

# colesgroup



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## Our Commitment to Human Rights

2021 Modern Slavery Statement



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Coles acknowledges the Traditional Custodians of Country throughout Australia and pays its respects to Elders past and present. We recognise their rich cultures and continuing connection to land, water and seas.

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

All references to Indigenous people in this document are intended to include Aboriginal and/or Torres Strait Islander peoples.

## Forward-looking statements

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

Any forward-looking statements are based on the Group's good-faith assumptions as to the financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, many of which are beyond the reasonable control of the Group, that could cause the actual results, performances or achievements of the Group to be materially different from the relevant statements. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

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

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# Introduction

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**Our vision is to become Australia’s most trusted retailer and to grow long-term shareholder value. Our commitment to protecting our team members and workers in our operations and supply chain is central to achieving this aim.**

Coles is committed to managing risks of modern slavery and addressing human rights violations within our operations and supply chain. We strive to achieve this in accordance with our Human Rights Strategy, corporate values, stakeholder expectations, community expectations and the law.

Modern slavery is a severe violation of human rights. It occurs when a person is coerced into work and exploited for personal or commercial gain. Under Australian and international law, it includes offences such as forced labour, servitude, child labour, deceptive recruiting and debt bondage.

Coles vigorously supports every individual’s right to live and work freely.

This statement has been prepared in accordance with the *Australian Modern Slavery Act 2018* (the Modern Slavery Act). It describes the risk of modern slavery in our own operations and our supply chains during

the period 29 June 2020 to 27 June 2021 (the Reporting Period or FY21), and details the steps Coles has taken to minimise the risks of modern slavery and the effectiveness of these steps.

In addition to Coles Group Limited, the following Coles entities are considered reporting entities under the Modern Slavery Act:

- Coles Supermarkets Australia Pty Ltd
- Eureka Operations Pty Ltd (trading as Coles Express)
- Liquorland (Australia) Pty Ltd

This joint statement has been made on behalf of the above entities as well as all other controlled entities of Coles Group Limited:

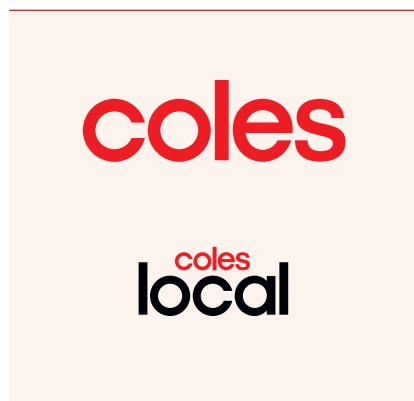
In this statement, the terms ‘Coles’, ‘our business’, ‘organisation’, ‘we’, ‘us’, ‘our’ and ‘the Group’ refer to Coles Group Limited (ABN 11 004 089 936) and its controlled entities collectively. A full list of Coles’ controlled entities is published in Coles’ 2021 Annual Report.

## Our brands

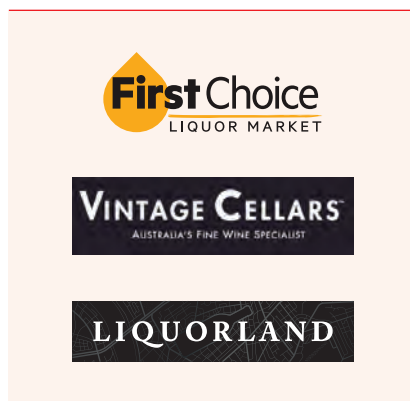
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### Supermarkets



### Liquor



### Convenience



## Other interests

Coles holds a 50% interest in Queensland Venue Co. Pty Ltd and Loyalty Pacific Pty Ltd (flybuys). Each of these entities are reporting entities as defined in the Modern Slavery Act and submit their own Modern Slavery Statements.

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

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At Coles, people are central to our business and its success. We are committed to respecting human rights across all of our operations. We are an important part of the daily lives of many including our customers, our team members, our suppliers, workers in our extended supply chain and the communities in which we live and work. Therefore, we understand and readily accept that we have a responsibility to ensure we do the right thing always, including safeguarding the rights of workers.

We view our commitment to addressing modern slavery risks as more than a compliance activity. As one of Australia's largest retailers, we know that we have a responsibility to work towards improving and driving positive change across the human rights landscape.

We recognise that our business and supply chain is extensive and complex, and the external challenges associated with safeguarding human rights are also significant and complex. We have continued to invest in our people, processes, and systems to further improve governance and controls and ensure we are effectively managing these risks.

We are committed to using our reach and influence to integrate respect for human rights into everything we do at Coles and to raise the standard both in our own operations and in our broader supply chain. We want to lead by example and will continue to invest in our people and processes to make this happen.

Following the publication of our first Modern Slavery Statement in 2020, we continue to strengthen our knowledge about the potential for modern slavery risks in our industry. This has included discussion of our ethical sourcing practices and compliance as a standing item at each Board meeting. We continually review and challenge our internal processes and look to global best practice to ensure we are continuing to strive for the best outcomes for all of our stakeholders.

Whether it's working in our operations or our supply chain, making a purchase or investing in our business, we want our stakeholders to know that we make every effort to operate our business and source our products ethically, sustainably and responsibly. We understand that best practice in this area will always be evolving and we are committed to learning, growing and striving to continually improve our approach.

We are pleased to advise that we have further expanded our Ethical Sourcing team, invested in improved technology to manage our Ethical Sourcing Program and continued to expand the reach of our Program which now includes Coles Own Liquor Brands and high-risk goods not for resale and services supply chains. In addition, we are investing in building much-needed external assurance capability by pioneering an auditing program in FY22, for specific higher-risk suppliers, funded by Coles.

Coles continues to actively promote our grievance mechanisms to workers and investigate allegations of supplier misconduct. We have demonstrated our commitment to sourcing only from suppliers who respect workers' rights, seeking remediation for workers where harm has been caused and ceasing supply from suppliers who have shown that they cannot or will not do the right thing by their workers.

We will continue to strengthen our Ethical Sourcing Program to safeguard human rights because we believe it is the right thing to do.

**James Graham AM**  
Chairman

**Steven Cain**  
Managing Director and  
Chief Executive Officer



## Key initiatives



**764** audits conducted on in-scope suppliers.



Over **35,000** completions of our Online Contractor Induction including human rights elements and promotion of our Wages and Conditions Hotline.



Established Coles' Modern Slavery Working Group to enhance consultation and contribution from stakeholders across the group.



Invested in the development of a new ethical sourcing digital management system with advanced analytical capabilities to streamline operational tasks and advance reporting capabilities.



Over **350** team members completed online training on modern slavery and the Coles Ethical Sourcing Program.



Hosted over **740** attendees in supplier webinars focused on key human rights topics.








Partnered with several consultancies and human rights subject matter experts to analyse various elements of Coles' Ethical Sourcing Program to align with best practice.

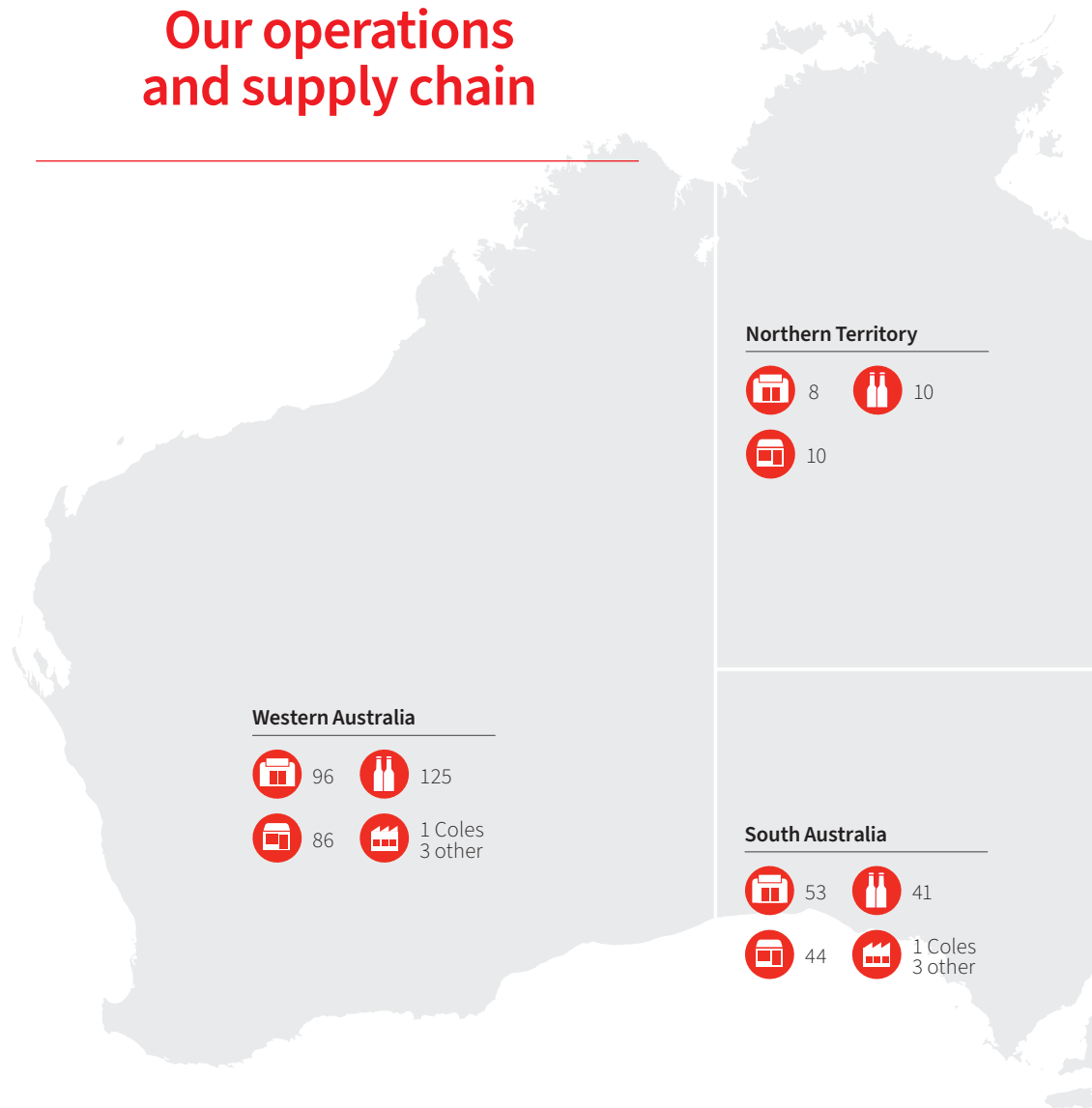


Co-hosted a farm worker education event in Coffs Harbour with the Ethical Retail Supply Chain Accord unions.

# Our operations and supply chain

## Legend

-  Supermarkets
-  Liquor stores
-  Convenience stores
-  Warehouses
-  Manufacturing sites



## Our operations

Coles is a leading Australian retailer, providing customers with everyday products including fresh food, groceries, household goods, liquor, fuel and financial services through our store network and online platforms.

Our retail brands are supported by our central support operations such as buying, warehousing, delivery, manufacturing, meat processing and marketing. Our main Store Support Centre is in Victoria and with 2,480 retail outlets, we have presence in all Australian states and territories. We have a small operation in Shanghai, China which supports Coles' export business, including two foreign-registered entities.

Our own operations are defined as Coles owned and operated locations or where people are directly employed by Coles.

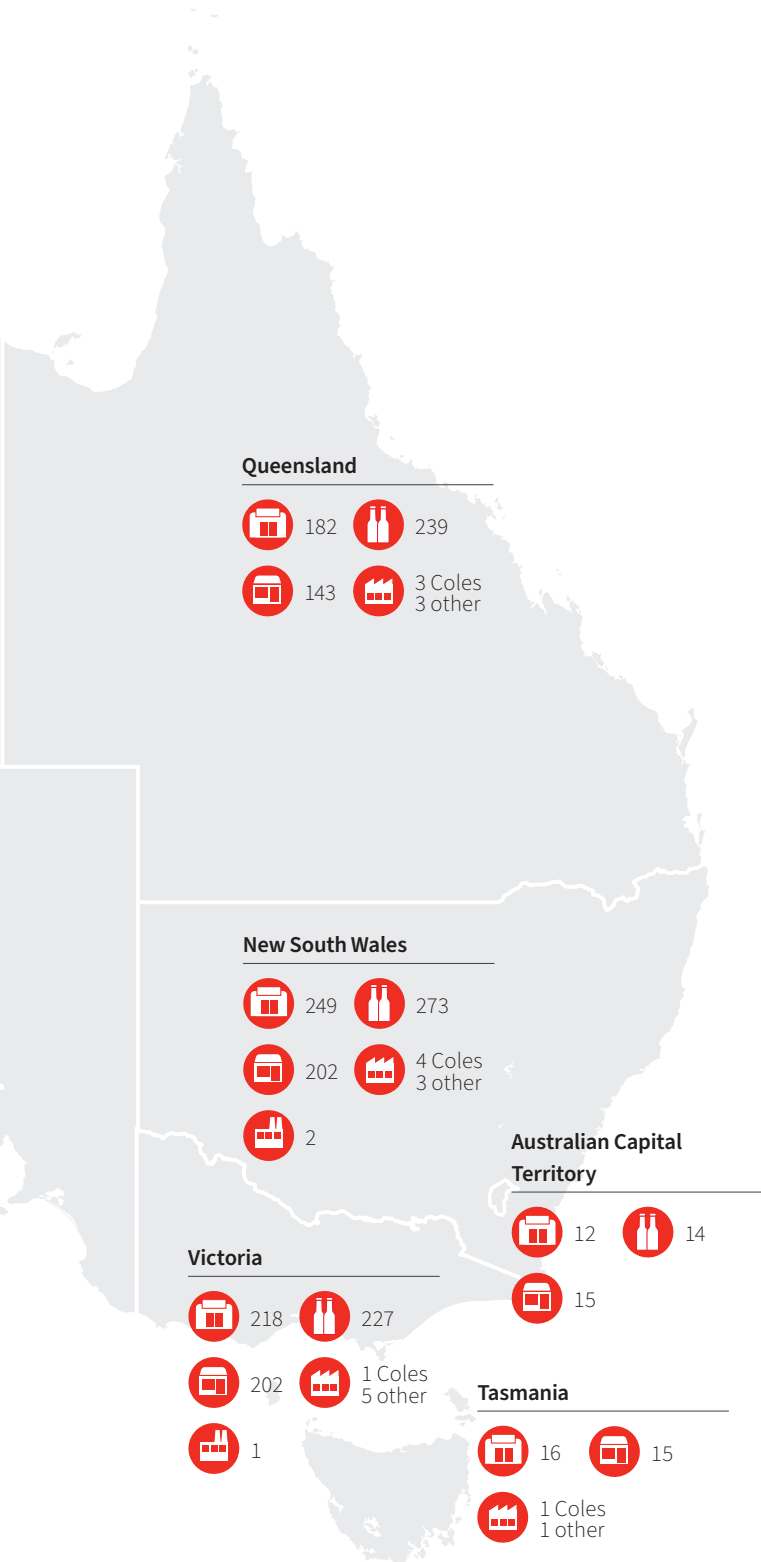
## Our supply chain

Our supply chain is large and complex. We know that we have a responsibility to the workers in our supply chain to ensure their human rights are respected. During FY21, our direct supply chain included more than 3,800 suppliers of goods for resale and more than 4,000 suppliers of goods not for resale<sup>1</sup>.

Our supply chain is defined as any business with which we have a direct relationship or any supplier that provides input into the goods and services supplied by our direct suppliers.

Whilst we have an extensive global network of suppliers, Coles supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce as a first priority. In FY21, more than 96% of fresh produce (excluding floral, nuts, dried fruit, sauces, dressings and packaged salads), by volume, was sourced from our supply partners from all over Australia, and 100% of fresh lamb, pork, chicken, beef, milk, eggs and Coles Brand frozen vegetables were Australian grown.

<sup>1</sup> Supplier means a business Coles has made a payment to in the relevant financial year but excludes payments to suppliers under Coles' Workers Compensation program.



Our supply chain can be broadly grouped into the following categories:

**1** Suppliers of goods for resale (proprietary suppliers)

Proprietary suppliers provide goods for resale which are labelled with a trademark not owned by Coles.

**2** Suppliers of Coles Own Brands / Coles Own Liquor Brands

Suppliers of products sold under brands owned by Coles.

**3** Goods not for resale suppliers

Goods not for resale (GNFR) suppliers provide non-tradeable goods and services that Coles procures to support its operations, including running its stores and corporate function. Some examples include transport services, store fixtures and services, marketing materials, IT hardware and services, packaging materials and business support services. In some instances, GNFR may include revenue-generating contracts with third parties.

**4** Indirect suppliers

Indirect suppliers supply both goods and services to proprietary suppliers, Coles Own Brand/Coles Own Liquor Brand suppliers and goods not for resale suppliers. Indirect suppliers do not have a direct trading relationship with Coles.

Australia-based team members

**120,000+**

with 8 based in Shanghai, China

Team members with trade union membership

**37%**

Approximation based on instances where union fees are paid directly out of workers' wages

Group sales revenue

**\$38.6bn**

Freehold property assets (approximate)

**\$690m**

Average customer transactions per week

**20m**

Countries directly exported to

**20**

## Our modern slavery risks

We recognise that modern slavery risks can occur both in our operations and supply chain given the highly complex and diverse nature of our business.

We conduct risk assessments to better understand where potential issues and greater risk may arise and where to prioritise and focus our efforts. These assessments consider not only modern slavery risks, but also broader human rights risks which could indicate a supplier has inadequate controls in place to prevent against modern slavery. During FY21, Coles has not identified any instances of modern slavery in its supply chain or own operations.

We use intelligence gathered from public sources (including NGO reports and regulatory investigations), insights obtained via our grievance mechanisms, discussions across our network of community partnerships (refer to page 24), as well as utilising several different tools and databases to help us identify which countries, sectors, products and services pose the highest risks. These tools and databases include:



Sedex is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains.



Fair Farms is a program providing support and training of farm employers and a pathway to independent third-party audit and certification of fair employment practices.



StaffSure is a certification scheme which makes it simple for business, government and workers to find and partner with reputable workforce service providers such as labour hire companies, professional contracting firms and private employment agencies.



Dow Jones Risk and Compliance delivers actionable information and applications specifically for third-party compliance requirements and workflows.



SAP Ariba is a market-leading supplier risk solution that allows us to tailor risk views and alerts to our business.



### 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
- 7 Human trafficking



This map visually represents the countries and sectors most prevalent in our supply chain and their associated Modern Slavery Risk or indicators of Modern Slavery.



Paid to our suppliers for goods and services

**\$30.7bn+**

Direct suppliers of goods and services

**7,800+**

Fresh produce sourced in Australia

**>96%**

Excluding floral, nuts, dried fruit, sauces, dressings and packaged salads.

Uncovering confirmed cases of modern slavery can be exceptionally difficult given the deceptive methods used to coerce and manipulate vulnerable people into taking risky decisions in search of opportunities to provide for their families or are simply pushed into jobs with exploitative conditions. These scenarios coupled with the threat of punishment, criminal charges or financial threats incurred by debt, means people are less likely to speak up about the situations they face, making identification that much more difficult.

Given these challenges, as a business we understand there are key risks or indicators which could lead to a path of identifying cases of modern slavery. Whilst we have investigated and not uncovered any confirmed instances of modern slavery (where risks or indicators have been identified), we continue to recognise the following modern slavery risks or indicators as having the greatest potential to exist within our supply chain:

### Deceptive recruitment

To entice workers, a company, recruitment agency or individual facilitator may make false or misleading assertions about the details and working conditions of a job, that leaves workers in highly vulnerable circumstances once employment commences. Vulnerable workers which include migrant workers, undocumented workers, or workers from areas with systemically high unemployment or precarious work will be most vulnerable to these situations. For Coles, there may be a higher risk of deceptive recruitment where our direct or indirect suppliers use third party recruitment in higher risk industries such as horticulture or manufacturing because there is less visibility of hiring practices.

### Underpayment of wages and benefits

Underpayment of wages, wage theft or withholding wages by an employer can indicate a worker is at higher risk of modern slavery. The risk of severe underpayment of wages is higher when workers do not fully understand their rights (for example contracts not in the workers' native language, lack of understanding of local laws, highly complex agreements where entitlements are not clear), or where workers are fearful of raising issues (for example undocumented workers). For Coles, the sectors at highest risk of severe underpayment are those with a high prevalence of low-skilled labour, high migrant workforce or seasonal labour utilisation, or where subcontracting or use of labour hire providers is common.

### Exploitation of migrant workers

Migrant workers are at higher risk of exploitation for reasons such as lower awareness of local laws, reluctance to raise issues due to fear of losing their source of income or facing prosecution or deportation and an acceptance of conditions which may be more favourable than their home country, but still short of acceptable standards. For Coles, this risk is most prevalent in sectors with a reliance on labour hire and/or high prevalence of seasonal or temporary migrant workers, such as horticulture and some manufacturing sectors.

### Forced labour

Forced labour occurs when a worker is coerced, using violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of reporting to immigration authorities. For Coles, forced labour is more likely to exist in our extended supply chain in high-risk countries or higher-risk products and ingredients.

### Bonded labour

Bonded labour can occur when a worker is required to pay debts (such as from recruitment fees, wage advances or emergency expenses) to their employer or recruiter. Workers are often bound to the employer until the debt has been paid. However, such debts can be extremely difficult to address, particularly if underpayment of wages, inflated interest rates or excessive charges for food and accommodation are also present. In this situation there is a significant power imbalance and/or the payment terms are unclear and not on mutual terms. Bonded labour can be hard to detect where there are multiple levels of subcontracting and/or limited visibility into recruitment processes. For Coles, there is a risk of bonded labour in areas of our supply chains with low-skilled labour or migrant workers.

### Excessive working hours

The risk of excessive working hours can arise when workers need to undertake more overtime than is reasonable (as recognised by relevant laws and international standards), to earn a living wage, where workers receive limited breaks, are denied days off or where overtime is involuntary. For Coles, the risk of excessive working hours is higher in sectors such as horticulture, and in countries such as China and Thailand (with their legislative differences) or where the use of migrant seasonal labour is prevalent.

## Working Rights Policy

During the year we introduced a new version of the Working Rights Policy (Policy), which acts as an enhancement to our working rights governance framework. The Policy sets out the requirements for visa holders to ensure all team members are employed with the right to work in Australia.

The Policy and supporting processes ensure we are meeting our obligations under migration law, through recruitment processes and subsequent monitoring throughout employment for team members with temporary Australian working rights.

A version of the Policy previously existed within Coles Supermarkets and has now been adapted and implemented throughout the Group.

# Impacts of COVID-19

**COVID-19 has changed the risk of modern slavery within our supply chain in a number of ways. Where possible, we have taken additional actions to mitigate circumstances which have increased risks.**

## Security

Coles identified an increased risk of labour issues in the security services industry due to the rapid and significant uplift in demand in our retail stores. This arose as a result of the rapidly changing legal requirements such as the mandatory use of masks and Quick Response (QR) sign-in as well as mass purchasing during lockdowns. During the Reporting Period, Coles commenced a review of its major security service suppliers, including wage and subcontracting compliance. Coles found that rapid onboarding of additional subcontractors/workers to meet demand, impacted administrative compliance activities such as workers signing into sites and the process of formalising contractual requirements between Coles' suppliers and their subcontractors.

## Labour shortage in Australian horticulture

COVID-19 has significantly impacted the availability of labour in the Australian horticulture industry. Up to half of all casual and contract farm workers in horticulture are from overseas or from non-local areas<sup>2</sup> – mainly working holiday visa holders and workers on the Seasonal Worker Programme. International and domestic border closures, coupled with workers returning to their home countries, resulted in a decline in this source of labour. Reduced labour availability has the potential to increase excessive working hours and use of undocumented labour.

In response to these (and related) challenges, Coles partnered with trade unions and regulatory authorities to conduct events for suppliers and workers in our supply chain focused on worker rights, legislative compliance, and COVID-19 safety measures.

Coles also engaged with, and made a submission to, the Australian Government's National Agriculture Workforce Strategy<sup>3</sup> for Australian agriculture which advocated for improvements in the regulation of labour hire in Australia as many problematic practices involve the behaviour of labour hire providers.

**“COVID-19 has brought about an unprecedented labour shortage to the horticulture industry. As part of our Ethical Sourcing Program, we continue to support our fresh produce suppliers in identifying risks and ensuring they have appropriate practices and procedures in place to monitor working hours and foster a safe environment for their workers.”**

**Craig Taylor** General Manager – Fresh Produce

## Seafarers forced labour risk

The Australian Council of Trade Unions alerted Coles to concerns that additional border controls implemented by countries during COVID-19 has resulted in instances of seafarers within the international shipping industry being confined to the ships they are contracted to beyond their original agreements. This was because they were unable to be relieved by incoming crew and/or be flown home. As part of our tender process for international shipping partners, we requested detailed information from prospective maritime suppliers, including the steps they had taken to increase health and hygiene measures during COVID-19 and ensuring crew can exit ships when needed to return home safely. This information was reviewed with reference to the following:

- International Maritime Organisation Frameworks, particularly the Framework Protocols for Ensuring Safe Ship Crew Changes and Travel During Coronavirus (COVID-19);
- STAR Protocols on Crew Change and Repatriation of Seafarers; and
- The Neptune Declaration on Seafarer Wellbeing and Crew Change.

All suppliers were able to demonstrate that sufficient steps had been taken to support seafarers and facilitate appropriate crew changes. The international, governmental, and cross-industry collaboration that is being undertaken to tackle this issue is a key priority for our suppliers.

## Our operations

Although COVID-19 has presented operational challenges for Coles, it has not altered our assessment that the risk of modern slavery in our own operations is low.

<sup>2</sup> Martin, P, Randall, L & Jackson, T, 2020, Labour use in Australian agriculture, ABARES, Canberra, December, CC BY 4.0.

<sup>3</sup> Azarias, J, Nettle, R & Williams, J 2020, National Agricultural Workforce Strategy: Learning to excel, National Agricultural Labour Advisory Committee, Canberra, December. CC BY 4.0.

## Actions to assess and address risk

At Coles, we have established a robust governance structure that oversees the management of modern slavery risks across our own operations and our supply chain. Our Human Rights Strategy and supporting commitments have been endorsed by the Coles Group Board and Executive Leadership Team. Our Ethical Sourcing Program, including the assessment and mitigation of modern slavery risks, has been a focus of our business for several years. The governance structure for human rights and ethical sourcing is outlined below with the key responsibilities and accountabilities detailed in the Human Rights page found on [colesgroup.com.au](https://colesgroup.com.au)

### Our Governance Structure



#### Review of our suppliers' Modern Slavery Statements

To increase our visibility of modern slavery risks within our supply chain, we have established a framework to review and assess the Modern Slavery Statements of our highest spend suppliers.

The reviews increase our understanding of the management processes our suppliers have in place to address modern slavery risks, as well as helps to identify any new areas of risk that Coles has not already considered. Through the review to date, Coles has not identified any new risk of which we were not previously aware.

## Assessing risk in our operations

Coles is a large business with diverse operations. We operate in some sectors which are at higher risk of modern slavery based on the inherent characteristics of those sectors, including:

- labour in our warehouses and transport operations;
- food manufacturing and meat processing;
- cleaning; and
- trolley collection.

Whilst inherent risk exists, we consider the actual risk of modern slavery in our own operations to be low, based on the following key factors:

- The majority of Coles' team members within the above mentioned higher-risk areas are directly employed by Coles, which means we have direct control of contractual and employment arrangements to ensure they are appropriate and lawful.
- Our governance and compliance controls, comprehensive suite of policies and procedures, coupled with transparent grievance channels (refer to page 24) and reasonable trade union membership substantially minimise the likelihood of modern slavery.

## Assessing risks in our Supply Chain

### Coles Export

During the Reporting Period, a review was undertaken of our export operations to better understand the modern slavery risks that may be present in this upstream area of our supply chain.

The results of the assessment can be broken into three categories: Suppliers, Logistics and Customers.

- **Suppliers:** Most suppliers who provide product for Coles' export business are existing suppliers to Coles Supermarkets, Coles Express and Coles Liquor businesses. This means they are bound by the same Coles contractual requirements and are covered by the activities of Coles Ethical Sourcing Program (refer to page 18 & 19).
- **Logistics:** The suppliers used for transport in our export business are the same as those used for importing of goods. Coles' evaluation of risk in this area of our export business included the previously mentioned Seafarers forced labour assessment (refer to page 9). We have also added specific modern slavery clauses to our contracts with export transport providers.
- **Customers:** For our export business, when we refer to customers, we mean the distributors, end users or third parties to whom we sell our products. Often, distributors then on-sell our products to individual retail customers in the country in which they operate. Coles is working on introducing modern slavery clauses into our contractual relationships with these customers.

### Cotton

During FY21, increased reporting shed light on the exploitation of vulnerable workers within the cotton industry. Through engagement with direct suppliers of selected products containing cotton, Coles was able to confirm that the cotton did not originate from nominated areas with suspected or confirmed forced labour.

### Offshore Call Centres

In Coles' first Modern Slavery Statement, we identified the need to assess the modern slavery risks in offshore call centres that support our business. Coles assessed four suppliers who provide call centre services to Coles. Through discussions with the suppliers, an analysis of their policies, procedures, and due diligence activities and (where available) their own modern slavery statements, we have determined the risk of modern slavery in this area of our supply chain to be low.

### Cleaning

Across most of Coles' operations, cleaning is an activity undertaken by Coles' directly employed team members. However, at some sites (such as our distribution centres and offices), and for certain types of cleaning, we engage with cleaning companies directly. During the Reporting Period, Coles completed a compliance review of our main cleaning suppliers and their subcontractors. Coles reviewed payment and working rights compliance for workers employed by these suppliers and their subcontractors, and directly interviewed workers across all providers.

- For one supplier, Coles' review identified a discrepancy in payment for a number of workers. Issues generally related to night shift, and single shifts which occurred across two days with different rates. When brought to the supplier's attention, the supplier took immediate steps to rectify the issue, resulting in a back payment of \$32,900. The supplier also took action to implement improvements to its systems to prevent future issues.

### Uniforms

Coles' main uniform supplier, Bizwear, manufactures over 360,000 garments for Coles each year. Apparel manufacturing is an inherently high-risk sector, and during the Reporting Period Coles engaged with Bizwear to conduct a detailed review of each manufacturing site which produces Coles-branded uniform items. Through long-standing strategic supply arrangements, a consolidated supplier base and a comprehensive history of site engagement (including site visits and audits), Bizwear has been able to demonstrate leading practices to minimise the risk of modern slavery or human rights abuses in its supply chain.

## Our policies

**Our policies and procedures play an important role in embedding respect for human rights throughout our business. They identify our values, how we work, and what we expect from our directors, team members, consultants, contractors, suppliers and business partners working with or for Coles. They also establish a framework that assists us with monitoring compliance with our standards.**

### Policies that govern our operations

The following policies assist us in managing human rights, promoting diversity and inclusion, and preventing modern slavery within our operations:

<b>Code of Conduct</b>	Defines how we do business and sets out the standards of behaviour expected from our team members. The Code emphasises our commitment to operating ethically and with integrity. In March 2021, the Code was updated to include our commitment regarding human rights and modern slavery, including our expectation that team members report any instances of human rights violations.
<b>Anti-bribery and Corruption Policy</b>	Outlines our commitment to the highest levels of ethical behaviour, including zero tolerance for bribery and corruption in any form and in any country in which Coles has operations and activities.
<b>Diversity and Inclusion Policy</b>	Sets out the guiding principles and practices that underpin our approach to developing and maintaining a diverse workplace.
<b>Health, Safety and Wellbeing Policy</b>	Details our commitment to providing a safe and healthy environment for our team, customers, suppliers, contractors and visitors.
<b>Whistleblower Policy</b>	Applies to suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct, or any breach of the Coles' Code of Conduct.
<b>Work Experience Policy</b>	Details the requirements surrounding work experience programs and the responsibilities we hold ensuring the working environment is safe and appropriate especially in cases where younger workers are offered placement.
<b>Working Rights Policy</b>	An enhancement to our working rights governance framework and sets out clear visa requirements for team members and line managers.

### Minimum working age controls

While Australia has not ratified the ILO Minimum Age Convention, 1973 (No. 138), some states in Australia do limit the type of work that can be completed by those under 15 years of age.

Controls have been introduced during the Reporting Period in relation to hiring, rostering and safety practices for team members under 18 years of age. Candidates applying for employment with Coles will generally need to be 15 years of age or older, except in exceptional circumstances and where prior approval has been obtained. For some brands, such as Coles Liquor and Coles Express, candidates will need to be at least 18 years of age.

Coles' existing policies also prohibit team members who are under the age of 18 from being involved in the selling of liquor or tobacco products to customers.

## Policies that govern our supply chain

Our **Ethical Sourcing Policy**, together with our **Ethical Sourcing Supplier Program Requirements (Program Requirements)**, set out our expectations of suppliers in relation to labour rights, human rights, environment, health and safety, and business integrity.

Our Ethical Sourcing Policy and Program Requirements draw on international standards and best practice guidance, and we are committed to respecting all internationally recognised human rights as relevant to our operations, including:

- Ethical Trade Initiative (ETI) Base Code,
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work,
- United Nations Universal Declaration of Human Rights,
- United Nations Guiding Principles on Business and Human Rights,
- United Nations Human Right to Water and Sanitation,
- Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises,
- Children’s Rights and Business Principles (UNICEF, UN Global Compact and Save the Children),
- United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families; and
- United Nations Global LGBTI Standards for Business.

Compliance with our policies and procedures is built into our standard trading terms and conditions with suppliers.

We require our direct suppliers to ensure that standards consistent with our Ethical Sourcing Policy and Program Requirements are integrated into contracts of supply within their own supply chain and monitored and reviewed to assess and address risks of modern slavery.

Our Ethical Sourcing Policy outlines our expectations of suppliers and our requirements in relation to:

1	Compliance with Local Laws
2	Modern slavery
3	Forced/bonded labour
4	Child labour
5	Harsh or inhumane treatment
6	Wages and benefits
7	Working hours
8	Freedom of association and collective bargaining
9	Safe working conditions
10	Discrimination
11	Regular employment
12	Illegal labour
13	Environment
14	Land rights
15	Grievance mechanisms and remediation
16	Business integrity
17	Reporting and documentation
18	Management systems and training
19	Subcontracting and labour hire

During our annual review of our Ethical Sourcing Policy, we introduced new requirements related to modern slavery and land rights, and updated our requirements related to management systems and training.

Our Ethical Sourcing Policy and Program Requirements are available on our website at:

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

### Our Policy requirements for Modern Slavery

- Suppliers must comply with all modern slavery laws and regulations relevant to their jurisdiction (including local, domestic or international laws regarding labour, health, safety and the environment) and including, but not limited to the *Modern Slavery Act 2018* (Cth) (Australia), *Modern Slavery Act 2015* (United Kingdom), and the *California Transparency in Supply Chains Act 2010* (United States) including compliance with any reporting requirements.
- Suppliers must have appropriate controls in place to avoid modern slavery practices in their operations and supply chains and must not knowingly deal with third parties who engage in modern slavery practices.
- All suppliers must have in place and maintain adequate policies and procedures in relation to business ethics and compliance to ensure compliance with modern slavery laws and to enforce all relevant policies and procedures where appropriate. This includes policies for reporting, investigating, and remediating suspected or known breaches of modern slavery laws.

## Managing our risks

### Managing risks in our operations

Our assessment is that the risk of modern slavery or human rights breaches in our own operations is low. Ongoing management to ensure continued minimisation of these risks includes, but is not limited to:

- processes and a Group-wide policy to ensure all Coles team members hold working rights in Australia and to ensure compliance with visa conditions where applicable;
- training for team members covering fundamental governance principles, including our Code of Conduct, grievance mechanisms, workplace behaviours and our values;
- significant resources dedicated to human resource management;
- reasonable union membership and engagement;
- resources, systems and processes to administer team member entitlements; and
- internal assurance activities (internal audit).

### Managing risks in our supply chain

Coles requires all suppliers to comply with Coles' Ethical Sourcing Policy. Where breaches of the Policy are identified (including through avenues such as regulator enforcement action, media reporting etc), Coles will engage with the supplier to understand the cause of the issue and the actions being taken to remedy. Coles reserves the right

to terminate a supply agreement if a breach of our policy is identified and the supplier is unwilling to take appropriate action to remedy the breach.

For areas of our supply chain where we have the most leverage, and where there is increased risk of modern slavery or human rights issues being present, we apply additional due diligence and monitoring activities through our Ethical Sourcing Program (the Program).

#### Ethical Sourcing Program

Coles has resources dedicated to supporting the operation of Coles' Ethical Sourcing Program, including 12 directly employed resources in Australia (including a social compliance auditor certified by the Association of Professional Social Compliance Auditors), as well as two contracted resources engaged in China beginning in FY22. The resources will be dedicated to supporting effective implementation of the Ethical Sourcing Program across our China-based supply chain. These resources will work in partnership with our buying and contract management team members in supporting our suppliers on their understanding of, and compliance with, the Program and monitoring activities.

The scope of Coles' Ethical Sourcing Program has continually evolved and expanded since the Program's establishment in 2005. A key example this year was the continued implementation of the Program across suppliers of Coles Own Liquor Brands and selected suppliers of high-risk goods and services not for resale.



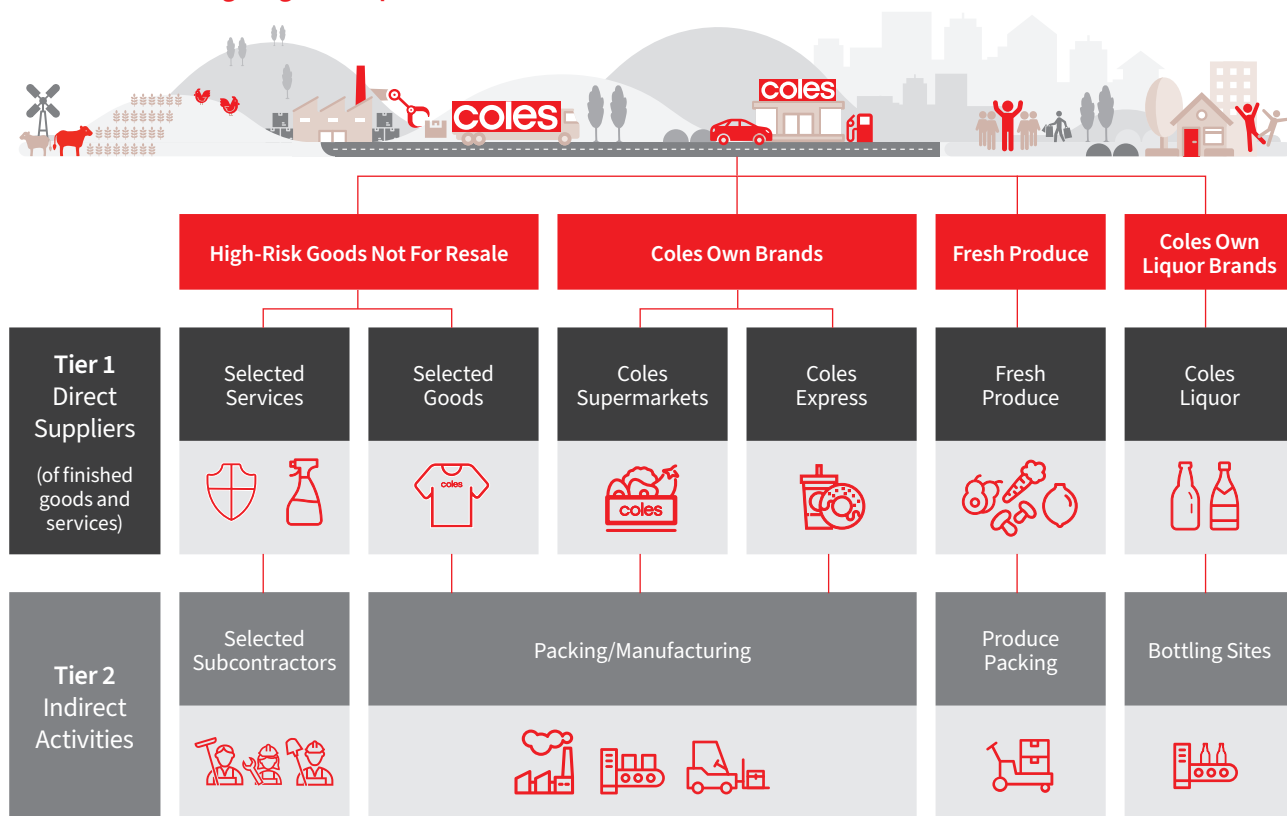


The graphic below describes the current scope of our Ethical Sourcing Program. Suppliers and sites captured by the Program scope are referred to as ‘suppliers’ and are identified as ‘in-scope’.

A full list of countries which we source from and the number of corresponding in-scope suppliers can be found under the ‘Human rights and ethical sourcing in our supply chains’ section of the website [here](#).

Due to the volume of GNFR suppliers, Coles is progressively assessing suppliers which are captured by the scope of the Ethical Sourcing Program. Reporting on GNFR suppliers which are in-scope of the Ethical Sourcing Program will be included in future reporting.

**Our Ethical Sourcing Program scope**



- Fresh Produce means unprocessed fruit, vegetables and flowers and includes Coles Own Brands as well as Proprietary.
- Produce Packing includes packing sheds, as well as farms which pack produce on site. In cases where the farm harvests produce then sends it to a packhouse, only the packhouse and supplier of final product are within the Program.
- Packing / Manufacturing refers to sites that manufacture or pack Coles Own Brands into their final retail form.

At the end of the Reporting Period there were 2,178 Coles Supermarkets, Coles Express and Coles Liquor suppliers in-scope of the Ethical Sourcing Program.

**Supplier underpayment investigation**

Coles received an allegation via a local trade union that workers at a farm supplying product to Coles had been underpaid. Coles’ investigation confirmed that the supplier’s labour hire provider had underpaid workers, and that there were insufficient processes in place to ensure workers had the legal right to work in Australia. Coles worked with the supplier, the labour hire provider and the union to address the underpayment, resulting in a \$40,000 back-payment to seven workers. Coles also worked with the supplier to ensure improved practices were implemented to monitor compliance of their labour hire providers and to ensure adequate record-keeping of workers on their sites.

**Insufficient availability of independent, qualified social compliance auditors in Australia is an industry-wide issue. In June 2021, Coles partnered with two certification bodies in an arrangement that will see Coles fund up to 300 ethical audits across Coles' Australian supplier base. Both audit bodies will increase the number of available locally certified auditors, delivering an uplift in capacity into the future.**

### Risk assessment

For those suppliers defined as 'in-scope', we use third-party systems and databases to guide and streamline the supplier risk assessment process. In-scope suppliers complete a risk assessment questionnaire (sometimes referred to as a self/site assessment questionnaire or SAQ) to provide information about their operation. The information from the assessment questionnaire is combined with the inherent risk evaluation to produce an overall evaluation of the suppliers/sites' risk. This risk evaluation drives the level of monitoring/oversight over the supplier, such as frequency and application of the audit program.

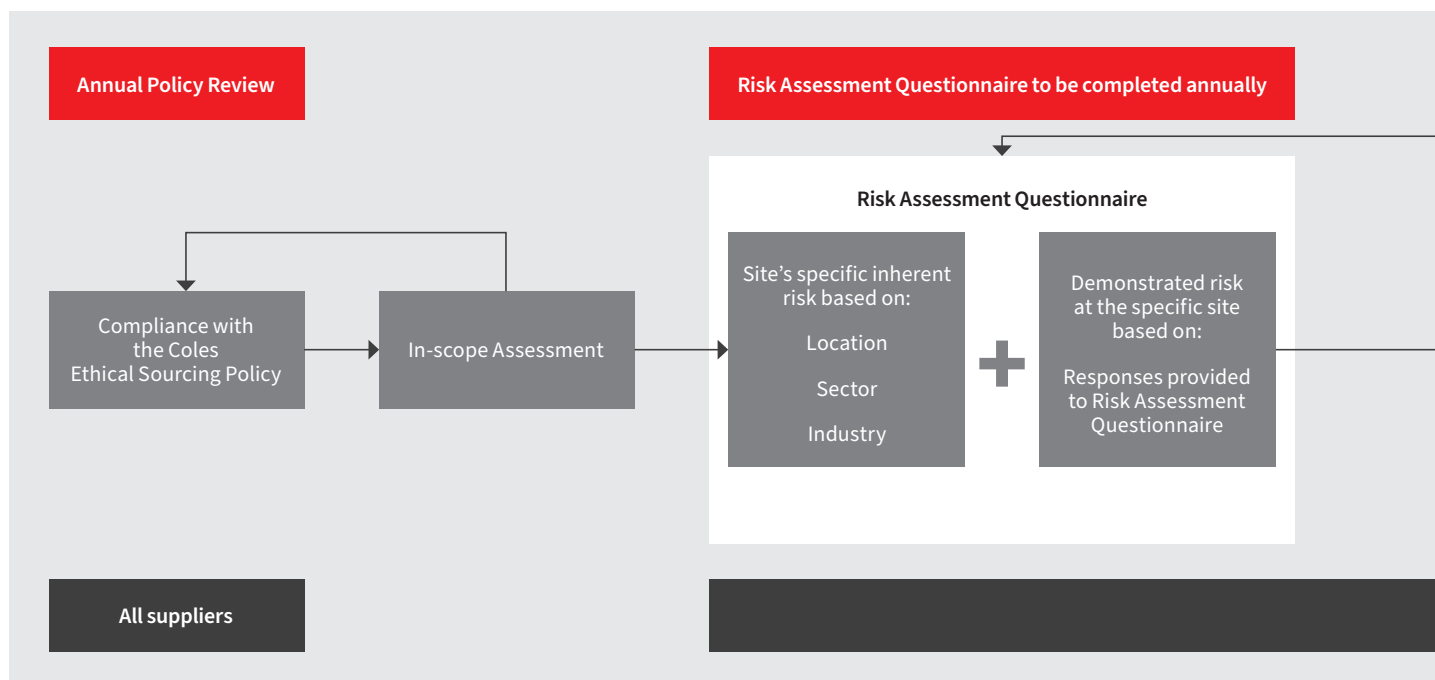
### Audit program

Following the risk assessment, suppliers may be required to undertake an ethical audit. Audit frequency will vary based on the level of risk<sup>4</sup> and in most instances the supplier will directly engage with an independent audit body to commission the assessment.

Auditor availability in Australia has been an ongoing challenge for Coles. Notwithstanding the lack of auditor capacity, Coles has worked to ensure audits are booked and completed as soon as possible through direct engagement with suppliers and certification bodies. COVID-19 has presented additional challenges by restricting auditor movement across state borders.

We recognise that our suppliers will often supply to multiple businesses who may each require an audit to be completed. Mutual recognition of audits is an important aspect of the Program and balances the importance of risk monitoring with the cost, resource and operational impact of audits on suppliers. Coles also reserves the right to conduct its own audits, or to directly engage an audit body to complete an audit which may be announced, semi-announced or unannounced.

The graphic below demonstrates the process for compliance with Coles' Ethical Sourcing Program:



<sup>4</sup> For some industries, a standard ethical audit is not fit for purpose. For these industries, Coles will apply a different model of monitoring. This could include a bespoke audit focused on areas or risk, ongoing screening of suppliers through a platform such as Dow Jones Risk & Compliance Centre, or regular engagement with the supplier. Examples of industries where a standard ethical audit may not be suitable are suppliers with extremely short-term annual operations (such as Alaskan salmon canneries), some areas of service provision or labour hire provision, and suppliers with very small operations.

### Corrective actions and derogations

During the Reporting Period, we introduced new processes into the Ethical Sourcing Program relating to reviewing and addressing the status of open audit findings that had not been closed by suppliers by the due date, specifically critical and major non-conformances.

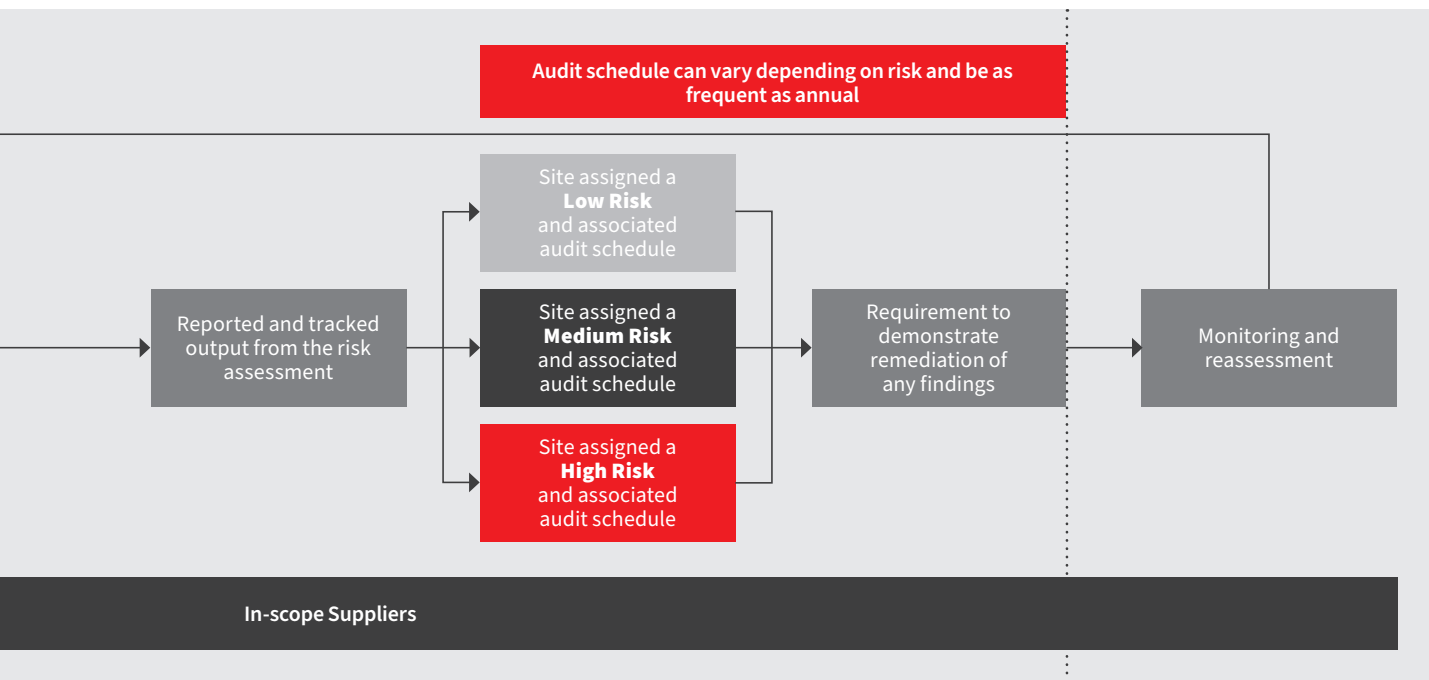
Coles has invested in resources to review the status of open critical and major non-conformances. Where these non-conformances are not addressed and closed by the date agreed with the third-party auditor, Coles works with the supplier to ensure an action plan is in place. This support can include Coles providing coaching and direction to the right resources or working with the auditor and/or their certification body to clarify requirements or issues.

Where a supplier has not demonstrated compliance with a requirement of the Ethical Sourcing Program, Coles follows documented processes to inform the supplier of the serious concerns these issues raise and the actions and time frames required to address them. Coles will work with the supplier during each stage of the escalation to ensure the supplier understands the issues, and to offer support. However, if the supplier does not address the issue to comply with the Coles Ethical Sourcing Policy, Coles will take action to terminate or suspend the supply arrangement.

In exceptional instances, and where a supplier is unable to comply with a program requirement within the specified time for reasons outside of their control, Coles may provide an extension to the due date or make an exception. This is known as a 'derogation'. A derogation will only be considered where sufficient evidence exists for Coles to be satisfied that appropriate controls/corrective actions or an action plan are in place to address any risk arising from the non-compliance to program requirements.

Where suppliers with findings related to business-critical human rights risks such as forced, bonded or child labour are identified, immediate remediation of the affected population would be required and will be addressed through the escalation process rather than through a derogation.

During the Reporting Period, Coles suspended supply from eleven suppliers for non-compliance with requirements of our Ethical Sourcing Program. Four suppliers were reinstated after demonstrating the issues had been addressed.



## Assessing the effectiveness of our actions

**Coles is continually working to assess the effectiveness of our actions and to identify areas for improvements in our Ethical Sourcing Program.**

Reporting is provided to the Coles Board, to the Audit and Risk Committee, the Human Rights Steering Committee and the Modern Slavery Working Group on a regular basis. Each forum presents an opportunity to discuss, pressure test and critically evaluate the effectiveness of the Ethical Sourcing Program.

We also seek independent review of our Ethical Sourcing Program to provide further guidance on the effectiveness of our actions. In 2016, 2019 and 2021, Coles' Program was independently reviewed across the core areas of executive support and governance, program implementation, and supplier monitoring. During FY21, we have also engaged external expertise to critically evaluate the appropriateness of our Ethical Sourcing Key Risk Indicators.

### Program participation

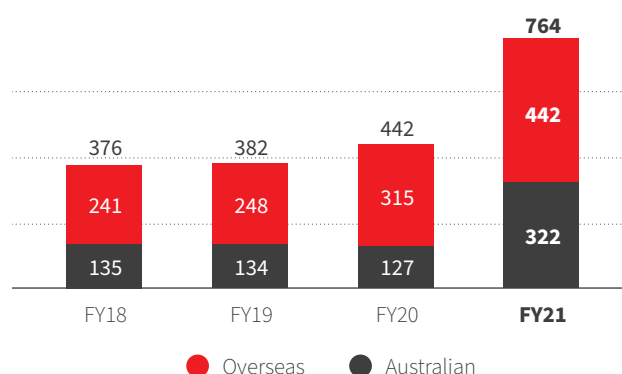
Through monitoring of suppliers participating in the Ethical Sourcing Program, we can effectively track, assess and evaluate our risks on an ongoing basis.

At the end of the Reporting Period, there were 2,143 Coles Supermarkets, Coles Express and Coles Liquor suppliers participating<sup>5</sup> in our Ethical Sourcing Program. This represents 98% of all suppliers in-scope of the Coles Ethical Sourcing Program. Coles continues to work on ensuring all suppliers meet our participation requirements in a timely manner.

During the Reporting Period, 764 ethical audits were conducted on in-scope Supermarkets, Coles Express and Coles Liquor suppliers. Coles enhanced its reporting capabilities during FY21 and can now report cumulative audits which were not able to be reported in prior years.

FY18, FY19 and FY20 results only including audits for suppliers which were active at the end of the respective reporting period. FY21 results also include audits from suppliers which were active on the date of the audit (even if the supplier was inactive at the time of reporting) and suppliers which had an audit during the year prior to becoming active. A supplier is considered active if Coles has current, pending or ongoing plans to purchase from that supplier.

### Independent ethical audits



### Ethical audit findings

Coles uses ethical audits as a key tool to monitor and manage risk in our supply chain.

During the Reporting Period, 2,376<sup>6</sup> non-conformances uploaded by auditors into Sedex were classified as major or higher by the auditor.

As part of the Fair Farms program, all non-conformances are required to be resolved to achieve certification. Non-conformances from 22 audits conducted under the FairFarms program are directly managed by FairFarms and are not included in the non-conformance numbers referenced in this report.

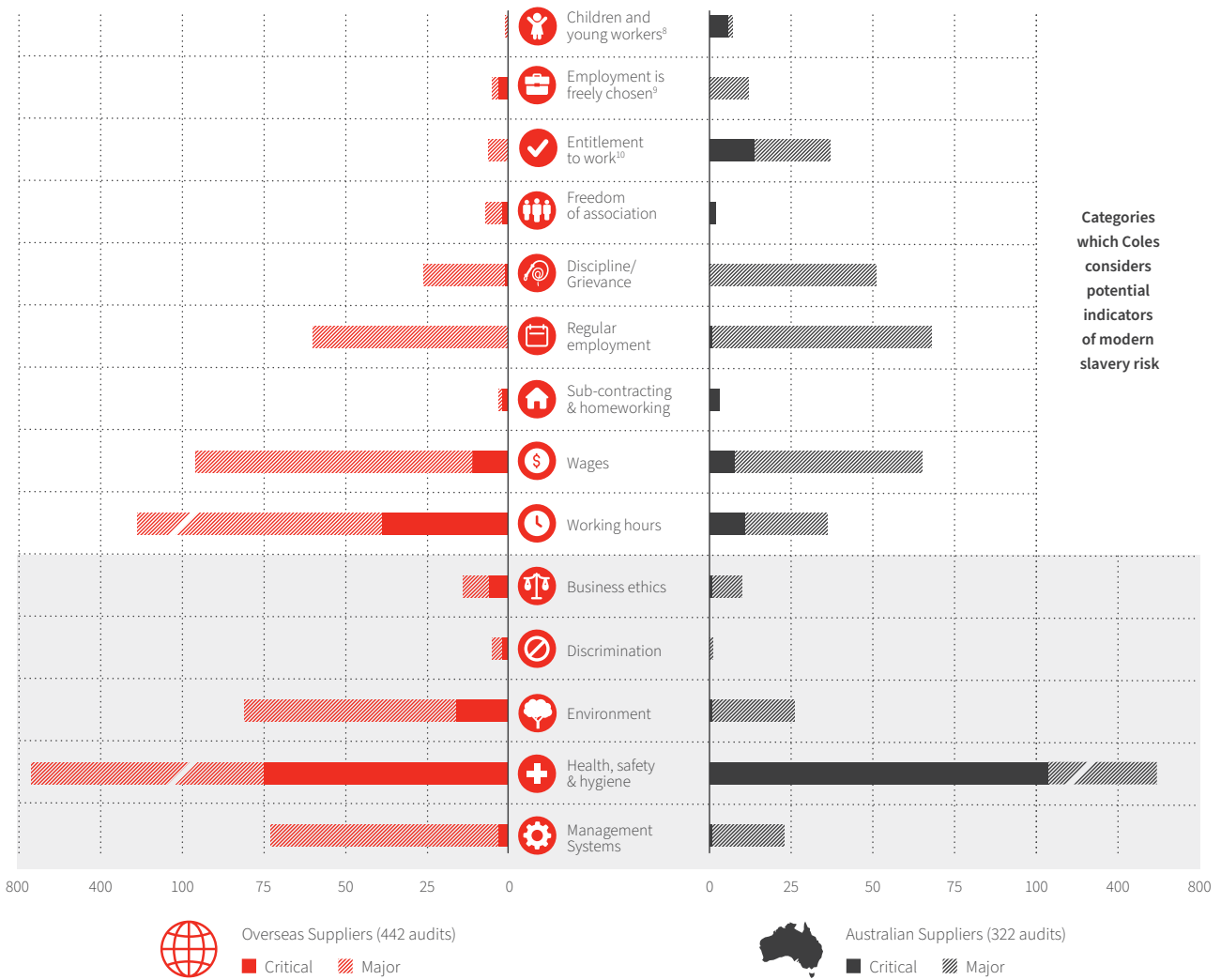
Audit reports are routinely reviewed to understand the nature of the non-conformances in more detail. This includes assessing for issues that could indicate instances of modern slavery.

We have not identified any non-conformance findings confirming occurrences of modern slavery in this Reporting Period.

<sup>5</sup> Participating suppliers are those that at the end of FY21, are active in Coles quality system, have had an active registration with Sedex or Fair Farms and have completed an assessment questionnaire. For Fair Farms the assessment questionnaire is considered complete if all questions have been answered. For Sedex the assessment questionnaire is considered complete if a risk rating has been generated by Sedex. As the rollout of the Program in GNFR continues, this metric excludes suppliers of GNFR.

<sup>6</sup> This information is reported from the Sedex platform. As the number of audits are calculated on a cumulative basis, some of the audits and their subsequent non-conformances relate to suppliers who no longer supply Coles and will not be managed beyond the point of cessation of supply. The number of non-conformances reported is the number of non-conformances as entered by the relevant certified auditor. As the rollout of the Program in GNFR continues, this metric excludes suppliers of GNFR.

**Table 1 - Audit non-conformances by category<sup>7</sup>**



At the end of the Reporting Period, 1804 of the 2376 Critical or Major non-conformances identified from FY21 audits have been remediated by the supplier and closed by the auditor on Sedex. Coles continues to work with suppliers to ensure the closure or management of non-conformances which were open at the end of the Reporting Period.

356 (15%) of the non-conformances raised, relate to findings categorised under the topic of working hours. Working hours is an area with complex challenges deriving from several factors, including inconsistent laws between countries defining the number of working hours allowable. In some countries, the maximum allowable working hours conflicts with guidance set by global bodies like the International Labour Organisation (ILO), Ethical Trade Initiative (ETI) and the World Health Organisation (WHO). In partnership with two specialist consultancies, we have commenced designing a framework to assess working hours risks, and balancing wellbeing, safety and wages being earned.

**Complaints and investigations**

In addition to audit non-conformances, we also assess, monitor and investigate complaints that are raised in various forms including through our established grievance mechanisms (refer to page [24]) and engagement with industry unions. During the Reporting Period, nine matters were investigated.

Complaints were received across a variety of industries and related to underpayment of wages, poor health and safety practices, contract issues, racism, undocumented workers, bullying, harassment and falsification of records. We publish and maintain a list of all complaints and their status at:

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

None of the issues raised through our grievance mechanisms during the Reporting Period related to allegations of modern slavery.

7 Table 1 denotes the critical (comprising both critical and business critical) and major non-conformances uploaded into Sedex by auditors following audits of Coles' suppliers during FY21. Criticality ratings and non-conformance category are assigned by independent auditors, not Coles, except in instances where Coles' social compliance auditor has performed the audit.  
 8 Regarding the category of Children and Young Workers, these critical non-conformances related to the systems that verify workers' age and which require improvement. No non-conformances were raised for the use of child labour in our supply chain.  
 9 Regarding the category of Employment is Freely Chosen, these non-conformances related to inadequate systems and processes and an employer loan to a worker.  
 10 Regarding the category of Entitlement to Work, these non-conformances relate to inadequate systems and processes to verify entitlement to work.

## Monitoring Activities

To review and assess the effectiveness of our Program and actions, Coles recognises that a range of monitoring activities are required to further verify our policies and procedures are being implemented as they should. In addition to audits, the following monitoring activities regularly take place:

- Identifying and capturing details of products physically in store, then validating that the manufacturer / producer is captured correctly within the ethical sourcing data base.
- Conducting spot check reviews of the fresh produce that comes into stores. We assess and validate the packing suppliers of the fresh produce supplied for various products throughout the year.
- Conducting on-site spot checks of labour compliance during Coles' quality and food safety audits on supplier sites.

## Capacity Building and Training

### Within our operations

Building capability and knowledge in our own operations not only ensures our team members are educated on their own rights, but also ensures that team members in supplier-facing roles are alert to the risks in our supply chain, and know when and how to escalate concerns.

All team members are required to complete Coles' Successful Starts learning programs, which sets the foundation for a successful start and ongoing career at Coles. We also provide targeted training programs to team members in key roles including disability confidence, workplace behaviour (including bullying, discrimination, harassment, sexual harassment and victimisation), mental health and wellbeing, and anti-bribery and corruption.

In the last reporting period, we released our first internal online training on Ethical Sourcing and Modern Slavery. Since its launch in June 2020, over 350 team members in required roles have completed the training. This training is in addition to targeted face-to-face (including virtual) communication and advice provided to applicable business areas by Coles' Ethical Sourcing Team.

### Within our supply chain

Throughout the year we have undertaken a number of activities to increase knowledge and understanding amongst suppliers and workers in our supply chain, including:



In addition to training programs, a suite of documents/tools are available for suppliers on [colesgroup.com.au](https://colesgroup.com.au). These tools provide insight and guidance on various topics as described below:

<b>Third Party Labour Providers</b>	Outlines our supplier’s responsibilities to achieve and maintain third-party labour hire providers standards and to enforce them within those parts of their supply chains involved in supplying Coles.
<b>Worker Accommodation</b>	Outlines Coles’ expectations of worker accommodation where it is provided for and arranged on the workers’ behalf by the supplier.
<b>Continuous Improvement Supplier Guide</b>	A guide to help suppliers better understand how to comply with our Ethical Sourcing Policy and Program Requirements, by providing examples of good practice and best practice.
<b>Ethical Sourcing Remediation Framework</b>	Sets out the core principles Coles adheres to and expect its suppliers to adhere to, for providing effective remediation of issues.
<b>Wages and Benefits Remediation Requirements (Australia)</b>	Outlines Coles’ expectations regarding remediation of non-conformances relating to workers’ wages and benefits.
<b>Child Labour Remediation Requirements</b>	Details the remediation steps that suppliers must implement when any instance of child labour is identified within their operations or supply chain.
<b>Forced/Bonded Labour Remediation Requirements</b>	Sets out supplier requirements in relation to forced, bonded and involuntary labour, providing examples of fees that cannot be borne by the worker and outlines the remediation steps that suppliers must take to resolve any risks of forced, bonded or involuntary labour.

### Direct Worker Education

In partnership with the Ethical Retail Supply Chain Accord (ERSCA) (see page 24) we continue to develop worker education programs aimed at reducing worker vulnerability. This approach was recommended by the Joint Committee on Law Enforcement in its Inquiry into Human Trafficking presented to the Australian Federal Government in 2017. Worker exploitation can manifest when workers are not educated on their rights, where there is a lack of information or where language barriers are present.

The ERSCA identified an opportunity for more education to be provided through a worker education event in Coffs Harbour, in New South Wales, focused on pickers from the surrounding berry farms. Topics presented at the event included worker rights, stories from affected workers and access to resources and channels to raise grievances.

Worker Education events are a key commitment of the ERSCA and we plan to hold additional events through this partnership.

The ERSCA recognises that direct worker education is most effective in a face-to-face format, and Covid-19 has placed constraint on the number of events able to be held. An additional event scheduled to be held in Mildura, in May 2021 had to be postponed when Victoria implemented restrictions on movement and gatherings.

### Stakeholder Feedback

Coles’ approach to managing its modern slavery risks is assessed on an ongoing basis. We seek regular feedback on elements of the Ethical Sourcing Program from a diverse network of stakeholders to continuously improve our program. Coles’ stakeholder network includes our suppliers, investors, NGOs, unions and benchmarking bodies such as the Corporate Human Rights Benchmark and Know the Chain.

In March 2021, Coles conducted its annual review of our Ethical Sourcing Policy and associated documents. During our review we sought feedback on our Policy from a wide range of stakeholders including our union partners, suppliers and a human rights consultancy company. We also sought specific advice on some elements of our policy from an external legal expert.

Additionally, Coles hears directly from affected workers in our Australian supply chain, through our grievance mechanisms, union partners and at worker education events. It is important to us that we include the voice of affected stakeholders in our improvement process.

Direct feedback via our Ethical Sourcing group inbox ([ethicalsourcing@coles.com.au](mailto:ethicalsourcing@coles.com.au)) is also encouraged with more details on our website at:



# Fire Equipment

## Common audit observations:

- Signage of fire equipment is missing, inadequate or faded
- Accessibility to fire equipment is impeded
  - Blocked or obstructed fire equipment
  - Fire extinguishers not mounted or mounted at an inappropriate height
- Inspection of fire equipment not conducted regularly or at all
  - Missing, broken, malfunctioning fire equipment
  - Insufficient number of fire extinguishers

Let's see how these might appear at your site...



Value the Australian way

## Supplier attendance

# 740+

## Team member attendance

# 350+

## Educating our suppliers and team members

Coles has continued to take a digital approach to educating team members and suppliers in our operations and supply chain in FY21, hosting a series of modern slavery and human rights-related webinars.

Training has been designed based on identification of learning needs and has covered a range of topics including our Ethical Sourcing Program requirements, labour hire requirements, COVID-19 safety, fire safety and the importance of human rights.



More information can be found at [colesgroup.com.au](https://colesgroup.com.au)





# Remediation

## Our grievance mechanisms

### Coles Whistleblower Policy

Coles encourages reporting of any suspected unethical, illegal, fraudulent or undesirable conduct within our own operations and supply chains, including suspected adverse impacts on people, communities or the environment. We respect the rights of individuals who seek to defend human rights, especially in relation to modern slavery and do not tolerate threats, intimidation or attacks against these individuals.

To support this, we have a Whistleblower Policy and provide several mechanisms for concerns and complaints to be raised, with the option to do so confidentially and anonymously. Coles' grievance channels can be used by anyone, including external individuals and communities, to raise complaints or concerns about human rights issues. A copy of this Policy will always be available on internal and external Coles Group websites.

We commit to not obstructing access to other remedies, including judicial or non-judicial remedies. We also support the work of, and are open to working with, the Australian National Contact Point (AusNCP).

### Coles Wages and Conditions Hotline

Workers within our supply chain can access the Coles Wages and Conditions Hotline to understand more about their conditions of employment or to report unfair labour practices. The hotline can be accessed by phone or email, including by workers in our international supply chain, or where English is not a first language.

Complaints received through this hotline are escalated to our dedicated Ethical Sourcing Team. All complaints are investigated.

Contact details for our hotline are on our website and are available in 10 additional languages. These can be accessed through our website at:

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

### Coles STOPLine

Coles STOPLine is a confidential hotline service run by an independent third party that all stakeholders, including external individuals and communities, can use to raise concerns or complaints. It is accessible by phone, fax, email, post and via the STOPLine app.

### Coles Senior Managers

A matter can be confidentially and/or anonymously reported directly to nominated Coles Senior Managers, whose details are listed in the Coles Whistleblower Policy, available through our website at:

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

## Our partnerships

The commitments and partnerships we engage in include:

<p><b>United Nations Global Compact (UNGC)</b></p>	<p>In June 2019, Coles joined the UNGC, the world's largest corporate sustainability initiative.</p> <p>Coles participates in the Modern Slavery Community of Practice managed by the UN Global Compact Network Australia's Modern Slavery Community of Practice. This forum provides an opportunity for participants to discuss human rights-focused industry challenges and share practices in responding to challenges.</p>
<p><b>Ethical Retail Supply Chain Accord (ERSCA)</b></p>	<p>In November 2019, Coles entered into an Accord with Australia's largest trade unions – the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU), to improve and protect the rights of all workers regardless of visa or employment status.</p> <p>Members of the Accord meet regularly to discuss opportunities to lift social compliance standards in the Australian supply chain. Horticulture has been a key focus area of the Accord.</p>
<p><b>United Nations Women's Empowerment Principles</b></p>	<p>In June 2020, Coles became a signatory to the United Nations Women's Empowerment Principles. The Principles will support Coles' work towards our gender-balance goals and empowering women in our workplace and communities.</p>
<p><b>Transport Charter</b></p>	<p>In December 2020, Coles and the Transport Workers Union (Australia) signed a charter focused on safety, driver education and mental health in the road transport industry. The charter commits to collaboration ensuring high standards on safety and fairness throughout the supply chain focusing on mechanisms for any issues to be raised and addressed.</p>

## Future activities

**Coles is committed to continued improvement of our Ethical Sourcing Program and actions to assess and address modern slavery risks within our own operations and our supply chain.**



### Program and reporting

- Continue to implement and embed the Coles Human Rights Strategy.
- Strengthen due diligence activities within high-risk GNFR and Group Services.
- Expand assessments and due diligence activities conducted under the Coles Ethical Sourcing Program to include strategic suppliers within the property and construction industries.
- Review and conduct risk assessments into raw materials within Coles’ supply chain, proposing solutions for ongoing due diligence activities to reduce risk in commodities of concern.
- Use advanced data analytics to increase transparency in both internal and external reporting.



### Education and learning

- Continue to develop team members and suppliers knowledge regarding modern slavery and forced labour with specific learning modules.
- Increase learning for suppliers on human rights and the activities Coles is undertaking to prevent these abuses from taking place.
- Using data and insights retrieved through advanced reporting and industry networking, continue to create educational materials to support capacity building on common or potential issues within the wider supply chain.



### Partnerships

- In partnership with the Ethical Retail Supply Chain Accord:
  - continue to create and hold forums in regional areas of Australia targeting farm workers; and
  - formally collaborate on a deep dive assessment into a high-risk area within the horticulture industry, seeking opportunities to support local businesses on improvement initiatives.
- In association with industry partners, review Coles’ current grievance mechanisms to create and implement a plan seeking to improve communication channels, increase accountability with the businesses we engage and develop clear pathways to measuring effectiveness and opportunities for continuous improvement.
- Seek guidance from human rights defenders on the ground, providing channels for direct feedback and opportunities to seek support where our actions can effect positive change in the communities in which we operate.
- Continue to develop and strengthen partnerships with external organisations including NGOs and trade unions.

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## Process of consultation

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All Coles entities operate under a common set of governance policies and programs. This includes the programs through which modern slavery risks in our own operations and our supply chains are assessed and addressed by Coles. Numerous consultation activities continued throughout the Reporting Period with Coles and its reporting entities helping to guide the drafting of this Modern Slavery Statement.

A key initiative to increase the process of collaboration and shared responsibility in writing this statement, was the establishment of Coles' Modern Slavery Working Group. The Working Group consists of over 40 representatives across various functions within Coles Group who met regularly to discuss and align on the disclosures and activities taking place within the Group's operations and supply chain which are detailed in this statement.

The Boards of Coles Supermarkets Australia Pty Ltd, Eureka Operations Pty Ltd (trading as Coles Express) and Liquorland (Australia) Pty Ltd (the reporting entities) as well as the Coles Group Board, have reviewed and approved this statement.

Outside of the Coles Group statement, consultation took place with both flybuys and Queensland Venue Co. as Coles has a 50% interest in both businesses who are required to submit their own Modern Slavery Statements.

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



**James Graham AM**  
Chairman



**Steven Cain**  
Managing Director and Chief Executive Officer

# Appendix

This Modern Slavery Statement was prepared in accordance with the criteria set out in the *Modern Slavery Act 2018* (Cth) (Australia). The table below outlines where information related to each mandatory reporting criteria can be located within the report.

Mandatory criteria for modern slavery statements	Location of information
Identify the reporting entity	Introduction
Describe the structure, operations and supply chains of the reporting entity	Our operations and supply chain
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	Our modern slavery risks
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	Actions to assess and address risk Managing our risks Remediation
Describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions
Describe the process of consultation with any entities that the reporting entity owns or controls	Process of consultation
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	Key initiatives Messages from our Chairman, and Managing Director and Chief Executive Officer Remediation



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