

Coles Group Limited 2023 AGM report

ASX code	COL
Meeting date	Friday, 3 November 2023
Type of meeting	Hybrid
Monitor	Mike Robey for Stewart Burn
Pre AGM-meeting	With Chair James Graham and Richard Freudenstein, Chair of Remuneration subcommittee

Meeting Statistics

Number of holdings represented by ASA	810
Number of shares represented by ASA	2.35m
Value of shares represented by ASA	\$36.2m
Total number attending meeting	613
Market capitalisation	\$20.7 billion
ASA open proxies voted	ASA voted in favour of all the resolutions except the issue of performance rights to the CEO

The AGM opened with a Welcome to Country by a First Nations Coles employee from a recent graduate intake, who gave a poised presentation and was a good role model for the benefits of support for this community.

The chair and CEO speeches can be seen [here](#) and [here](#).

This AGM coincided with that of a much anticipated one from Qantas (dealing with 'Joycegate'/phantom flights) in the same convention centre complex, and thus may have robbed Coles of both attendees and media attention. Much of the good news (to come) was centred on the potential of building three state-of-the-art distribution centres, in QLD, NSW and VIC. This program is behind schedule and \$120m above budget, so it deserved some attention at the AGM.

A fair portion of the chairman's speech was given to sustainability and community engagement as well as a good defence of their support of the Voice campaign (they employ a large number of Aboriginal and Torres Strait Islanders (ATSI) and have strong partnerships with ATSI communities and businesses. The speech was followed by the CEO, which segued with a video on sustainability along with the business numbers from the prior year.

The ASA asked questions about the targets for online % of sales (no specific answer, generalities) and future (a must have, particularly as customer behaviour moving to omni channels). We congratulated them on board diversity and welcomed the new female CEO, Leah Weckert.

We also stated we were unhappy with only a relative shareholder return (rTSR) measure for the long-term incentive (LTI), without an absolute TSR gateway, since this means that the CEO could potentially make the maximum \$8m in her package, even if shareholders were out of pocket.

To our comment that Coles acts in a virtual duopoly, and then not doing well in the liquor segment thereby making competition less than some of their comparator companies, the chair responded that competition was fierce, and that Coles liquor had made nine quarters of growth.

No mention was made of share gain over Endeavour Group, the owner of Dan Murphys (best publicly available data for FY22 has Coles at 16% and Dan's at 45% of online liquor sales, e.g., those sales which are independent of the retail store footprint).

Our point that CEO performance targets for the maximum remuneration package of \$8m should be tougher and should include market share growth, fell on deaf ears, but our point about an absolute TSR gateway was noted by the chairman.

Other questions, apart from the Mayne standard litany, were mainly customer service-related from disgruntled customers, or politically charged, from the maritime union. Examples included the absence of lamb's fry and frozen chips from particular stores!

There was shareholder interest in the rising incidence of theft from stores with the answer that tech was coming this year to assist in control.

The one director up for re-election, Ms Wendy Stops, was approved with 98%, but all three remuneration resolutions received less than wholehearted support and passed with 85% (remuneration report), STI award (89%) and LTI award (86%), which underlines that Coles has some work to do to in this area.

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