AUSTRALIAN
SHAREHOLDERS'
ASSOCIATION

Australian Shareholders' Association
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Coles grows through challenging period

Company/ASX Code	Coles Ltd / COL
AGM time and date	9am, Tuesday on 11 November 2025
Location	Centrepiece at Melbourne Park
Registry	Computershare
Type of meeting	Hybrid
Monitor	Mike Muntisov assisted by Mike Sewell
Pre-AGM Meeting	With Chair Peter Allen, Rem Committee Chair Richard Freudenstein and Investor Relations Manager Anita Healy

Monitor Shareholding: None of the individuals (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

No.	**Resolution description**	
2.1	Re-election of Ms Jacqueline Chow as a director	For
2.2	Re-election of Mr Scott Price as a director	For
3	Remuneration Report	For
4	Approval of Short-Term Incentive grant to the CEO	For
5	Approval of Long-Term Incentive grant to the CEO	For
6.1	Resolutions requisitioned by a group of shareholders related to a change to the Constitution to allow shareholders to propose an ordinary resolution.	Abstain

2. Summary of Issues and Voting Intentions for AGM

- Consolidation in the liquor division and investment in automation should yield positive results in coming years.
- The Fair Work decision and the forthcoming ACCC proceeding provide some headwinds.

3. Matters Considered

Accounts and reports

Coles had a solid performance in FY25 in a challenging year which saw various enquiries into supermarket practices. None of these enquiry findings are likely to materially affect the company. The Supermarket division performed well with revenue up by 4.3% on a like-for-like basis. Cost-saving initiatives and the benefits from automated distribution and fulfilment centres are likely to be fully realised in FY26.

A negative was the recent court finding of underpayment of managers (at Woolworths too). Coles estimates a provisioning cost in the range $150m to $250m which will impact on FY26 results. There is also the forthcoming ACCC action claiming Coles (and Woolworths) misled consumers on pricing claims.

The Liquor division was flat with cost-of-living pressures affecting performance. Its EBIT margin continues to trail the performance of the Supermarkets division.

Coles has the largest range of higher margin own-brand products in the Australian market, and it sees the opportunity to improve performance by increasing the proportion of revenue from these brands.

The market responded positively to the full year result with Coles share price rising more than 10% in the days after the results announcement.

Financial performance

(As at FYE)	**2025**	**2024**	**2023**	**2022**	**2021**
NPAT ($m)	$1,079[3]	$1,118[3]	$1,098	$1,048	$1,005
UPAT ($m)	$1,079	$1,128	$1,098	$1,048	$999
Share price ($)	$20.84	$17.03	$18.40	$17.81	$16.83
Dividend (cents)	69.0	68.0	66.0	63.0	61.0
Simple TSR[1] (%)	26%	-3.8%	7.0%	9.6%	3.9%
EPS (cents)	80.8	83.8	82.3	78.8	75.3
CEO total remuneration, actual ($m)	$5.42[2]	$3.72	$3.30	$7.25	$4.30

[1] Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

[2] Statutory remuneration quoted as actual remuneration is not disclosed. Not comparable with previous years.

[3] Note that 2025 was a 52-week retail year vs a 53-week year in 2024

Governance and culture

Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- The Board has a diversity of gender, geography, age, and tenure.
- Policy is for Directors to invest at least one year's worth of base cash fees in company shares, within 5 years. All directors have met this requirement.
- The company meaningfully discloses ESG issues or risks facing business and the processes to manage them.
- The company publishes a skills matrix of the board in the Annual Report.

Areas for Improvement

- The director's skill matrix could be more granular and specific.

Key events

Opening of two automated Customer Fulfilment Centres (Sydney, Melbourne) and an automated Distribution Centre (Sydney) which should improve eCommerce and supply chain efficiency.

Commenced rebrand of all liquor outlets to the Liquorland brand.

Key board or senior management changes

Coles Chairman James Graham retired and was replaced by Peter Allen, a former CEO of the Scentre Group and an independent Non-Executive Director of Coles since 2024.

There were several executive changes including Chief Customer and Digital Officer, Chief People Officer, Chief Executive Liquor, and Chief Technology Officer. These were mainly routine departures.

Sustainability/ESG

Coles publishes a comprehensive Sustainability Report each year. This addresses their approach to issues such as climate change, sustainable farming, supplier relationships and environmental impacts.

4. Rationale for Voting Intentions

Resolution 2.1 - Re-election of Ms Jacqueline Chow as a director (for)

Jacqueline Chow has qualifications in Science and Business and was appointed to the board in November 2018. Her level of equity in the company meets ASA guidelines. She is considered to be independent. Her most recent management position was at Fonterra, one of the world's largest dairy producers where she held the role of Chief Operating Officer. She is currently a non-executive director at NIB Holdings and Charter Hall Group.

ASA proposes to vote in favour of her re-election.

Resolution 2.2 - Re-election of Mr Scott Price as a director (for)

Scott Price has qualifications in Humanities and Business and was appointed to the board in October 2022. His level of equity in the company meets ASA guidelines. He is considered to be independent. He is currently Group Chief Executive of DFI Retail Group, a leading Asian retailer, managed out of Hong Kong. His career has spanned roles at UPS, Walmart, DHL and Coca Cola.

At our pre-AGM meeting with Coles chairman Peter Allen, we questioned Mr Price's workload given his CEO role. We were assured that Mr Price has diligently attended all board meetings and participated in all recent study tours and board strategy conferences. According to the chairman, Mr Price's varied retail experience has provided valuable insights for the board.

Therefore, ASA proposes to vote in favour of his re-election.

Resolution 3 - Remuneration Report (for)

A detailed evaluation of Coles remuneration scheme is provided in the Appendix.

In summary, the scheme is consistent with the majority of ASA's guidelines. The remuneration levels are benchmarked against appropriate peers.

Therefore, the ASA proposes to vote in favour of this resolution.

Resolution 4 - Approval of Short-Term Incentive grant to the CEO (for)

See Resolution 3 and the Appendix.

The ASA proposes to vote in favour of this resolution.

Resolution 5 - Approval of Long-Term Incentive grant to the CEO (for)

See Resolution 3 and the Appendix.

The ASA proposes to vote in favour of this resolution.

Special Resolution 6.1: To insert into our company's constitution the following new clause 7.11:

"The shareholders in general meeting may by ordinary resolution express an opinion, ask for information, or make a request, about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business as identified by the company, and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company." (abstain)

[ASA Note: This is a Special Resolution and needs the support of 75% of shareholders to pass. An identical resolution at last year's AGM received less than 7% support and based on that result is unlikely to pass again this year.]

ASA is developing a policy position in relation to resolutions requisitioned by groups of shareholders. There is merit in allowing shareholders to propose ordinary resolutions as is allowed routinely in the UK and USA. In Australia this requires the passing of a constitutional change as a pre-requisite. Against this, we observe that similar resolutions often involve extensive questioning at AGMs on topics that can detract from broader governance matters.

As the ASA is in the midst of developing its policy position on shareholder resolutions, we propose to abstain on this resolution.

Resolution 6.2 includes "…that Coles identify and report on the real and potential impacts of farmed seafood it procures for its Own Brand products on endangered species…"

The shareholder proponents withdrew this resolution after the release of Coles latest Sustainability Report.

Resolution 6.3 includes "…that Coles aligns its Responsibly Sourced Seafood Policy and Supplier Requirements with a global best practice standard…"

This resolution is contingent on Special Resolution 6.1 passing, otherwise it will not be put to the meeting.

ASA believes that Resolution 6.1 will not pass and therefore will abstain on Resolution 6.3 which has not been assessed.

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Appendix 1
Remuneration framework detail

CEO rem. Framework for FY25	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.0	37%	2.0	25%
STI - Cash	0.80	15%	1.2	15%
STI - Equity	0.80	15%	1.2	15%
LTI	1.75	33%	3.5	45%
Total	5.35	100.0%	7.9	100%

*The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.*

Positives of the Remuneration Report and Scheme

- CEO's statutory remuneration, as well as the target and maximum opportunity of each component is disclosed.
- The total quantum of the CEO remuneration package is benchmarked against a reasonable peer group.
- Board fees are benchmarked against a reasonable peer group.
- At least 50% of CEO's pay is genuinely at risk [Actual: 62% at target]
- Short Term Incentives (STIs) are less than fixed remuneration.
- Majority of STIs are based on quantifiable and disclosed performance metrics.
- At least 50% of STIs is paid in equity with a 2-year holding lock.
- Disclosure is provided for Key Management Personnel (KMP) performance hurdles and the weightings applied for each incentive, except for the Return on Capital (ROC) LTI measure.

- LTI hurdles are based on at least two hurdles, one of which is Total Shareholder Return (TSR)
- Comparator group for the relative TSR measure is the ASX100, which is reasonable.
- The LTI award based on a comparator group do not vest unless performance is at least 50th percentile.

Actual LTI hurdles and criteria are:

Performance Criteria	Contribution % of total LTI award	Threshold performance	Vesting at threshold performance	Target performance for 100% vesting
3-year TSR	50%	50%ile	50%	75%ile
3-year ROC	50%	95% of target	0%	105% of target

- All share grants are allocated at face value not fair value.
- Since 2022, share grants have been satisfied by equity purchased on-market (although the company reserves the right to issue these shares).
- No retention payment on any awards are subject only to continuing service.
- No termination payments exceed 12 months fixed pay.
- No full vesting in a takeover or “change of control” events.

Overall, the Remuneration report is understandable with a logical relationship between rewards and financial performance and corporate governance.

Areas for Improvement

- The CEO’s actual realised pay is not disclosed.
- The LTI Return on Capital (ROC) targets are not disclosed in the report.