

## KnowTheChain 2023 Food & Beverage Benchmark

### Additional Disclosure

Company Name: Coles Group

Date: 3 April 2023

Within this document Coles Group is providing disclosures to relevant indicator elements that KnowTheChain identified as areas for additional disclosure.

#### INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

##### **1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.**

Coles has relationships with growers directly (tier 1), indirectly (tier 2), and in some instances tier 3 in our supply chain. The relationship and tiering structure is based on a number of factors including commodity, location, and final point of sale.

Referred to on our website under Human Rights – Governance “The Coles Group Board and Executive Leadership team receives regular updates on the status of its Human Rights Strategy including its Ethical Sourcing Program, which forms part of the Strategy and is a key focus area. Selected senior management, including the Executive Leadership Team, must complete mandatory training incorporating key areas of human rights including anti-bribery and corruption, anti-discrimination, bullying and harassment, diversity and inclusion, and health and safety.

Our Human Rights website details examples of direct worker engagement in our supply chain such as Direct Worker Events, Worker Voice Program, Vendor Capacity Building Program and education webinars hosted by Coles. These are located within the ‘Working with suppliers - Supporting suppliers through training and development’ section of our Human Rights website.

On the Coles Quality Academy website (where our trainings are primarily based) links to the recording of our Embedding Ethical Sourcing into your Business (15 Jul 22), Preparing your Ethical Audit - Horticulture Suppliers (4 May 22), Preparing for your Ethical Audit (24 Nov 21) are all available. These webinars were attended by Coles tier 1 and tier 2 suppliers.

On page 37 of our 2022 Modern Slavery Statement, we disclosed Two webinars for China-based suppliers, noting that attendees were “mostly tier two suppliers including suppliers of higher risk goods such as apparel and custom joinery”. Whilst ‘apparel’ was referenced as example, the participating sites included suppliers of stationary, homewares, cosmetics as well as food (groceries). We do not currently source beverages from China.

#### References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

Coles Quality Academy – Ethical Sourcing

<https://colesqualityacademy.com.au/ethical-sourcing/>

Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

## INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

### **2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and**

The Coles Human Rights webpage details the people responsible for safeguarding human rights including forced labour within our organisation and our supply chain under the Governance - Responsibilities and accountabilities for human rights and ethical sourcing at Coles section.

The Ethical Sourcing Governance section on our website details our Ethical Sourcing training for team members. This includes details of our internal training content and who participants of each training are. Our training is available Coles wide to all team members and we undertake specific training sessions with relevant members within our business including our product technologists and own brand managers. Relevant internal team members also have access to our Coles Quality academy where there are links to the recording of our 'Embedding Ethical Sourcing into your Business (15 Jul 22), Preparing your Ethical Audit - Horticulture Suppliers (4 May 22), Preparing for your Ethical Audit (24 Nov 21) are all available.

Our 2022 Modern Slavery statement details the internal Coles training on page 37. "During the reporting period, 201 team members completed the e-learning module, with over 620 current team members having completed the module since its introduction."

We also educate our team members on modern slavery on page 9 of our Code of Conduct linked [here](#).

#### **References**

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

Coles Code of Conduct

[Code\\_Of\\_Conduct.pdf \(colesgroup.com.au\)](#)

### **2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.**

As per our website under Human Rights – Governance "Ethical sourcing is a quarterly item on Board meeting agendas. The Ethical Sourcing Board Report includes information on complaints and investigations received through our grievance channels, updates on social compliance audits and non-conformances, Program performance and activities relating to our Modern Slavery reporting and human rights strategy." This includes reports on our direct worker engagements such as Direct Worker Voice Program, Worker Educational Events and our supplier training sessions as detailed in the 'Working with suppliers - Supporting suppliers through training and development' section of our Human Rights website.

All relevant feedback received by the Ethical Sourcing Team by affected stakeholders is reviewed. If an update of our program policy or requirements are needed these will be assessed and approved by the board before they implemented.

The Grievance Mechanism section of our Human Rights website details the Grievance process including how the Board is updated on complaints and investigations within the Ethical Sourcing space as well as receiving updates on the key metrics of our program including some non-conformances and projects relating to these. Many of these are detailed in our 2022 Modern Slavery Statement which is reviewed and approved by the Coles Board before publication, as well as the directors of all Coles Group subsidiaries.

## References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

### INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

#### 3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

Coles discloses the names and addresses for our Own Brand apparel suppliers under 'Coles Apparel Suppliers' available [here](#). A link to this can be under the 'Our supply chain' – Apparel suppliers section of our Human Rights website. Our apparel suppliers are tier 2 suppliers.

#### 3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

The table on page 17 of our Modern Slavery Statement includes both tier one and tier two suppliers. Over 1,900 sites are now captured by the scope of our program and more than half of the sites captured by the scope of our program are at Tier 2 – where the product is packed or manufactured.

More information about the scope of the Coles Ethical Sourcing Program can be found on our Human Rights website under the Human rights and ethical sourcing in our supply chains section, [here](#).

Business Unit	Category	Production Tier
Supermarkets & Express	Coles Own Brands	Direct Vendors (Tier 1)
	Fresh Produce (unprocessed fruit, vegetables and flowers, including those bearing a proprietary brand label)	Packing / Manufacturing to Final Retail Form (Tier 2)

Liquor	Coles Liquor Own Brands	Direct Vendors (Tier 1) Bottling Sites (Tier 2)
Goods-not-For-Resale (GNFR)	Suppliers of high-risk services (including but not limited to Trolley Collection, Cleaning, Security)	Direct Vendors (Tier 1)
	Suppliers of goods branded with a Coles name, goods built to Coles customised specifications	Sub-contractors (Tier 2) - selected circumstances
	Suppliers with operations in high-risk countries	

In our 2022 Modern Slavery Statement pages 16-17 we detail our exposure to geographic modern slavery risks. The table of countries where Coles Brand products are sourced is included on our Human Rights website under the 'Our Supply Chain' section.

## References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

Coles Apparel Suppliers

[We're committed to ethical sourcing & supply chain transparency | Coles](#)

Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

## INDICATOR 4: RISK ASSESSMENT

### Response to 4.1 and 4.3

As detailed on our Human Rights website Coles updated our ethical sourcing stakeholder map which groups stakeholders according to their need to be informed, consulted, involved, collaborated or empowered. Key stakeholders identified included suppliers, customers, non-government organisations, investors, unions and government agencies. Coles regularly consults externally to make sure we are aligning to best practice and are achieving our aims.

A key example of Coles consulting with relevant stakeholders is our Horticulture Worker Accommodation Report which is available on our Human Rights website under the 'Ethical Retail Supply Chain Accord' section or via [this link](#). The report released 9 December 2022 identifies that a lack of national regulation in accommodation standards is driving variable accommodation quality, resulting in some substandard living conditions and disproportionately high costs for the board and lodgings provided. It included interviews and

focus groups with a wide range of stakeholders (63 people). One of the findings was that 'PALM workers' freedom to move accommodation is not a practical reality'. Poor accommodation for workers may be an indicator of modern slavery risk. It undermines workers' rights to be treated with dignity and respect, and access to an adequate standard of living.

This section also details our work with various unions including our commitment to direct worker education events and regular meetings to discuss the investigation of complaints and to hear from workers which may include issues of forced labour.

As on our Human Rights website - 'Human rights and ethical sourcing in our supply chain – Ethical sourcing overview' "over 1,900 sites are now captured by the scope of our program, and from FY19 to FY22, there were over 2,490 audits conducted across our supply chain." As detailed on page 44 of our 2022 Modern Slavery Statement, each independent ethical audit conducted includes private and confidential interviews with workers which gives us an opportunity to unearth signs of forced labour within the supply chain.

Another example of our direct consultation with workers in our supply chain is the 'worker voice pilot' referenced on page 45 of our 2022 Modern Slavery Statement. The pilot involved a worker survey completed in conjunction with a SMETA audit that aimed to gain insights directly and anonymously from workers about working conditions and worker wellbeing. The pilot was trialled with suppliers in India and Australia.

Further examples of Coles consulting with key stakeholders can be found on the 'Support suppliers through training and development' section of our Human Rights website.

## References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

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Accommodation for horticulture worker report

[Horticulture-Worker-Accommodation.pdf \(colesgroup.com.au\)](#)

**4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;**

Addressed above in response to 4.1 and 4.3

**4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.**

Addressed above in response to 4.1 and 4.3

## INDICATOR 6: PURCHASING PRACTICES

**6.1 commits to responsible buying practices in its contracts with suppliers;**

The Terms and Conditions for the Supply of Goods are publicly available on the Coles Supplier Portal or via [this link](#).

As detailed on page 3 of the Coles Ethical Sourcing Policy "Compliance with this Policy is a condition of trade for direct suppliers, unless a satisfactory alternate position has been specified in a supplier agreement."

**6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.**

All suppliers of Coles Own Brand products that are in scope of the Ethical Sourcing Program are subject to our ethical sourcing policy. As disclosed on page 28 of our 2022 Modern Slavery Statement 1898 suppliers were risk assessed under the Coles Ethical Sourcing program in FY22. 911 audits were conducted across those suppliers with 16 of these being unannounced. One of the risk factors that we assess for is forced labour (page 16 of our 2022 Modern Slavery Statement). Table 1 on page 31 of our modern slavery statement shows 'Audit non-conformances by category' which details of non-conformances found including non-conformances for 'employment is freely chosen'. It is a requirement of the Coles Ethical Sourcing Policy that these non-conformances are addressed to continue business with Coles. Page 32 details how these non-conformances are required to be dressed under the Coles Ethical Sourcing Policy.

As per page 49 of our 2022 Modern Slavery Statement, our 2022 Modern Slavery Statement has been reviewed by Ernst & Young who have provided limited assurance. The limited assurance process assists in improving Coles' processes for modern slavery risk management and reporting. Page 64 of our Sustainability Report denotes the two Ethical Sourcing Metrics which were subject to assurance activities by EY. Our Sustainability Report can be found [here](#).

On page 23 of our 2022 Modern Slavery Statement, we include 'Action in Focus Engaging with suppliers to understand modern slavery risks in the renewable energy industry'. The global transition to renewable energy has highlighted new areas of modern slavery risk, including in relation to the raw materials used in solar panels and batteries. We have been actively working to assess and address these risks through our procurement practices. Due to the higher risk of forced labour in the solar supply chain we have imposed further measures to help safeguard the risk of forced labour in the supply chain.

**References**

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Supplier Terms and Conditions

[https://www.supplierportal.coles.com.au/wps/wcm/connect/6668000049976b7eb16fb1455bf046b3/Terms\\_and\\_Conditions+%285-08-2020\\_2-55-48\\_PM%29.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-6668000049976b7eb16fb1455bf046b3-neZf02q](https://www.supplierportal.coles.com.au/wps/wcm/connect/6668000049976b7eb16fb1455bf046b3/Terms_and_Conditions+%285-08-2020_2-55-48_PM%29.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-6668000049976b7eb16fb1455bf046b3-neZf02q)

Coles Sustainability Report

## INDICATOR 7: RECRUITMENT-RELATED FEES

**7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");**

The Coles Wages and [Benefits Remediation Requirements](#) document located on Coles Human Rights website (Link here) on the website details under section 5 the remediation steps expected by Coles.

Underpayment or failure to pay wages and benefits refers to the situation when a supplier fails to pay the minimum monetary amounts including allowances, prescribed under an award or agreement. Underpayment or failure to pay wages and benefits of workers is unlawful and considered a major breach of Coles' Ethical Sourcing Policy and Coles' Trading Agreement.

**7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and**

As detailed on page 3 of the Coles Ethical Sourcing Program Requirements it is a requirement of the Coles Sourcing Program that suppliers undertake yearly risk assessments which help inform the need for Ethical Audits. For example, the Sedex Assessment Questionnaire includes questions and indicators on forced labour.

The use of ethical audits to consider modern slavery risks - Independent ethical audits include private and confidential worker interviews is addressed on page 32 of our 2022 Modern Slavery Statement. The independent and ethical audits required by our program include private and confidential worker interviews. These interviews include targeted questions to explore labour risk areas, with a particular focus on modern slavery indicators such as recruitment fees, holding of personal identity and passport documents, accommodation, and deductions of wages and benefits. Auditors also assess other potential modern slavery indicators through document reviews and site tours.

Another key example of our this is our participation in the Direct Worker Voice Pilot detailed on page 45 of our 2022 Modern Slavery Statement. Coles participated in a Sedex-led Direct Worker Reporting Pilot. The pilot involved a worker survey completed in conjunction with a SMETA audit that aimed to gain insights directly and anonymously from workers about working conditions and worker wellbeing (including questions about pay conditions). We subsequently built on this work by undertaking a second worker voice project at 13 selected Australian supplier sites. This pilot included sites from across multiple industries including fresh produce, meat, bakery and liquor.

Table 1 on page 31 of our 2022 Modern Slavery Statement shows 'Audit non-conformances by category' which details of the high number of wage related findings found within our supply chain.

**7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.**



Under the remediation section of the Coles Human Rights website there is a case study regarding the investigation into an allegation of underpayment by a Coles supplier. The case study includes details of investigation and back payment.

"Identification of payment discrepancy in the supply chain

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.

In 2021, 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."

## References

Coles Human Rights Website

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Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

Coles Ethical Sourcing Policy

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Ethical\\_Sourcing\\_Policy.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Ethical_Sourcing_Policy.pdf)

Coles Wages and Benefits Remediation Requirements

[03.02.04 Wages and Benefits Remediation Supplier Requirements \(Australia\).pdf](https://www.colesgroup.com.au/03.02.04_Wages_and_Benefits_Remediation_Supplier_Requirements_(Australia).pdf)  
([colesgroup.com.au](https://www.colesgroup.com.au))

Coles Program Requirements

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Coles\\_Ethical\\_Sourcing\\_Program\\_Requirements.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Coles_Ethical_Sourcing_Program_Requirements.pdf)

## INDICATOR 8: RESPONSIBLE RECRUITMENT

**8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).**

Supporting suppliers through training and development details the training and support we offer to our supply chain.

A key example of Coles consulting with relevant stakeholders is our Horticulture Worker Accommodation Report which is available on our Human Rights website under the 'Ethical Retail Supply Chain Accord' section or via [this link](#). The report released 9 December 2022 identifies that a lack of national regulation in accommodation standards is driving variable accommodation quality, resulting in some substandard living conditions and



disproportionately high costs for the board and lodgings provided. It included interviews and focus groups with a wide range of stakeholders (63 people). One of the findings was that 'PALM workers' freedom to move accommodation is not a practical reality'. Poor accommodation for workers can be a modern slavery risk indicator. It can also undermine workers' right to be treated with dignity and respect, and access to an adequate standard of living.

Our Human Rights website under the 'Working with suppliers - Supporting suppliers through training and development' section of our Human Rights website details our work with various unions including our commitment to direct worker education events and regular meetings to discuss the investigation of complaints and to hear from workers which may include issues of forced labour.

The Coles Ethical Sourcing Policy on page 9 includes our policy on Sub-contracting and labour hire. We also hosted a webinar on Embedding Ethical Sourcing into your business (15 Jul 22) which included an entire section on how to work with and audit labour hire agencies (Coles Quality Academy website).

## References

Coles Human Rights Website

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Coles Ethical Sourcing Policy

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## INDICATOR 9: FREEDOM OF ASSOCIATION

### 9.1-9.2 Response

The 'Industry engagement' section of the Human Rights website details how members of the Accord meet regularly to discuss the investigation of complaints and hear from workers. These regular meetings provide us with the opportunity to include the voices of affected workers in our process to identify human rights risks and impacts and implement change, where necessary, in our Ethical Sourcing Program. There is a focus on labour hire organisations and Australian farming activities, with approximately 95 per cent of the fresh produce we sell coming from this sector.

In addition to the Ethical Retail Supply Chain Accord, in December 2020, Coles and the Transport Workers Union (TWU) signed a charter on standards in road transport and the gig economy focusing on safety, driver education and mental health.

The Horticulture Industry Reference Group was formed following the Fair Work Ombudsman's 2018 Harvest Trail Inquiry, in recognition of the need for a multi-stakeholder approach to addressing labour compliance across the horticulture industry.

The group met quarterly between March 2019 and August 2020 and included participants from industry, government, union, retail, labour hire organisations and suppliers. Its focus was on sharing learnings and good practice to assist participants to address labour compliance issues, including working conditions and wages, within horticulture supply chains.

While the Reference Group regular meeting cycle has concluded, the Group has been convened to discuss key changes in the horticulture sector including when significant changes to piece rates (a method of payment of horticulture workers) were introduced in April 2022.

Case study – “Supporting vulnerable members of our community during COVID-19”

“We also met with the United Workers Union (UWU) and a group of approximately 12 workers who outlined specific concerns and issues they were experiencing as a result of COVID-19. Following these discussions, and as part of our own response to COVID-19, we sent a communication to our Coles Brand and proprietary suppliers reinforcing our expectations on worker safety and compliance with our Ethical Sourcing Policy during COVID-19 and we offered suppliers support if they required it. We also provided approximately 600 units of hand sanitizer to the UWU for distribution to farm workers and any travelling union members.”

## References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

### **9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;**

Responses included under “9.1-9.2 Response”

### **9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and**

Responses included under “9.1-9.2 Response”

## INDICATOR 10: GRIEVANCE MECHANISM

### **10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.**

Our Human Rights website details examples of direct worker engagement in our supply chain such as Direct Worker Events, Worker Voice Program, Vendor Capacity Building Program and education webinars hosted by Coles. These are located within the ‘Working with suppliers - Supporting suppliers through training and development’ section of our Human Rights website.

This section also details our work with various unions including our commitment to direct worker education events and regular meetings to discuss the investigation of complaints and to hear from workers which may include issues of forced labour.

Our worker education events are designed to allow us to directly hear from workers on the ground and to build trust in our systems. In 2022, we held two direct worker education sessions. Coles partnered with the ERSCA to host two worker education sessions in Mareeba, Queensland and Coffs Harbour, New South Wales in April and November. These worker education sessions are hosted in key Australian produce growing regions and are designed to educate workers about their rights. It involved direct engagement with workers and covered worker rights and freedom of association.

Another key example of our this is our participation in the Direct Worker Voice Pilot detailed on page 45 of our 2022 Modern Slavery Statement. Coles participated in a Sedex-led Direct Worker Reporting Pilot. The pilot involved a worker survey completed in conjunction with a SMETA audit that aimed to gain insights directly and anonymously from workers about working conditions and worker wellbeing. We subsequently built on this work by undertaking a second worker voice project at 13 selected Australian supplier sites. This pilot included sites from across multiple industries including fresh produce, meat, bakery and liquor.

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## INDICATOR 11: MONITORING

### **11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;**

As detailed on page 3 of the Coles Ethical Sourcing Program Requirements it is a requirement of the Coles Sourcing Program that suppliers undertake yearly risk assessments which help inform the need for Ethical Audits. For example the Sedex Assessment Questionnaire includes questions and indicators on forced labour.

The use of ethical audits to consider modern slavery risks - Independent ethical audits include private and confidential worker interviews is addressed on page 32 of our 2022 Modern Slavery Statement. The independent and ethical audits required by our program include private and confidential worker interviews. These interviews include targeted questions to explore labour risk areas, with a particular focus on modern slavery indicators such as recruitment fees, holding of personal identity and passport documents, accommodation, and deductions of wages and benefits. Auditors also assess other potential modern slavery indicators through document reviews and site tours.

SMETA audits are the audits that Coles have invested the \$1.5 million in and the most common Ethical Audit undertaken by suppliers within our supply chain. More details on the indicators of forced labour found within can be found on the SEDEX website [here](#). Sedex reports that "Multiple indicators of forced labour are found in 36% of audits on the Sedex platform". Coles recognises high working hours as a form of forced labour and as such has placed a specific focus on addressing this in our supply chain. This is why we are establishing a framework to govern audit non-conformances related to excessive working hours (details available page 33 of our 2022 Modern Slavery Statement).

Table 1 on page 31 of our 2022 Modern Slavery Statement shows 'Audit non-conformances by category' which details of the high number of working hour findings found within our supply chain.

### **11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and**

Audit findings are from both tier one and tier two suppliers. Over 1,900 sites are now captured by the scope of our program and more than half of the sites captured by the scope of our program are at Tier 2 – where the product is packed or manufactured.

More information about the scope of the Coles Ethical Sourcing Program can be found on our Human Rights website under the Human rights and ethical sourcing in our supply chains section, [here](#).

### **11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).**

Our Human Rights website details examples of direct worker engagement in our supply chain such as Direct Worker Events, Worker Voice Program, Vendor Capacity Building Program and education webinars hosted by Coles. These are located within the 'Working with suppliers - Supporting suppliers through training and development' section of our Human Rights website.

A key example of our this is our participation in the Direct Worker Voice Pilot detailed on page 45 of our 2022 Coles Modern Slavery Statement. Coles participated in a Sedex-led Direct Worker Reporting Pilot. The pilot involved a worker survey completed in conjunction with a SMETA audit that aimed to gain insights directly and anonymously from workers about working conditions and worker wellbeing. We subsequently built on this work by undertaking a second worker voice project at 13 selected Australian supplier sites. This pilot included sites from across multiple industries including fresh produce, meat, bakery and liquor.

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[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Coles\\_Ethical\\_Sourcing\\_Program\\_Requirements.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Coles_Ethical_Sourcing_Program_Requirements.pdf)

Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

## **INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS**

### **Number of allegations:**

No allegations were received by Coles during FY22. As documented on the Coles Modern Slavery Statement page 44, during the reporting period we received a total of 13 supplier-related complaints. While none of these complaints, or our subsequent investigations, identified instances of modern slavery, a number of complaints included allegations involving potential modern slavery indicators, such as underpayment and use of undocumented workers.

### **A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and**

As acknowledged on our Human Rights page of our website grievances are primarily investigated by a relevant Coles Team member. Grievances may come from a variety of stakeholders on a number of topics and therefore they will be investigated by the most relevant team member in that area. For example supply chain grievances are primarily

investigated by members of the Coles Ethical Sourcing team, and those complaints, where relevant these are reported to the Audit and Risk Committee and the Coles Group Board.

We also disclose our Coles Supplier Complaints on our [website](#) which can be accessed from the Coles Human Rights website grievance Mechanism section.

The Grievance Mechanism section of our Human Rights website details the Grievance process. This includes a [flow chart](#) that demonstrates how complaints are handled by Coles.

**A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.**

Under the remediation section of the Coles Human Rights website there is a case study regarding the investigation into an allegation of underpayment by a Coles supplier. The case study includes details of investigation and back payment.

"Identification of payment discrepancy in the supply chain

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.

In 2021, 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."

## References

Coles Human Rights Website

<https://www.colesgroup.com.au/sustainability/?page=human-rights>

Coles 2022 Modern Slavery Statement

[https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/Resource/module/ir5sKeTxxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

Complaints & Investigation Table

[Human\\_Rights\\_Complaints\\_and\\_Investigations.pdf \(colesgroup.com.au\)](#)

Grievance Mechanism Flow Chart

[Grievance\\_process\\_flow.pdf \(colesgroup.com.au\)](#)

## NON-SCORED RESEARCH

## Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

### **High Risk Sourcing**

*Please indicate whether your company sources any of the below high-risk commodities. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

- Beans (green, soy, yellow)
- Brazil Nuts/Chestnuts
- Cattle
- Chile Peppers
- Cocoa
- Coffee
- Corn
- Fish
- Oil (palm)
- Peanuts
- Rice
- Sesame
- Shrimp
- Sugarcane
- Tomatoes
- Wheat

## **References**

### **References**

Coles Human Rights Website

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[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Modern\\_Slavery\\_Statement.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Modern_Slavery_Statement.pdf)

Coles Ethical Sourcing Policy

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Ethical\\_Sourcing\\_Policy.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Ethical_Sourcing_Policy.pdf)

Coles Code of Conduct

[Code Of Conduct.pdf \(colesgroup.com.au\)](#)

Coles Quality Academy – Ethical Sourcing

<https://colesqualityacademy.com.au/ethical-sourcing/>

Coles Apparel Suppliers

[We're committed to ethical sourcing & supply chain transparency | Coles](#)

Accommodation for horticulture worker report

[Horticulture-Worker-Accommodation.pdf \(colesgroup.com.au\)](#)

Supplier Terms and Conditions

[https://www.supplierportal.coles.com.au/wps/wcm/connect/6668000049976b7eb16fb1455bf046b3/Terms\\_and\\_Conditions+%285-08-2020\\_2-55-48\\_PM%29.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-6668000049976b7eb16fb1455bf046b3-neZf02a](https://www.supplierportal.coles.com.au/wps/wcm/connect/6668000049976b7eb16fb1455bf046b3/Terms_and_Conditions+%285-08-2020_2-55-48_PM%29.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-6668000049976b7eb16fb1455bf046b3-neZf02a)

Coles Sustainability Report

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Sustainability\\_Report.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Sustainability_Report.pdf)

Coles Wages and Benefits Remediation Requirements

[03.02.04 Wages and Benefits Remediation Supplier Requirements \(Australia\).pdf \(colesgroup.com.au\)](#)

Coles Program Requirements

[https://www.colesgroup.com.au/FormBuilder/\\_Resource/\\_module/ir5sKeTxxEOndzdh00hWJw/file/Coles\\_Ethical\\_Sourcing\\_Program\\_Requirements.pdf](https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Coles_Ethical_Sourcing_Program_Requirements.pdf)

Complaints & Investigation Table

[Human Rights Complaints and Investigations.pdf \(colesgroup.com.au\)](#)

Grievance Mechanism Flow Chart

[Grievance\\_process\\_flow.pdf \(colesgroup.com.au\)](#)