AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Coles Group Limited - Voting Intentions Report 2026

Company/ASX Code	**Coles Group Limited/COL**
AGM time and date	**9.30am AEDT Friday, 6 November 2026**
Location	Melbourne Room, Melbourne Convention and Exhibition Centre (MCEC), 1 Convention Centre Place, South Wharf, Melbourne, Victoria and online
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 direct shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	Re-election of Mr Peter Allen 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

2. Summary of Issues and Voting Intentions for AGM

- A solid year with strong underlying earnings growth reflecting the benefits of prior investments in efficiency initiatives.
- The forthcoming Fair Work and ACCC decisions provide some uncertainty.

3. Matters Considered

Accounts and reports

Coles Group reported a 2.8% increase in total sales revenue compared to FY25. Revenue growth was anchored by the Supermarkets segment, which grew 3.7% including eCommerce growth of 26.4%. In contrast, Liquor sales revenue decreased by 3.3% due to ongoing cost-of-living pressures, subdued consumer sentiment, and elevated market promotional activity, causing Liquor Earnings before Interest and Tax (EBIT) to fall 48%.

Group EBIT excluding significant items rose around 10% largely on the back of savings from the "Simplify and Save to Invest" program. Statutory Net Profit After Tax (NPAT) rose

1% to $1,090 million, while NPAT excluding significant items grew 14% to $1,255 million as shown in the following table.

On the back of these earnings, the Board declared a total fully franked dividend of 78.0 cents per share (comprising a 41.0 cent interim and 37.0 cent final dividend), up from 69.0 cents per share in FY25.

Financial performance

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT ($m)	$1,090	$1,079	$1,118[1]	$1,098	$1,048
Underlying profit after tax (UPAT) ($m)	$1,255	$1,104	$1,210[2]	$1,101	N/A
Share price ($)	$24.37	$20.84	$17.03	$18.40	$17.81
Dividend (cents)	78.0	69.0	68.0	66.0	63.0
Simple TSR[1] (%)	21%	26%	-3.8%	7.0%	9.6%
EPS (cents)	81.5	80.8	83.8	82.3	78.8
CEO total remuneration, actual ($m)	$5.30	$4.54	$3.72	$3.30	$7.25

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

[2]2024 was a 53-week year

Key events

In September 2025, the Federal Court delivered a judgment regarding historical pay arrangements in proceedings brought by the Fair Work Ombudsman (FWO). Consequently, Coles recognised a $235 million pre-tax significant item provision during the year, taking total provisions for this matter to $254 million.

Additionally, in May 2026, the Federal Court ruled on ACCC proceedings regarding "Down Down" promotional pricing; while finding that price increases were commercially justifiable due to supplier cost hikes, the Court determined ticketing representations were misleading. A decision on any fine or penalty is pending. Coles has not made any provisions.

On the operational front, Coles completed construction of the building for its Victorian Automated Distribution Centre (ADC) with automation fit-out underway, and delivered positive EBITDA across its Customer Fulfilment Centres (CFCs) in Melbourne and Sydney.

Network investments included opening 29 new supermarkets and liquor stores, completing 212 store renewals, expanding the Coles Local format into South Australia, and finalising the "Simply Liquorland" banner transformation by unifying all liquor outlets under the Liquorland brand.

Coles explored the potential acquisition of pet care company Greencross. This news was met mostly with negative analyst reaction. In the end, the acquisition did not proceed because the terms failed to meet Coles' investment criteria.

Key board or senior management changes

Non-executive Director Terry Bowen departed the Board in October 2025 after transitioning to a full-time executive role elsewhere.

Within the Executive Leadership Team, Sally Fielke stepped down as Group Corporate Affairs Officer in September after nearly six years with Coles, and Clive Mathieson was appointed as her successor in March 2026. Additionally, Chief Technology Officer Mike Sackman departed the organisation to return to the United Kingdom for family reasons.

Sustainability/ESG

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

AI and Cybersecurity

Coles reports an expansion of its deployment of artificial intelligence and advanced analytics across core operational functions in FY26. AI tools were embedded to optimise workforce rostering, demand forecasting, store-specific product ranging, and supply chain logistics at the Sydney and Brisbane ADCs.

The Group also introduced ChatGPT Enterprise to support centre team members and established agentic AI capabilities ahead of a planned FY27 deployment.

To mitigate cyber threats and system vulnerabilities, Coles maintains a Group Cyber Strategy aligned with the Australian Cyber Security Centre (ACSC).

Governance and culture

Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- The Board is diverse in 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 five years. All Non-executive Directors have met this requirement.
- The company meaningfully discloses ESG issues or risks facing the business and the processes to manage them.
- The company publishes a Board skills matrix of the board in the Annual Report.

Areas for Improvement

- The Board skills matrix could be more granular and specific.

4. Rationale for Voting Intentions

Resolution 2 - Re-election of Mr Peter Allen as a director (For)

Peter Allen was appointed to the board in September 2024 and he has been Chair since May 2025. He holds a Bachelor of Applied Science in Valuation. His level of equity in the company meets ASA guidelines on a pro-rata basis, and he is considered to be independent. His most recent management position was at Scentre Group where he was CEO from 2014 to 2022. He is currently also a director at a private company and a research institute, so his workload is not excessive.

He has appropriate corporate experience, has engaged proactively with ASA, and chaired the previous AGM well. 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 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)

Shareholder approval is sought for 33,829 deferred STI shares, worth approximately $800,055, arising from her FY2026 performance. The ASA proposes to vote in favour of this resolution.

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

Shareholder approval is sought for 157,759 performance rights for the FY2027 LTI, with a grant value of approximately $3.731 million. The ASA proposes to vote in favour of this resolution.

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Appendix 1: Remuneration framework detail

CEO remuneration framework for FY26	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.07	35.00%	2.07	24.00%
STI - Cash	1.035	17.5%	1.552	17.5%
STI - Equity	1.035	17.5%	1.552	17.5%
LTI	1.811	30.00%	3.623	41.00%
Total	5.95	100.0%	8.8	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.*

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's remuneration package is benchmarked against the median of an appropriate peer group (ASX10-40, Coles ranks around 20th).
- Board fees are benchmarked against the same peer group (ASX10-40) but the target benchmark (e.g. median) is not stated in the Remuneration Report. Coles separately advised ASA that the target is aligned to the median.
- At least 60% of CEO's pay is genuinely at risk [65% at target, 76% at maximum].
- The majority of STI outcomes are based on quantifiable and disclosed performance metrics.
- At least 50% of the STI is paid in equity with a two-year holding lock.
- Disclosure is provided for Key Management Personnel (KMP) performance hurdles and the weightings applied for each incentive, including for the first time actual ROC (return on capital) targets retrospectively.
- LTI hurdles are based on at least two hurdles, one of which is relative Total Shareholder Return (rTSR).
- Comparator group for the relative measure is the ASX100, which is reasonable.

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 rTSR	50%	50%ile	50%	75%ile
3-year ROC	50%	95% of target	0%	105% of target

- The CEO's actual realised pay is disclosed (an improvement from FY25).
- All share grants are allocated at face value not fair value.
- No retention payment or any awards are subject only to continuing service.
- No full vesting occurs on a takeover or change-of-control event.

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

Areas for Improvement

- None of significance.