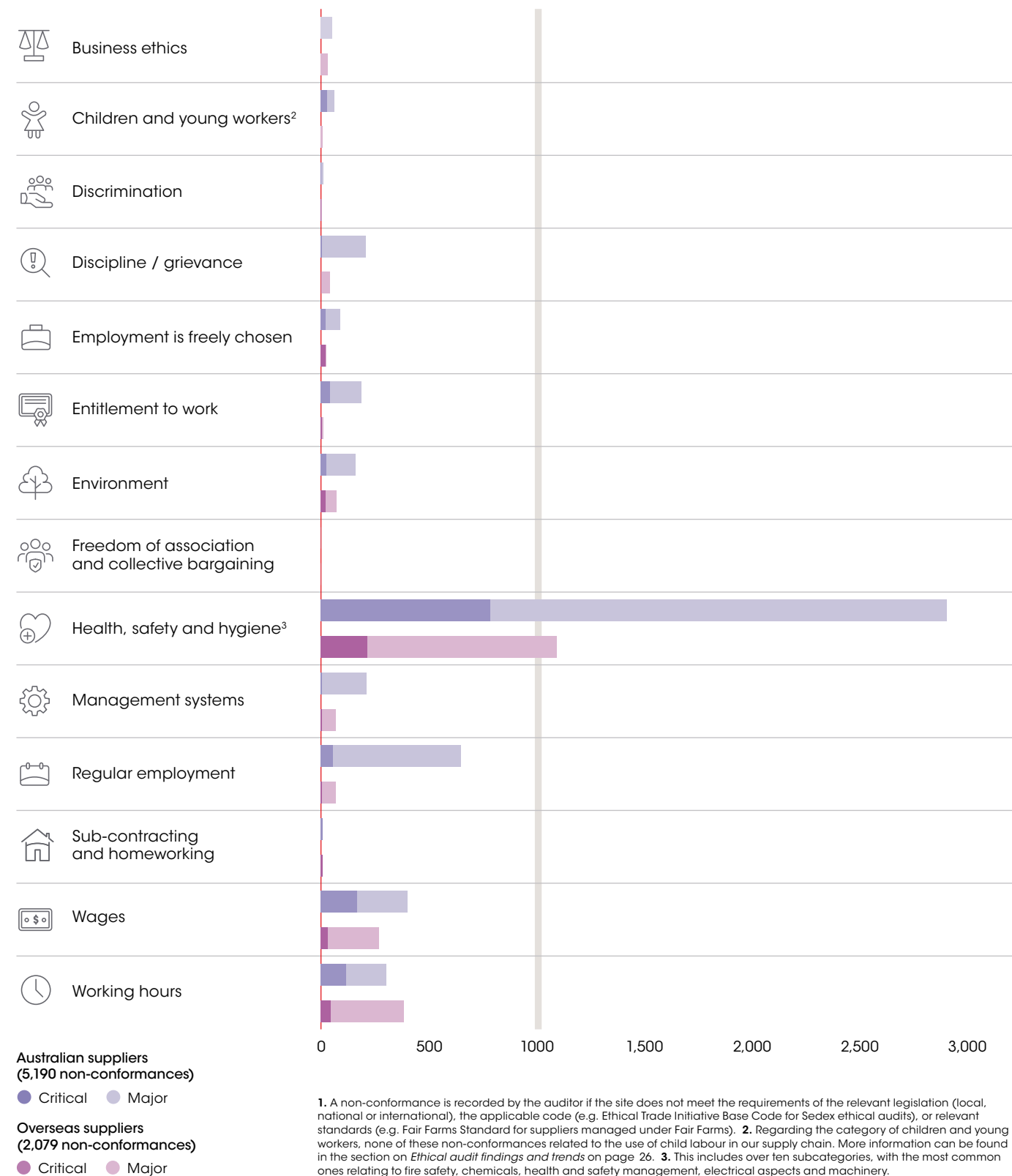
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### FY24 Supplier audit non-conformances<sup>1</sup>



1. A non-conformance is recorded by the auditor if the site does not meet the requirements of the relevant legislation (local, national or international), the applicable code (e.g. Ethical Trade Initiative Base Code for Sedex ethical audits), or relevant standards (e.g. Fair Farms Standard for suppliers managed under Fair Farms). 2. Regarding the category of children and young workers, none of these non-conformances related to the use of child labour in our supply chain. More information can be found in the section on *Ethical audit findings and trends* on page 26. 3. This includes over ten subcategories, with the most common ones relating to fire safety, chemicals, health and safety management, electrical aspects and machinery.

# How we seek to identify and remediate modern slavery risks

## Details of supplier complaints<sup>1</sup>

Total number of complaints against suppliers received in FY24

17

Number of complaints against suppliers involving alleged underpayments

5

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

1

## Source of complaints

Worker unions	3
STOPline	4
Direct contact to Coles	7
Audits	2
Wages and Condition Hotline	1

## Grievance management

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

It is important that 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 or the media.

We proactively promote our grievance mechanisms to key stakeholders, including through engagements with supply chain workers. For example, in Australia, 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 also display posters of

STOPline details in our stores, distribution centres and store support offices.

In addition to our own grievance mechanisms, we require our suppliers (via our Ethical Sourcing Policy) to provide appropriate channels for worker and community grievances, including an anonymous, confidential method for all workers to raise concerns without fear of retribution. 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 de-identified information about supplier-related complaints received through our grievance mechanisms, audits, unions, and other channels on our website along with details of our response.



**Pictured:** Coles team members pack meals at the Coles Chef Fresh manufacturing facility.

➤ If 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 grievance mechanisms that 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.

<sup>1</sup> Further information is available in Appendix 2: Coles supplier complaint table.

# Our approach to managing indicators of modern slavery

Through continued implementation of our Ethical Sourcing Program, we have identified indicators of modern slavery which require action to investigate.

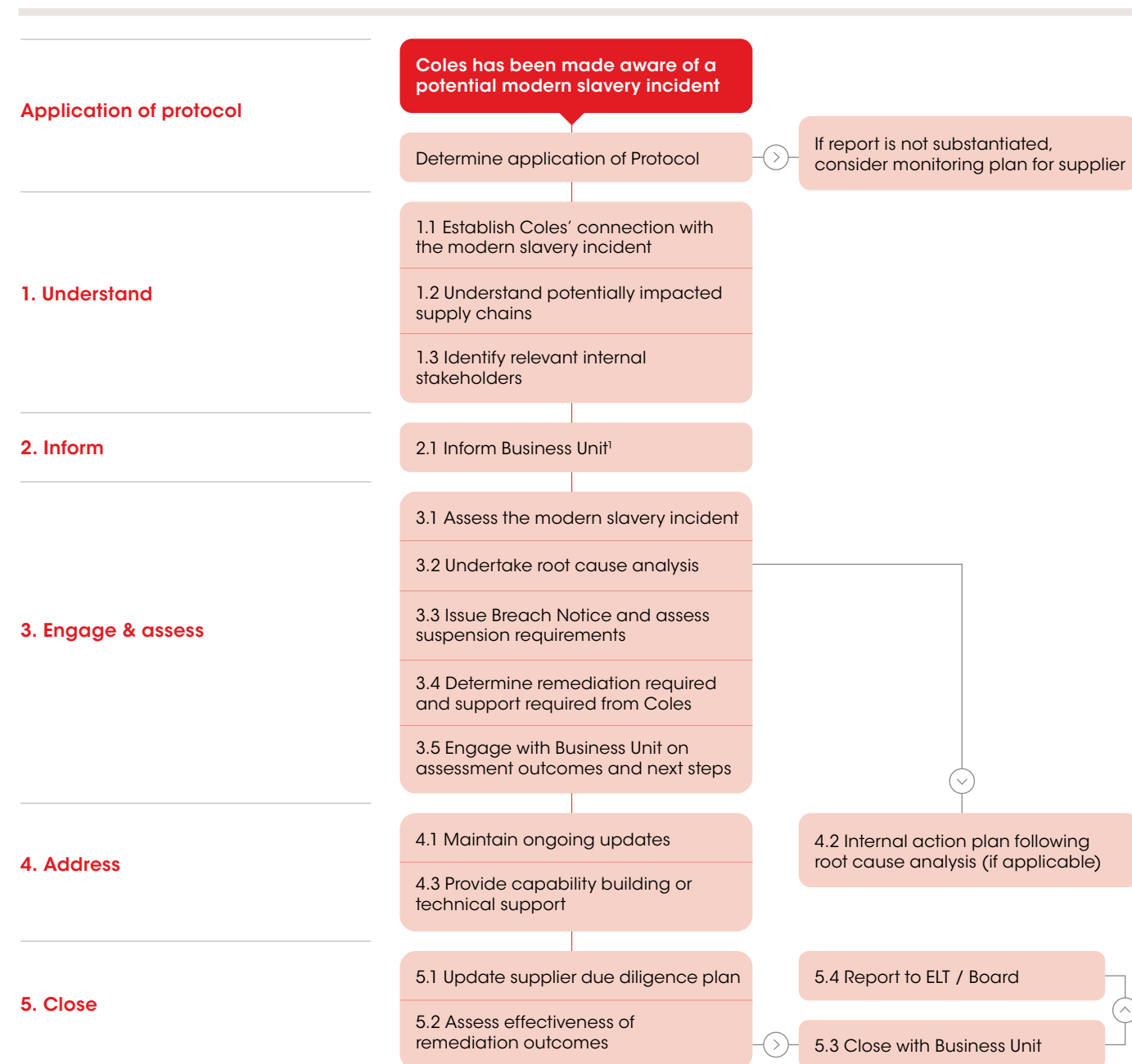
Indicators of modern slavery can be reported to us a number of ways, for example through grievance mechanisms, audits conducted as part of our Ethical Sourcing Program, as well as through direct worker voice. We have identified indicators of modern slavery which required action to investigate. Whilst these issues have not necessarily resulted

in modern slavery, they have highlighted a need for a formal process to guide our response when significant indicators of modern slavery are identified.

We consider best practices when developing our processes. We engaged an independent consultancy with expertise in human rights to design a

process which aligns to our operations and ways of working. Internal stakeholder consultation, research and benchmarking were key activities undertaken to meet this objective.

Below is a high-level summary of Coles' approach to investigating identified indicators of modern slavery.



<sup>1</sup> The Board will be notified of such incidents in accordance with our Immediate Reporting Policy.

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# Our approach to grievance management

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## 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 and suppliers, 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.

### PROTECTED DISCLOSURES

**What:**

A number of persons are able to receive protected disclosures under our Whistleblower Policy. This includes nominated Protected Disclosure Officers and officers such as a director or secretary, or senior managers of the Coles Group.

**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 or an officer such as a director or secretary, or senior managers of the Coles Group.

### 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.

2

## 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.

3

## Remediation

Where we determine a remedy is necessary in line with the UN Guiding Principles on Business and Human Rights (UNGPs), this may be provided by Coles directly, or in collaboration with third parties.

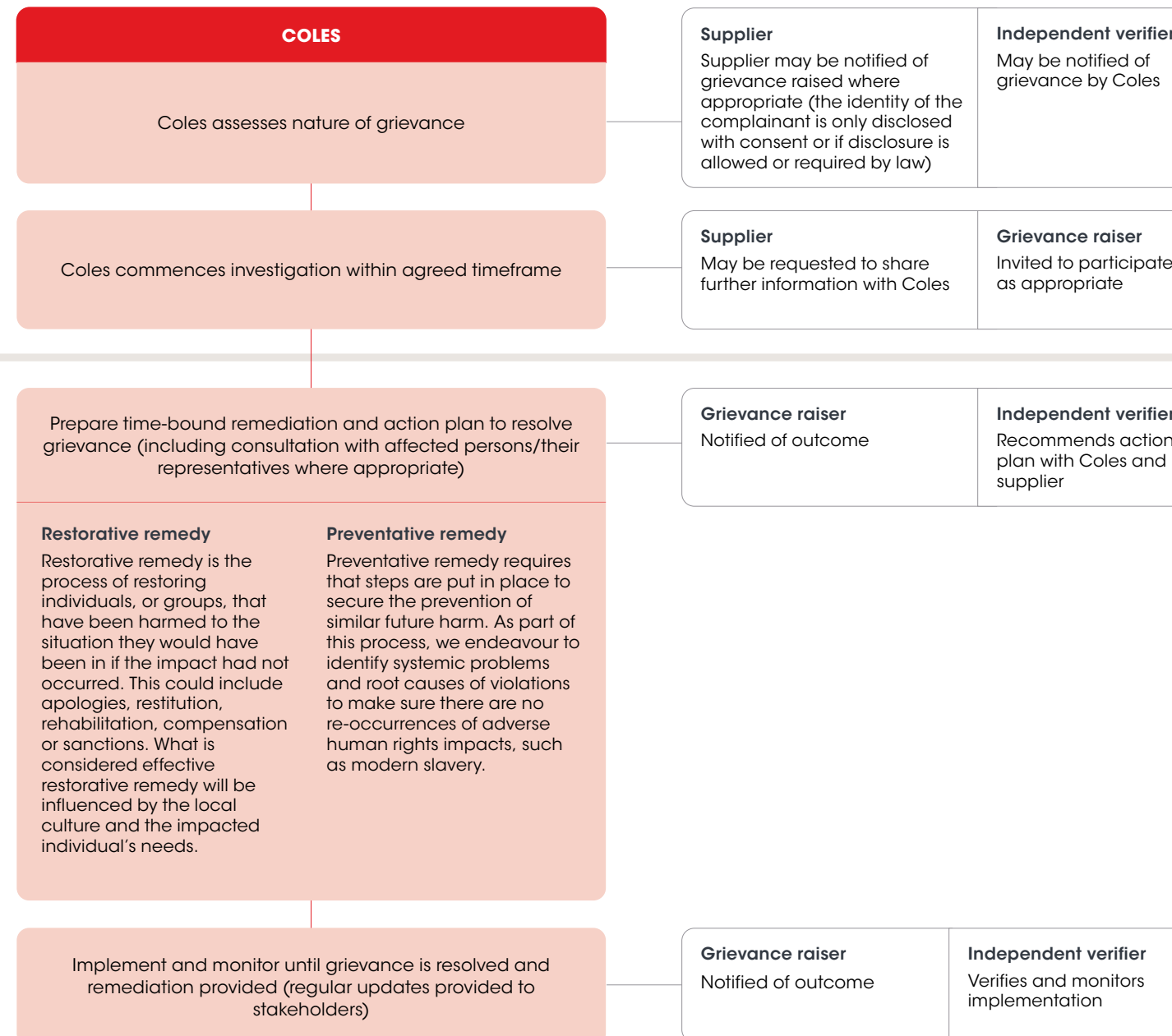
We are committed to protecting rights of persons making reports under our Whistleblower Policy, which is based on Australian legislation, including protecting their anonymity if requested and taking reasonable steps to provide protection from detriment. This also includes persons reporting grievances via our STOPLINE.

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, or 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.

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

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

### COLES' APPROACH TO INVESTIGATIONS AND REMEDIATION:



### Governance of the process

Strong governance processes are essential to building an effective grievance mechanism. Internally, grievances are reported quarterly to the Audit and Risk Committee, ensuring visibility on all matters raised. Externally, we report grievances

on our website. The privacy and confidentiality of all individuals involved is respected throughout the process. Our procedures and process including the Whistleblower Policy are based on international best practice, specifically the UNGPs.

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### How we seek to identify and remediate modern slavery risks

Our approach to managing indicators of modern slavery

### Our approach to grievance management

Our expectations for remediation by suppliers

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## Our expectations for remediation by suppliers

We support our suppliers to effectively remedy human rights harm, such as modern slavery.

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

### Coles Ethical Sourcing Policy

#### WAGES AND BENEFITS REMEDIATION REQUIREMENTS – AUSTRALIA

Suppliers are expected to comply with the Coles Ethical Sourcing Policy, in addition to the legal requirements of the countries in which they operate.

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 in line with our standards, they must determine how long the underpayment has occurred, the total amount owed to workers, and 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.

#### CHILD LABOUR REMEDIATION REQUIREMENTS

If child labour is identified, our policy requires that the supplier immediately remove the child 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 develop a remediation plan, including plans to prevent re-occurrence. Details of this remediation plan, the implementation process and monitoring must be accurately recorded and retained by the supplier. A copy of the plan must be provided to Coles within 30 days of the child labour incident being identified. The supplier must then complete a follow-up audit within three months of the incident and provide Coles with a summary of the remediation plan and monitoring outcomes 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.

#### 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 in accordance with our standards, Coles will work with the supplier on appropriate remediation. Payslips and financial records are required to be 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.

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# How we work to prevent modern slavery from 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 (including 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

Policy title	Relevance to modern slavery	How we implement this
<b>Human Rights Strategy</b>	Outlines our commitment to respecting human rights, our key human rights focus areas, and our pathway to achieving our commitments. During the reporting period, we published the next iteration of the strategy unifying the approach to human rights across the business.	We published this strategy on our external website and communicated this to our employees. Each of our four ambition areas is supported by detailed internal plans and targets to support achieving our goals over the coming years. Further details are also provided in the <i>Human Rights Strategy</i> section on page 8.
<b>Ethical Sourcing Policy</b>	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.  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, the UNGPs and the Ethical Trade Initiative (ETI) Base Code. It sets clear standards for suppliers in relation to modern slavery and decent work.	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 request 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.
<b>Whistleblower Policy</b>	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 of Conduct. This can include complaints relating to modern slavery.	We publish this policy on our internal and external websites. The policy is also communicated to team members through the Code of Conduct. Posters promoting the Whistleblower Hotline (STOPline) are displayed in our retail and distribution centre sites to promote awareness.



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- Collaboration and stakeholder engagement

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Policy title	Relevance to modern slavery	How we implement this
<b>Code of Conduct</b>	<p>Defines how we do business and outlines the standards of behaviour expected from our team members and leaders. The Code states that Coles does not tolerate inappropriate behaviour or business practices.</p> <p>The Code emphasises our commitment to operating ethically and with integrity and includes a section on human rights and modern slavery. This section outlines our commitment to respect the rights of workers to freedom of association and collective bargaining, the right not to be subjected to forced labour, and the abolition of child labour.</p> <p>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 upon commencement of employment and acknowledge that they have read and understood it. 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.
<b>Working Rights Policy</b>	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 systems and processes, including recruitment, onboarding, and ongoing monitoring through employment, in order to encourage compliance and maintenance of valid working rights.
<b>Ethical Sourcing Remediation Framework</b>	Guides our approach to investigating human rights-related concerns within our supply chain, which could include modern slavery. It sets out the core principles Coles adheres to, and expects our suppliers to adhere to, for providing effective remediation of human rights issues, such as modern slavery.	We publish this Framework on our external website. The framework provides detailed guidance for suppliers and Coles to provide effective remediation when issues may arise. The requirements in the framework are reiterated in relevant policies and training sessions.
<b>Remuneration Policy</b>	Our Remuneration Policy sets out our remuneration principles for team members, as part of our commitment to fair and equitable remuneration outcomes across its reward programs and practices	We publish this policy on our internal website. The remuneration policy applies to all Coles employees across the operations and activities of Coles Group and its subsidiaries. It outlines our principles for the remuneration process and practices including ensuring compliance with relevant laws.

## Training and supplier capability 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.

### Coles learning opportunities

During the reporting period, we hosted a range of learning opportunities for team members, auditors and suppliers. These opportunities included:

<b>Introduction to Ethical Sourcing</b> (Attended by 156 participants)	Team members in key roles are required to complete an online module when they commence an applicable role at Coles. This includes category managers and other team members across both our goods for resale, and goods not for resale operations.
<b>Coles' Ethical Sourcing Program</b> (Attended by 117 participants)	Team members in supplier-facing roles have completed additional training which provides a detailed overview of Coles' requirements and processes for suppliers to achieve compliance.
<b>Workplace relations fundamentals</b> (Attended by 42 participants)	A hybrid session centred around the concept of accessorial liability. For selected team members, this training provides an understanding of what accessorial liability is, examples of cases brought to businesses in Australia, as well as specifics on each situation to help educate participants on the do's and don'ts when working with third parties.
<b>Auditor Training Day - Services Audit</b> (Attended by 12 participants)	A full day training session hosted by Coles for representatives of third party auditing bodies, to share our newly developed methodology for audits of services providers. The session was facilitated to provide an open and encouraging environment for auditors to share their sentiments and challenges within the services space whilst learning how to utilise the new methodology.
<b>Training on common non-conformances'</b> (Attended by 39 participants)	An online session tailored to educate our suppliers located in Thailand on the common issues identified in our Thailand supply chains. The session provided the tools to help prevent non-conformances from occurring and how to remediate the issues if they are identified.
<b>Fatigue management in the workplace</b> (Attended by 60 participants)	An online webinar designed to navigate fatigue in the workplace as a result of excessive working hours. The session explained fatigue related issues in detail. This included how to identify someone who is fatigued, who is responsible for managing this issue, the key points of a framework to support management, and control measures to support suppliers to reduce this risk within their business.
<b>Fire &amp; building safety management</b> (Attended by 98 participants)	An online webinar which focused on structural building and fire safety requirements, covering regulations, audits, and training recommendations.
<b>Preparing for an ethical audit</b> (Attended by 84 participants)	A step by step walkthrough in Mandarin, on onboarding and compliance with Coles' Ethical Sourcing Program. This covered our Ethical Sourcing Policy and standards, frequent types of non-conformances in China-based audits, preparation for audits and how to address non-conformances.

### Coles Academy

A platform specifically designed for training for Coles' suppliers, primarily used by suppliers based in Australia. We have over 15 webinars and e-learning modules available for suppliers at any time, covering a range of topics including modern slavery. Sessions on the platform include:

#### Goods not for resale - Services (Attended by 94 participants)

An online walkthrough of Coles' Ethical Sourcing Program Requirements for providers of high-risk services. This session covered risk assessment, risk classification, risk management and remediation.

#### Engaging labour hire providers (Attended by 130 participants)

An online webinar based on Coles' requirements in Australia for onboarding labour hire providers. This included training and induction, monitoring of compliance, information on deductions and accommodation aspects.

#### Mitigation and prevention: training on common non-conformances (Attended by 136 participants)

An online session designed to provide information and awareness to suppliers on common non-conformances that Coles has identified in its supply chain. This included providing information on how to prevent and mitigate these issues.



**Pictured:** Representatives from the auditing industry in Australia attending a full day training session hosted by Coles.

1. A total of 1038 participants have attended this training since June 2020.



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**In our FY23 statement, we committed to engage suppliers to better understand their preferred approach to learning and development.**

For a number of years, we have reported on the number of training sessions we have provided to suppliers on various human rights topics.

Found the training useful and followed up to address or prevent issues

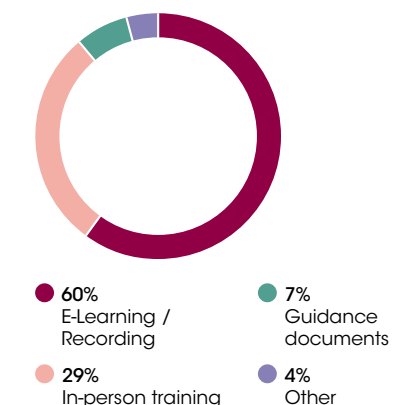
**99%**

Want Coles to continue delivering training

**98%**

During the reporting period, we asked participants attending the sessions specific questions on the usefulness of the information, whether action had resulted from their attendance and if there were better ways to learn other than by webinar.

#### PREFERRED LEARNING METHOD



**Pictured:** Group Ethical Sourcing Manager, Mabel Wong speaking at an ERSCA organised worker education event in Devonport, Tasmania.

## 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 response
<b>Ethical Retail Supply Chain Accord (ERSCA)</b>	We entered 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 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.
<b>UN Global Compact Network</b>	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 (UNGCA) Modern Slavery Community of Practice. We are also a member of UNGCA's Human Rights Due Diligence Working Group.	Participating in the Community of Practice and Human Rights Due Diligence Working Group enables us to share learnings with peers and collaboratively discuss issues such as effective grievance mechanisms, responding to modern slavery risks in high-risk geographies, and issues relating to wider human rights impacts.
<b>Be Slavery Free</b>	Be Slavery Free is an Australian coalition of civil society, campaigning against modern slavery, human trafficking, forced and child labour. We became members of the Be Slavery Free network in 2024.	Through joining Be Slavery Free, we have access to industry engagement and collaborative ways to tackle modern slavery, including monthly Be Slavery Free Fight Club participation. We also have access to The Mekong Club's exclusive member-only resources and tool kits, which provides information to support continuous improvement of due diligence and addressing modern slavery.
<b>Transport Charter</b>	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.
<b>Our investors</b>	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.
<b>Participation in corporate sustainability benchmarks</b>	We voluntarily participate in a number of corporate sustainability benchmarks relevant to modern slavery, including the World Benchmarking Alliance's Corporate Human Rights Benchmark and other benchmarks.	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 opportunities for improvement.

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Stakeholder / forum	How we engage	How this engagement has supported our response
<b>Roundtable on Sustainable Palm Oil (RSPO)</b>	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. 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.	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.
<b>Sedex</b>	We participate in monthly meetings with Sedex to discuss common trends and issues, including human rights related topics.	This partnership helps to ensure that we use current tools and methodologies to identify and assess potential modern slavery risk. These engagements also help us to understand common risks or issues facing the broader industry.
<b>Fair Farms</b>	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 for amendments to the Fair Farms framework.	Active engagement in the development of the Fair Farms certification program continues to help 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.
<b>Indirect Spend Alliance</b>	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, Coles contributed to, and presented on, our experience regarding risk assessment and due diligence activities relating to distribution centres and warehousing.
<b>Institute for Human Rights and Business (IHRB) – Responsible Shipping Dialogue</b>	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.

# 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 learned more about how to enhance our effectiveness. We acknowledge that there is more to learn. We continue to monitor our effectiveness and identify opportunities to improve.

Component of our modern slavery response	How we assess our effectiveness (including key metrics)	Key outcomes in FY24
<b>Policy and governance frameworks</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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, grievances raised and status of investigations conducted.</li> </ul>	<ul style="list-style-type: none"> <li>Through implementation of the Working Hours Framework and subsequent stakeholder engagement, we made changes to the framework to support application across more industries.</li> <li>Ongoing review of our buying practices determined a need for stronger governance over purchasing, therefore we plan to introduce a Responsible Purchasing Policy.</li> </ul>
<b>Risk assessment process</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Understanding risk profiles of raw materials led to a review which identified potential risk with the sourcing of tomatoes as an ingredient within processed products, and activities were conducted to reduce this risk.</li> </ul>
<b>Performance monitoring</b>	<ul style="list-style-type: none"> <li>We monitor the performance of our program in a range of ways, including:                             <ul style="list-style-type: none"> <li>Monitoring and reporting to the Board on key metrics including number of suppliers in scope of the Ethical Sourcing Program, 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.</li> <li>Reviewing trends in ethical audit data over time.</li> <li>Engaging with our audit providers to seek feedback and discuss key trends.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1,239 ethical audits were conducted over FY24.</li> <li>7,269 critical and major non-conformances were identified as a result of these audits.</li> <li>5,517 of these non-conformances had been remediated by the supplier by the end of the reporting period.</li> <li>Reviews of non-conformance trends identified:                             <ul style="list-style-type: none"> <li>Our outsourced support in Hong Kong was effective in supporting closure of identified issues before they became overdue.</li> <li>Wage-related non-conformances have decreased in our Australian supply base.</li> </ul> </li> <li>Feedback from auditors post the training day with Coles demonstrated an ongoing need for Coles to support on awareness of issues and emerging trends, with participants also sharing they would like Coles to continue with the sessions in future.</li> </ul>



**Pictured:** Coles Ethical Sourcing Program Manager Gwendoline, engaging with a community representative at the worker education event in Devonport, Tasmania.

Component of our modern slavery response	How we assess our effectiveness (including key metrics)	Key outcomes in FY24
<b>Training</b>	<ul style="list-style-type: none"> <li>We assess the effectiveness of our training through engagement with team members and supplier participants, such as through surveys to identify remaining knowledge gaps.</li> </ul>	<ul style="list-style-type: none"> <li>We delivered training for over 960 supplier representatives, team members and auditors.</li> <li>Engagement with suppliers determined that the training we offer is useful, and suppliers reported that the information learned was used to reduce risk within their own operations.</li> </ul>
<b>Our grievance mechanisms and remediation processes</b>	<ul style="list-style-type: none"> <li>We assess the effectiveness of our grievance mechanisms and remediation processes against the criteria set out in the UNGPs.</li> <li>We consider best practice by reviewing our processes in line with international benchmarks.</li> <li>We consider stakeholder feedback and changes in reporting trends and monitor and report on the number of supplier complaints received and addressed.</li> </ul>	<ul style="list-style-type: none"> <li>17 supplier complaints relating to labour exploitation were received through our grievance mechanisms (an increase of 41% from FY23). 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.</li> </ul>
<b>Our modern slavery reporting</b>	<ul style="list-style-type: none"> <li>We engaged an expert business and human rights advisory firm to support new criteria areas of our 2024 statement and advise on how we can more effectively communicate our work in this area.</li> <li>We conduct limited assurance with Ernst &amp; Young over the statements made within our statement and to also assess compliance with the Modern Slavery Act.</li> <li>We meet regularly with individual investors to obtain feedback on our Modern Slavery Statement.</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a new section within our statement titled 'Our team' to respond to feedback on better communicating how and why we believe the risk of modern slavery statement in our own operations is low.</li> </ul>

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# How we have consulted within our business

We take a coordinated approach to addressing modern slavery risks across our business, including through consultation and collaboration within our own business. 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 Coles 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

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.

In addition to Coles Group, consultation also took place with both Flybuis and Queensland Venue Co., as Coles has a 50% interest in both businesses, which are required to submit their own

statements. This consultation included discussion on their modern slavery reporting and underlying risk management.

In accordance with the requirements of section 14(2)(d)(i) 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 19 September 2024, and was approved by the boards of each of the other reporting entities in their capacities as principal governing bodies of those entities on 19 September 2024. The statement is signed by the Chairman and Chief Executive Officer of Coles Group Limited and by the Chief Executive Officer in her capacity as a director of each of the other reporting entities.

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



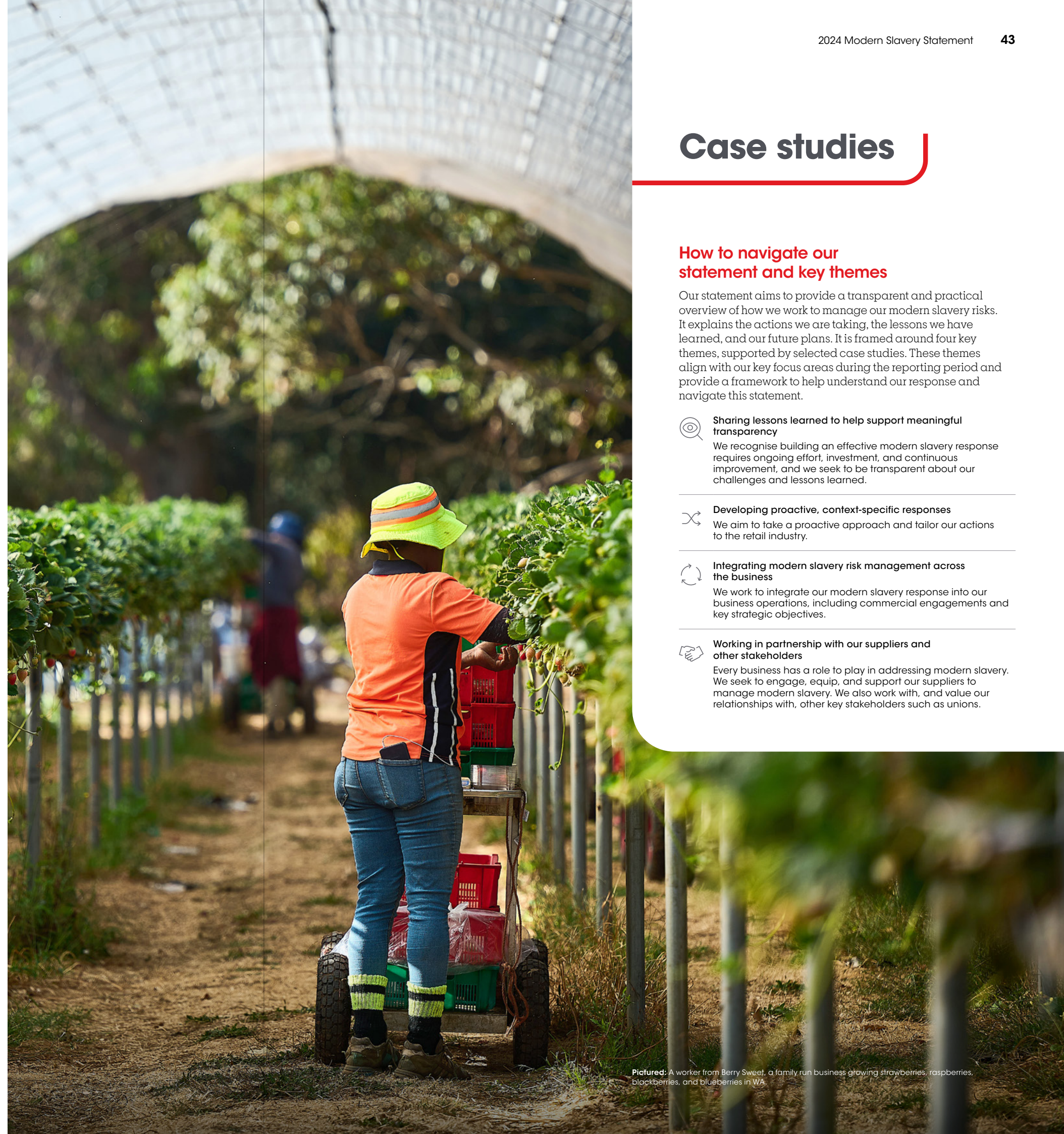
**James Graham AM**  
Chairman, Coles Group Limited

19 September 2024



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


19 September 2024



# Case studies

## 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 learned, and our future plans. It is framed around 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 learned 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 learned.

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- 
**Developing proactive, context-specific responses**  
 We aim to take a proactive approach and tailor our actions to the retail industry.

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- 
**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.

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- 
**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.

**Pictured:** A worker from Berry Sweet, a family run business growing strawberries, raspberries, blackberries, and blueberries in WA.

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## Identifying risks of forced labour through continuous review



### Data collection and analysis forms a key part of our work to identifying risks across our supply chains and operations.

In Coles' quality management system, suppliers provide a range of data points which may include product certification details, sub-supplier information of those who manufacture Coles' brand packaging, the specific ingredients used in the production process, as well as the location where products are last manufactured or packaged into final retail form.

We discussed risks associated with raw materials coming from certain regions including regions with links to state sponsored forced labour. Further collaboration with key stakeholders allowed us to analyse and interrogate information of the raw materials/ ingredients utilised in our Coles Own Brand products below tier two or three.

Through analysis of this data, we identified 10 instances where products contained tomatoes and one instance of a food additive that came from a region at high risk for state-sponsored forced labour.

We then worked with our suppliers to explain the risks associated with sourcing raw materials from high-risk regions, found alternative sourcing options and in some cases ceased the sale of products which no longer met the needs of the business, thus reducing the potential risk of state-sponsored forced labour in sub-tiers of our supply chain.

### KEY REFLECTION

Addressing the risks of modern slavery is an ongoing activity and requires continuous attention to ensure appropriate identification and remediation of potential issues. By using data driven insights and having regular conversations with stakeholders in various parts of our business we are able to support further assessments and undertake targeted action with suppliers.

## Investigating issues beyond tier two



### Identification of human rights risks within our supply chains continues to be a priority.

We regularly monitor public reporting as a risk identification tool to inform us of the changing landscape and areas where we may need to engage further. In May 2023, there were numerous media reports relating to serious allegations of human rights violations within a number of tea supply chains. Concerns raised included wages, unsafe working conditions and sexual harassment across multiple tiers within the supply chain, including down to tea estates.

Based on the concerns raised, we reached out to our suppliers to understand if the allegations raised were within Coles' supply chain. It was confirmed that some were. Through a number of different processes, we were able to follow the investigations to confirm the issues were resolved.

This included cross validating information across a number of different suppliers, and an audit for one site to investigate a workplace accident. Information received advised appropriate care was being provided for the impacted worker and enhanced safety protocols were introduced for prevention of accidents in future.

On one site, the allegations of sexual harassment were confirmed, and action was taken as a result. This included putting in place support for the people impacted – such as enhanced welfare structures for workers and doubling the size of the welfare team; offering free private counselling and psychosocial support to all workers onsite; strengthening contractor management; and a campaign to build awareness and trust in a confidential whistleblowing line.

### KEY REFLECTION

Audits and certifications are not a guarantee that risk and issues won't arise within a supply chain. Addressing the root cause of issues and understanding why workers may not use grievance mechanisms requires ongoing work.

Investigating issues raised below tier one and two also reiterates the importance of including supply chain traceability and the cascading of our Ethical Sourcing Policy standards as part of our contractual terms with suppliers. Without this, the ability to conduct reviews and request more information not only becomes more difficult but also does not support ownership of issues for direct suppliers where they have accountabilities further down the supply chain.

## Refining our services audit methodology



### As noted in our FY23 statement, to combat the challenge of a lack of unified and appropriate ethical sourcing assessment standards for high-risk service providers, we began work to develop a services audit methodology.

During the reporting period, we further progressed this work with design improvements, trials, and consultation of a standard.

Following trials with two high risk services suppliers and selected subcontractors, the experience and feedback provided allowed us to further refine our approach. This has included conducting an additional trial in the transport sector and using a third-party certification body to conduct an audit on one of our existing cleaning providers.

We also convened an auditor training day on 15 May 2024, attended by 12 participants from third party auditing bodies, to socialise the methodology and seek feedback on potential areas for improvement. The consultation from this session reinforced our view of the complexities associated with providing a cost effective and comprehensive auditing solution for services providers. It also provided us with feedback for the proposed methodology including worker interviews, subcontractor selection and auditor resources and logistics.

Some key learnings as we continued to refine the approach include:

- Audits commonly used for manufacturing suppliers have not translated effectively into a services context, for example audit checklists required more targeted questions on subcontractor management.
- Approach to documentation sampling and worker interviews also required rethinking – distribution of services workers across multiple sites had implications for how worker interviews are conducted.

## Exploring options to enhance worker voice



### Since FY19, we estimate that over 25,000 workers have been engaged through worker interviews during ethical audits.

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 affected stakeholders in our work – to ensure programs to address issues, capture the root cause of the issue and that suggestions of remediation align to the expectations of those impacted (where possible). Our work in this area has historically included exploring options for worker voice initiatives beyond worker interviews during audits.

During the reporting period, we continued to trial Ask Your Team (a worker voice platform) as a worker voice tool for use with workers in our supply chain. The completed surveys did not identify any concerns relating to exploitation of workers but did identify an instance of peer-related bullying and harassment between workers. As surveys were anonymous and unable to identify the impacted worker, the supplier conducted training to raise awareness. In a follow-up survey a worker commented under a question regarding bullying *"Has been witnessed in the past, this year has been much better with no instances."*

To help inform our use of these tools, we also undertook an internal desktop review of how selected companies globally are approaching worker voice. In addition, we engaged directly with a number of companies who had undertaken similar activities to learn from their experiences. This also included engagement with our internal People and Culture team to better understand lessons learned from internal team member wellbeing surveys.

Through this we learnt that there isn't a one size fits all approach to worker voice programs. In particular, we recognise



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- A reliance on virtual interviews presented concerns around the integrity and anonymity of information submission in the audit by enabling employers to identify which workers were selected for feedback.

We have extended the timelines for the progression of the audit methodology to allow us to further tailor the approach to address key findings from our trials and ensure it is fit for purpose.

### KEY REFLECTION

Through our work, we identified that the communications and instructions to services suppliers about the audit process need to be more explicit. This reflects that services suppliers are likely to have less experience with ethical audits than suppliers involved in manufacturing activities. Services suppliers also typically use a large number of subcontractors, meaning auditing each subcontractor (as might be done for a manufacturing supplier) can be cost-prohibitive.

that the food and grocery supply chain at the tier two level and beyond, is often fragmented and involves a large number of suppliers. Implementing worker voice tools at scale in this context can be resource intensive and supplier engagement can be challenging.

### KEY REFLECTION

Establishing and scaling a meaningful worker voice program in food and grocery supply chains require a significant amount of time, resource and engagement for activities to be successful. We found that worker participation can vary between surveys for the same supplier, experiencing higher participation rates in the initial survey and lower in the next. This was the case even when the supplier is engaged and motivated to encourage participation through communicating to workers via multiple channels such as during meetings, posters and QR codes, as well as sharing links on how to have their voice heard. We will keep monitoring the worker voice landscape and also continue to promote our internal grievance channels.

## Building capability within our supply base



Following the implementation of our supplier capability building exercise in China (results captured in our FY23 statement), we have been working to expand this work to the Australian fresh produce sector.

The aim of our capability building work is to equip suppliers to move from reactively responding to our Ethical Sourcing Program Requirements to proactively managing potential risks.

During the past reporting periods, we worked with LRQA to support three tier one suppliers located in China who supply to our Health and Home and Grocery business units. This included delivery of a tailored two-day capability program for each supplier.

In consultation with LRQA, we have tailored our approach to be applicable in the Australian context, with the goal of completing a trial during FY25. This required amending the performance diagnostic previously used to assess suppliers within an Australian context. It also included adapting the methodology for the Australian fresh produce industry, ensuring the program is conducted by local experts knowledgeable in the intricacies of this industry, and delivering a number of these activities onsite with the expert in attendance.

### KEY REFLECTION

Our direct suppliers have challenges in cascading ethical sourcing requirements down their supply chain and operations – especially where they have numerous sites supplying to Coles. We are continuing to explore how we can best support our suppliers and assess the extent to which capability building activities lead to change at site level. For example, it may take time for the impacts of capability building to flow through to changes in policies and processes on the ground and it may not always be clear whether these changes are due to the capacity building activity or other factors.

Signs of success in our capability building exercises have come down to suppliers' own motivation to improve processes paired with owning and implementing recommendations for improvement.

## Developing work in the construction services industry



Construction labour supply chains involve a range of modern slavery risks due to factors such as the use of low-wage and migrant labour, and reliance on multiple layers of subcontracting which reduces visibility of labour risks and potential impacts on workers.

Construction in the retail sector is unique in that significant refurbishment activity is conducted at night within tight timeframes due to a key focus for principal contractors being on project delivery timelines, especially where stores need to be ready to re-open the next day.

Coles engages a number of principal contractors (qualified builders) who manage a network of businesses to build, refurbish and fit out our retail stores around Australia. Construction engagements at Coles undergo a detailed qualification process covering work, health and safety, however the review of ethical sourcing and modern slavery risks has historically not been integrated into this process.

During the reporting period, we trialed inclusion of this assessment for principal contractors to understand compliance against these standards. Engaged suppliers were requested to complete questionnaires covering policies and practices relating to human rights and addressing modern slavery, workforce characteristics, wage and entitlement compliance, subcontractor onboarding and management, use of labour hire and grievance mechanisms. To verify their responses, we requested and reviewed samples of documents including ethical sourcing policies, supplier codes of conduct, payslips, timesheets, and grievance or whistleblower policies. We focused on subcontractor management, reviewing lists of proposed contractors, copies of contracts and processes which cover management of this cohort. A wage compliance check was conducted to determine if subcontractors' workers were paid their correct entitlements.

Feedback from our FY23 construction engagement highlighted plastering, painting, tiling, and floor grinding as potential high-risk trades for modern slavery due to the use of base skill labour. We worked with the principal contractors during the trial to better understand the use of labour in the different subcontractor categories and selected subcontractors from these higher risk trades to conduct our wage compliance check. Results from the wage review were inconclusive due to incomplete submission and discrepancies in the

documents received. A subcontractor was also found to be further subcontracting without the principal contractor's knowledge. These findings of incorrect record keeping and multiple tiers of subcontracting indicate lack of subcontractor monitoring and due diligence practices. This builds on earlier work described in our past statements where an assessment of our principal contractors highlighted that visibility of subcontracting and verification that subcontractor workers are being paid their correct entitlements is a key gap.

During the trial, we also learned that suppliers' contracts with subcontractors do not have clauses to allow verification of subcontractor compliance, which could result in more difficulties in obtaining the documentation.

### KEY REFLECTION

The construction safety culture and associated processes are well embedded into construction project management deliverables. For us, identifying the opportunity to leverage existing safety systems and processes to help operationalise ethical sourcing requirements is a potential area to explore. Capacity building and strengthening of contract clauses are needed in the construction project management space to enable due diligence processes like conducting spot checks on subcontractors to verify compliance.

## Developing an accommodation standard



In our last statement, we highlighted our plans to create a minimum standard for worker accommodation for workers in Coles' supply chain.

This followed a report we commissioned with our partners in the ERSCA, which underscored the need for action in this area.

During the reporting period, we commenced work to develop a standard for workers across our agriculture supply chain, with a key focus on the horticultural and meat processing sectors in Australia. Once complete, the goal is for the standard to be widely used by the Australian market to ensure consistency in meeting requirements for accommodation providers and importantly workers.

We have partnered with Be Slavery Free to develop the standard over a number of phases. The scope of this engagement covers:

- Facilitation of a steering committee for selected participating organisations to calibrate findings and discuss points of improvement throughout the process.

- A review of existing standards and regulatory requirements regarding accommodation provisions, to inform the development of the accommodation standard.
- Conducting a targeted and broad stakeholder engagement activity which involves workers, accommodation providers, industry representatives, government bodies, retailers, and audit firms.

Feedback will be sought to better understand how the standard can be implemented, as well as the potential cost impacts and challenges in monitoring compliance with the standard which will be considered before implementation.

We will provide more detail about this area of work in our next statement.



**Pictured:** Coles Quality Inspectors at the Laverton distribution centre, checking the fresh produce.

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## 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 2018* (Cth). 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	Page
Identify the reporting entity	<ul style="list-style-type: none"> <li>Approach to reporting</li> <li>Our structure</li> </ul>	Page 2 Page 5
Describe the structure, operations, and supply chains of the reporting entity	<ul style="list-style-type: none"> <li>Our structure</li> <li>Our operations</li> <li>What we source</li> <li>Appendix 3: Country risk data</li> </ul>	Page 5 Page 11 Pages 14 – 15 Pages 50 – 51
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	<ul style="list-style-type: none"> <li>Our team</li> <li>Identifying modern slavery risks</li> <li>Assesing our modern slavery risks</li> <li>Our exposure to geographic modern slavery risk</li> </ul>	Pages 12 – 13 Pages 16 – 22 Page 18 Pages 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	<ul style="list-style-type: none"> <li>Human Rights Strategy</li> <li>How we address modern slavery risks</li> <li>How we seek to identify and remediate modern slavery risks</li> <li>How we work to prevent modern slavery from occurring</li> <li>Appendix 2: Coles supplier complaints table</li> </ul>	Page 8 Pages 23 – 27 Pages 28 – 33 Pages 34 – 39 Pages 48 – 49
Describe how the reporting entity assesses the effectiveness of such actions	<ul style="list-style-type: none"> <li>How we track the effectiveness of our actions</li> </ul>	Pages 40 – 41
Describe the process of consultation with any entities that the reporting entity owns or controls	<ul style="list-style-type: none"> <li>How we have consulted our business</li> </ul>	Page 42
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	<ul style="list-style-type: none"> <li>Our commitment</li> <li>Our pathway to continuous improvement</li> </ul>	Page 4 Pages 6 – 7

## Appendix 2: Coles supplier complaint table

The following supplier complaints were received in FY24. Sources of complaints include workers unions, STOPline, direct contact to Coles, audits, and the Wages and Conditions Hotline.

Type of supplier	Nature of complaint / investigation	Outcome
GNFR supplier (services)	Allegations of workers being paid through a third-party bank account to receive cash in hand.	<b>Closed.</b> An independent investigation found the allegation to be unsubstantiated.
Fresh produce (direct)	Allegations of poor working conditions and unliveable accommodation.	<b>Open.</b> Investigation in progress.

Type of supplier	Nature of complaint / investigation	Outcome
Bakery supplier (indirect)	Allegations of underpayment and bullying of workers.	<b>Closed.</b> An internal investigation was conducted and found the allegation to be unsubstantiated.
Dairy supplier (indirect)	Allegations of poor treatment of workers.	<b>Closed.</b> An internal investigation was conducted and found the allegation to be unsubstantiated.
Fresh produce (direct/indirect)	Allegations of intimidation of workers and unfair disciplinarys by supervisor.	<b>Open.</b> Investigation in progress.
Fresh produce (direct)	Allegations of sexual harassment.	<b>Open.</b> Investigation in progress.
Meat supplier (direct)	Allegation of underpayment non-conformances not being remediated for directly hired workers, only for labour hire workers.	<b>Closed.</b> A follow-up audit was conducted that reviewed the corrective actions for both directly hired and labour hired workers. All workers were repaid.
Fresh produce (indirect)	Allegations of overcrowded accommodation, excessive working hours, verbal abuse and toxic work culture.	<b>Pending.</b> The site is currently inactive due to construction works. The investigation will be reopened when the site is back in operation.
Fresh produce (direct)	Allegations of unfit accommodation, violence, unfair pay and unethical management behaviour.	<b>Closed.</b> An internal investigation was conducted, with findings partially substantiated in respect of living conditions and management behaviour. All issues were resolved through cooperative engagement with the supplier. Given the seriousness of the allegations and that some findings were substantiated, Coles undertakes additional monitoring of this site.
Meat supplier (direct)	Allegations of poor management and racist comments to workers.	<b>Closed.</b> An internal investigation with a site visit was conducted and found the allegation to be unsubstantiated.
Produce supplier (direct)	Allegations of unfit accommodation, violence, underpayments and unethical management behaviour.	<b>Closed.</b> Investigation completed, with findings partially substantiated in respect of underpayment and living conditions. Coles worked with the supplier to ensure repayments to workers were made. A report to relevant authorities was also made regarding this matter. Given the seriousness of the allegations and that some findings were substantiated, Coles undertakes additional monitoring of this site.
Bakery and grocery supplier (direct)	Allegations of workplace bullying, unsafe work practices, verbal abuses, and toxic culture.	<b>Closed.</b> An internal investigation was conducted and found the allegation to be unsubstantiated.
Labour hire provider used by Coles (direct)	Allegation of a worker losing work due to the labour hire provider's interpretation of Coles' internal policy.	<b>Closed.</b> An internal investigation was conducted and found the allegation to be unsubstantiated.
Frozen food supplier (direct)	Allegations of underpaying illegal workers with no working rights and workers receiving cash-in-hand payments.	<b>Closed.</b> An external audit was conducted and found the allegation to be unsubstantiated.
Labour hire provider used by Coles (direct)	Allegations of underpayment of workers against a labour hire provider.	<b>Closed.</b> Investigation completed, with findings partially substantiated. Repayments have been made to 11 workers affected.
Labour hire provider used by produce suppliers (indirect)	Allegations of modern slavery, tax evasion and fraud were raised against a labour hire provider.	<b>Closed.</b> An internal investigation was conducted and found the allegation to be unsubstantiated.
Produce supplier (direct)	Allegations of threatening and intimidating workers, systematically underpaying workers and failing to pay night shift premium over the period of two years.	<b>Closed.</b> Investigation completed which concluded in all issues being resolved through cooperative engagement with the supplier.

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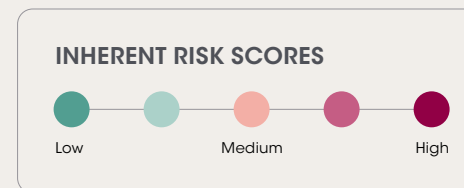
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## Appendix 3: Country risk data

The table below shows the number of tier one and two suppliers in scope of the Ethical Sourcing Program (see page 23 - 24 for further information), including the number of suppliers in each country and the types of products or services which are supplied.

Country	Inherent risk score	Bakery	Dairy, Frozen & Convenience	Export	Fresh Produce	GNFR	Grocery	Health and Home	Liquor	Meat, Deli, Seafood	Wholesale	Total
<b>AFRICA</b>												
South Africa	●						1			1		2
<b>ASIA</b>												
Cambodia	●							1				1
China	●	1	5	1	34	22	197			1		258
Hong Kong	●					1						1
India	●		1			11	16					28
Indonesia	●		1			2						3
Israel	●			4								4
Malaysia	●				2	1	1					4
Pakistan	●					1						1
Philippines	●					1						1
Singapore	●					1						1
Sri Lanka	●				1	1	3					4
Taiwan	●				1	1				1		3
Thailand	●		1		2	2	19	3		1		28
Vietnam	●		5		3	1	5	7	1	7		29
<b>EUROPE</b>												
Austria	●											1
Belgium	●	3	6				5	1				15
Bulgaria	●							1				1
Cyprus	●					2						2
Denmark	●					3				2		5
France	●	3	7				3		4	4		21
Germany	●	2	1				5	3	1			12
Greece	●		2				2					4
Hungary	●						1					1
Ireland, Republic Of	●	1					1		1			3
Italy	●	5	8		1		26	1	3	4		46
Lithuania	●						1					1
Netherlands	●	2	2				2			1		7
North Macedonia	●											1
Poland	●	1	2				6	1				10
Portugal	●	1										1
Romania	●							1				1
Serbia	●		1									1
Slovakia	●					1						1
Spain	●		5				3	2	1	2		13
Sweden	●					1						1
Switzerland	●						4			1		5
Türkiye	●					1	2					3
United Kingdom	●	5	3			1	5	1	2	2		19

Country	Inherent risk score	Bakery	Dairy, Frozen & Convenience	Export	Fresh Produce	GNFR	Grocery	Health and Home	Liquor	Meat, Deli, Seafood	Wholesale	Total
<b>NORTH AMERICA</b>												
Canada	●	2	1					2				5
United States	●				9		5		1			14
<b>OCEANIA</b>												
Australia	●	55	96		791	116	111	46	31	93	7	1342
Fiji	●									1		1
New Zealand	●	5	2		41		8	1	2	1		60
<b>SOUTH AMERICA</b>												
Chile	●		3									3
Mexico	●				6	1	1					8
Peru	●						1					1
<b>Grand Total</b>		<b>86</b>	<b>159</b>	<b>1</b>	<b>857</b>	<b>121</b>	<b>262</b>	<b>285</b>	<b>47</b>	<b>122</b>	<b>7</b>	<b>1977</b>



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