

February 2010

What is Ethical Sourcing?

Ethical sourcing is a commitment to the purchase of goods and services that are manufactured and provided in a way that does not involve exploitation, or represent a danger to health, safety or the environment. As a leading Australian Retailer Coles Supermarkets (**Coles**) is committed to the communities in which we live and operate and to ensuring we integrate responsible corporate behaviour into every aspect of our operations.

Supplier Obligations & Responsibilities to Achieve Compliance

Coles expects all of its suppliers to be supportive and committed to the ethical standards outlined in the policy.

All suppliers are required to complete a Supplier Self-Assessment form and have it returned by email to the Coles Ethical Sourcing Co-ordinator at ethicalsourcing@coles.com.au within 30 days of it being communicated.

Additionally, 'high-risk' suppliers, within 12 months of being communicated, are expected to either:

1. Provide Coles with evidence of a mutually recognised audit (refer to Appendix B).
2. Undergo a social compliance audit for the facilities used in the production of Coles products.

"High Risk" Suppliers are those located in developing countries which excludes North America, Europe, Australia, New Zealand, Japan, and any other OECD member country.

In addition, Coles may request a supplier operating in non high-risk regions (i.e. Australia and other OECD member countries) to undergo a third-party ethical audit if an ethical issue has been identified. The supplier will be notified in such circumstances.

We recognise some suppliers will not be fully compliant with the standards, but are committed to improve working conditions to gain compliance over time.

The Business Case

Being socially responsible is a significant measure of a sustainable organisation. To be successful in delighting customers and growing shareholder value a high standard must apply to how goods retailed are sourced and produced. How Coles conducts its business is of major interest to stakeholders, including shareholders, customers and team members.

Coles Ethical Sourcing Policy

The intent of the Policy is to set minimum requirements and expectations that suppliers, including sub-contractors engaged by suppliers, must meet in order to do business with Coles. These requirements and expectations cover issues including:

- Child labour
- Illegal labour
- Wages & benefits
- Working hours
- Forced / Bonded labour
- Discrimination
- Discipline
- Freedom of Association
- Health & Safety
- Accommodation / Facilities
- Equipment
- Compliance with local laws
- Environment
- Ethical Standards
- Sub-Contractors commitment to the Ethical Sourcing Policy

Other Documents & Sources of Information (available on the supplier website)

- The Coles Ethical Sourcing Policy. The policy outlines Coles' requirements, expectations, and recognised audit bodies.
- The Coles Ethical Sourcing Supplier Self Assessment Form
- www.ethicaltrade.org
- 'Ethical Sourcing The Route to Social Compliance. SGS helping you to comply.'
- Coles Supermarkets Ethical Sourcing Code Procedural Guidelines.



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File Name – Coles ES Supplier Fact Sheet

The Coles logo, consisting of the word "coles" in a bold, lowercase, red sans-serif font.