



Coles Group 2021 AGM Report

ASX Code	COL
Meeting Time/Date	10:30am, Wednesday 10 November 2021
Type of Meeting	Virtual
Monitor	Stewart Burn and Chris Lobb
Pre AGM Meeting?	Yes, with chair James Graham and NED Richard Freudenstein

Steadily forward!

What the company does

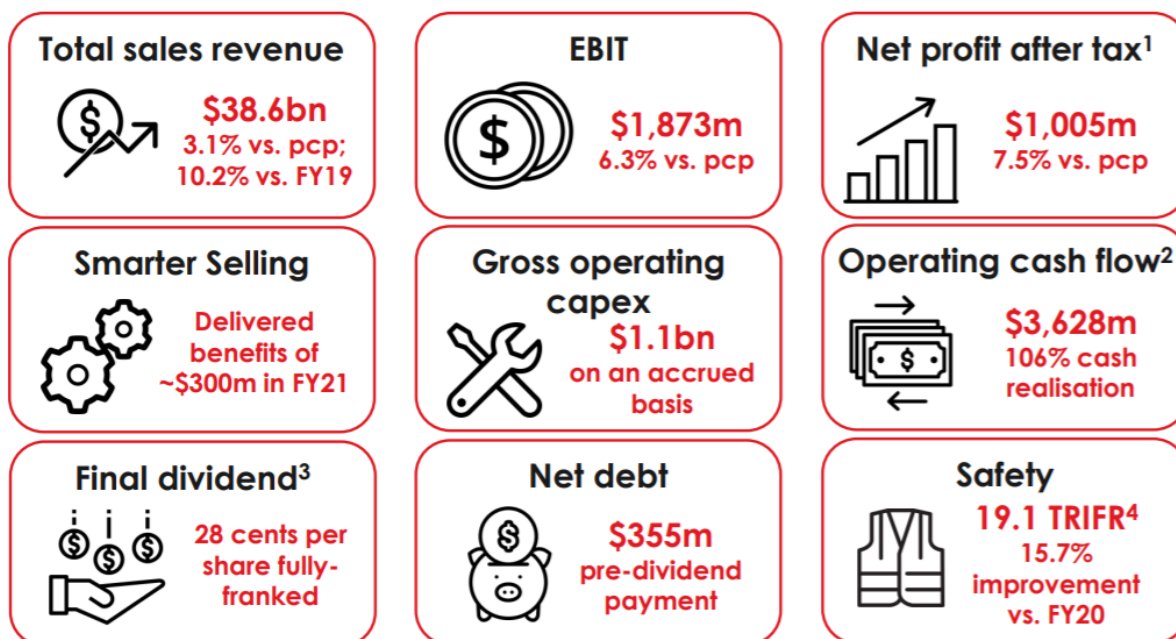
Coles Group Limited (COL) is an Australian retailer of everyday products including fresh food, groceries, general merchandise, liquor, fuel etc through its retail store network and online platforms.

Developments in the Financial Year

Coles continued to perform well during the pandemic showing sales growth of 3.1%, it continued to reward shareholders paying \$0.61 of dividends throughout the year. A summary snapshot of the year's performance is given in the table below, from an ASX release of 18 August:

FY21 financial highlights

Second year of strategy delivered to grow trust and long-term shareholder value



¹ Excludes significant items in FY20.

² Excluding interest and tax

³ The Coles Board has declared a fully-franked final dividend of 28 cents per share with a record date of 27 August 2021 and a payment date of 28 September 2021. Total FY21 dividends payable are a 6% increase on the prior year

⁴ Total Recordable Injury Frequency Rate.

Source: ASX Announcement Coles FY21 Results Presentation

Debate and Voting at the AGM

The second year of full operation since the spin-off from Wesfarmers, the second virtual AGM and again a long affair with many, many questions. The meeting was opened by an MC who introduced the meeting procedures. Good presentations by James Graham and Steven Cain. James emphasised how hard everyone is working to meet the needs of their customers. He described how well Coles had coped with the difficulties of the pandemic, improvements in safety, Coles own-brand products, expansion of liquor sales, online shopping and Coles express. He described the development of the automated distribution centres and customer fulfilment centres. There was a lot of emphasis on the together to zero strategy as well as how Coles works with the community and especially the indigenous community to enhance wellbeing, especially as it worked under the influence of the pandemic.

The reports from the Chair and CEO can be found [here](#) and [here](#):

Well, James Graham again chaired his virtual meeting very well and impressed with the way he managed questions and as usual was very inclusive. He fielded copious questions re Coles focus on sustainability rather than financial performance, the removal of in-store butchers and the

subsequent impact on team members, due diligence on the importation of phosphate from Western Sahara by its suppliers, impact of customer deliveries on margins, allowing use of debit cards for online customers, digitisation of fuel discounts, removal of wheel locks on trollies, virtual AGM and how AGM's will be conducted in the future, use of buying power to get Tasmanian Salmon farmers to address the environmental impact of their business, what are Coles major issues, banning of meat from Coles stores, non-sustainability of some products, issue of land clearing and deforestation in its supply chain, removal of condom vending machines at Coles express stores, board policy in dealing with activist shareholders and changes in staff turnover associated with vaccine programs. He handled all questions well, giving very competent and well-structured answers.

The re-election of Abi Cleland and Richard Freudenstein, were overwhelmingly approved (99.3% and 96%), as were the remuneration report (96.7%), approval of short-term incentives for the MD and CEO (98.8%) and the approval of long-term performance rights for the MD and CEO (97.2%) as well as the renewal of the proportional takeover provisions (99.2%). In each of these cases the ASA voted in favour.

We asked questions regarding the workload of director Richard Freudenstein, the clarity of financial metrics re the vesting of shares issued as part of the LTI, the vesting time frames and the level of reward for the CEO's STI. The chairman gave a detailed answer regarding Richard Freudenstein's workload and indicated that his performance was exemplary, in regard of the other issues he stated that Coles will revisit some of these issues going forward. We voted in favour of all resolutions.

We are looking forward to next year when we can attend the physical meeting. Hopefully more will attend then, only 122 of 461,210 shareholders attended, or 0.026% of all shareholders.

A summary of First Quarter sales results from FY22 is given below (from AGM)

First Quarter Sales - 13 weeks from 28 June 2021 to 26 September 2021

\$ MILLION	1Q22	1Q21	HEADLINE GROWTH		COMPARABLE GROWTH	
			1-YEAR	2-YEAR ¹	1-YEAR	2-YEAR ²
Supermarkets	8,620	8,464	1.8%	11.9%	1.4%	11.1%
Liquor	874	852	2.6%	20.4%	1.4%	19.2%
Express	262	291	(10.1)%	(0.8)%	(9.5)%	0.6%
Total	9,756	9,607	1.5%	12.2%	1.0%	11.4%

¹Headline 2-year growth is calculated as growth between 1Q22 and 1Q20.

Source: ASX announcement Coles 2022 First Quarter Sales Results

Meeting Statistics

Number of Holdings Represented by ASA	791
Number of Shares represented by ASA	2.03m (equivalent to the 18 th largest shareholder of the Top 20 list)
Value of Shares represented by ASA	\$35.9m
Number Attending Meeting	341 comprising 216 guests, 122 shareholders and 3 third party proxies.
Market capitalisation	\$23.6b
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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