

2 June 2022

Mr Chris Leptos, AM  
Independent Reviewer - Food and Grocery Code of Conduct

Sent via email: [chris@leptos.com](mailto:chris@leptos.com)

Dear Chris

Thank you for meeting with me and the Coles team at the Coles Store Support Centre on 5 May 2022. We greatly appreciated you taking the time to provide feedback specific to Coles from the annual survey of suppliers under the Food and Grocery Code of Conduct (**the Code**) conducted by you in September 2021. I understand you also had opportunity to talk with members of the Coles team at the recent AFGC Conference.

As discussed at the meeting, following Coles' demerger from Wesfarmers, Coles introduced its own core objective to become the most trusted retailer in Australia – including for suppliers as a key stakeholder. A key commitment arising from this (under our "Responsibility Value") is that we always strive to do the right thing and take accountability for our actions, which extends to our conduct when dealing with suppliers. In this context, Coles takes its obligations to comply with the Code very seriously and is always looking for ways to improve its processes.

Coles is committed to ongoing improvement in our dealings with suppliers. Given the issues which have been raised by you, in the coming year, Coles intends to focus on three key areas:

- Communication with our suppliers
- Coles' Cost Price Increase review process
- Coles' Complaints Handling Process

### **1. Communication with our Suppliers**

As you are aware, Leah Weckert has recently been appointed as Coles' Chief Executive, Commercial & Express, which includes responsibility for the merchandise team. Leah has committed to an open relationship with suppliers and proposes to establish a direct line of communication for suppliers to reach out to her. Leah will be meeting with key suppliers over the coming months and has asked her team of General Managers to also meet more regularly with suppliers to improve relationships and to develop a culture where issues can be raised directly at a senior level. In addition to meeting with key suppliers, Leah will directly address suppliers on Code issues at the Coles Supplier Forum on 25 August 2022. It is expected that several hundred suppliers will attend this Forum.

### **2. Coles' Cost Price Increase process**

Coles is also in the process of reviewing its cost price increase process to identify ways to improve this process for suppliers. As part of this review, we will work on ways to ensure that our suppliers understand that any confidential information provided during this

process is provided voluntarily and with appropriate safeguards in place to protect any disclosure from misuse, and that such information will assist in providing a deeper understanding of price increase impacts.

### **3. Coles Complaints Handling Process**

Prior to our meeting with you, Coles and our Independent Arbiter Jeff Kennett had completed a revision of the Code Arbiter Complaints Handling process. This new process provides, amongst other enhancements:

- greater clarity in relation to the confidentiality process for investigations;
- a clear statement that any retribution will be considered in an assessment of lack of good faith by Coles, which would constitute a breach of the Code; and
- clarity of your role as the Independent Reviewer.

Following your correspondence to Leah Weckert and Mr Kennett earlier this week, we have also agreed with Mr Kennett that he is authorised to speak with suppliers who wish to report any concerning behaviour by Coles Team Members. A copy of the new process has been updated on our portal. Coles will also update information on the supplier portal to ensure that suppliers have clear information about the various channels which exist for them to raise any issues.

To further assist in highlighting the role of the Code Arbiter and to address any supplier concerns of retribution for raising complaints, Coles has also invited Mr Kennett to address suppliers at the forthcoming Coles Supplier Forum in August.

We again express our gratitude for your engagement with us on these issues.

Yours sincerely,

*Steven Cain*

**Steven Cain**  
CEO and Managing Director, Coles Group Limited

cc the Hon Jeff Kennett, AC