

Investor update - October 2026

Coles: Plastic Packaging

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Why unnecessary plastic is a problem



Litigation and regulation risks



Plastic harms Coles 'green' brand



Australians want supermarket action



Our asks to Coles



Board response to Member Statement



FAQs

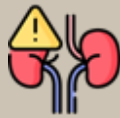
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Why unnecessary plastic is a problem

- $\frac{1}{3}$ of all *plastic* is made for **packaging**. $\frac{1}{3}$ of all *packaging* is used for **Food and Beverages** and is almost entirely single-use. It's therefore one of the easiest ways to reduce plastic use.
- Plastic is not infinitely recyclable like glass & aluminium. **41% globally is dumped into environment or burned**.
- Ambitious recycling alone still results in **65% more plastic in oceans and use 17% of remaining carbon budget by 2040**
- **As plastic production increases, plastic pollution increases**. Plastic never made can't pollute environment.
- Retailers need a **comprehensive approach** to plastic through reduce / redesign and improve recycling. They also need to collaborate with other businesses to address problems they can't solve alone, and governments to make the economics favourable.
- True cost of plastic is **>10x more than market price** - Estimated true lifetime cost for 1 year of plastic is **USD \$1-3.1 trillion**, is expected to grow to 7.1 trillion by 2040, or 85% of current global health spend. Unnecessary plastic increases **systemic risks to diversified investors** and 'universal owners' via externalities like climate change, disease, illness, reduce ecosystem function, waste management
- Cost currently borne by taxpayers and consumers. For investors, risks are governments impose costs onto plastic producers and users, not consumers (e.g. proliferation of Extended Producer Responsibility schemes)



3.3% of global
emissions



Plastics +
chemicals linked
to diseases and
illnesses

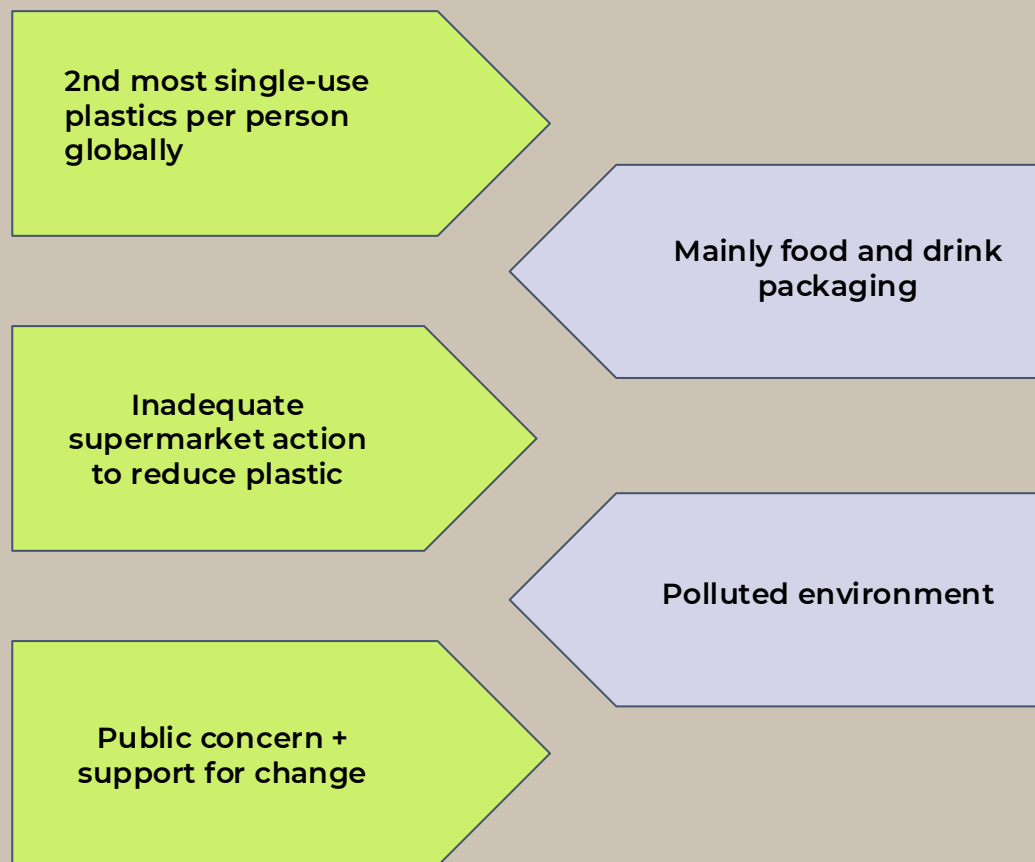


Costs of managing
waste falls on
taxpayers



Harm to ocean
wildlife and
ecosystems

Australia has a plastic problem



Coles online delivery, from AMCS' 'Unwrapped' 2025

Litigation and regulation risks

- [Australian Government](#) still committed to reforming packaging legislation in Australia due to failure of industry to meet voluntary targets. The body appointed to regulate the industry [flagged](#) this may precipitate greenwashing litigation.
- Potential “greenwashing” over misleading “recyclability” claims part of [Parliamentary Inquiry](#) and [flagged as risk by the industry co-regulator, APCO](#). Class action lawsuits may expand from [carbon offsets/net zero](#) to packaging claims ([as is happening in the EU](#))
- [Australian class action law](#) has followed the US and EU regarding harm to property damage and personal injury from PFAS (“forever chemicals”)
- Coles could reduce these emerging legal risks by reducing single-use plastic packaging.



The rise of greenwashing has intensified in recent years, with the Australian Competition and Consumer Commission (ACCC) actively targeting environmental claims made by brand owners that may not stand up to scrutiny, despite the best efforts of brand owners.”

[Australian Packaging Covenant Organisation](#) - the Aus government appointed industry regulator

Plastic harms Coles 'green' brand

Coles is target of 3 largest Australian environmental groups with >1 million members.

Campaigns alert customers, public and media to salmon, beef and plastic threatening iconic Australian wildlife

Coles has fallen from one of [most trusted](#) to one of [least trusted](#) brands over 2022-2026

Reputational damage [a risk to shareholder value](#), and increases [political risk of further Government intervention](#)



Australian public overwhelmingly supports supermarket action

Research of Australian public opinion conducted by YouGov in 2026 on behalf of SIX, Future Super and AMCS found:

62%

Say major supermarkets aren't doing enough to address plastic pollution, including majorities of Labor, Coalition, Greens, One Nation and independent voters.

70%

Support a requirement for major supermarkets to publicly report how much plastic they use each year.

69%

Agree that companies should have to prove that packaging used is genuinely necessary, such as for hygiene, safety or protection during transport, rather than for marketing.

74%

Believe loose groceries, such as fresh fruit and vegetables, should cost less than packaged alternatives. AMCS research indicates packaged groceries cost more than loose items.

As more Coles customers learn about this campaign, the more likely they will expect Coles to act

Our ask to Coles

SIX filed a **Member Statement** that will be distributed with company AGM documents. This is intended to put the issue on the company's radar and encourage them to do better before considering shareholder resolutions. It asks Coles to do four things:

#1 Report total volume of plastic used annually (B2B and B2C Own Brand) - either total volume or intensity metric

Why?

1. Coles disclosing its total plastic packaging use enables shareholders to assess associated risks and opportunities discussed in this presentation.
1. Coles lags Woolworths and global peers

In 2026 Woolworths **published** plastic intensity metric (total volume of plastic packaging / # products sold). Allows YOY comparison

Coles **published** incomplete and anecdotal plastic reduction data for selected products/packaging changes. No ability to track progress over time.

Of the 10 largest European and UK grocers,

- 5 report own brand plastic footprints and reduction targets.
- 4 have public absolute plastic reduction targets

Coles already collects the data we're asking for and reports it to the Australian Packaging Covenant Organisation (APCO).

Investors could ask Coles - Will you publish a plastic intensity or absolute plastic use metric that covers the whole business like Woolworths? If not, why not?

Our ask to Coles

#2 Set time bound overall plastic reduction target (%)

Why?

1. A key driver of plastic pollution is [overuse of plastic](#), whether virgin or recycled.
1. Targets can positively impact ambition, collaboration with suppliers, and resilience to future regulation. A target could incentivise Coles to prioritise solutions like removing unnecessary packaging and reuse/refill over increase the (theoretical*) recyclability of packaging.
1. Targets adopted by major corporate retail signatories of authoritative frameworks like the [Ellen MacArthur Foundation Global Commitment](#)
1. Companies need both time-bound targets and clear actionable roadmaps to achieve them. We are not specifying a specific goal, but asking they set an ambitious one that is achievable for the business.
1. Without absolute reduction targets the amount of plastic Coles uses is likely to increase.
1. Part of Coles Group's growth strategy is an increase in own-brand offerings and e-commerce. With current plastic packaging use, this risks locking in unsustainable plastic packaging use.

Investors could ask Coles - What's a target that's ambitious and achievable for their business?

*For plastic to be actually recyclable, not just theoretically, there must be local recycling infrastructure where plastic packaging is disposed of and market demand for it. While investors may think this is a government problem, it increases the risk of Coles is sued for greenwashing

Our ask to Coles

#3 Report feasibility and opportunities to eliminate unnecessary packaging through:

- Reviewing the necessity of current single-use plastic packaging
- Selling loose produce at the same price or cheaper than pre-packaged
- Cutting plastic produce bags on loose fruit and veg in online orders
- Replace disposable with reuse and refill options, starting with online customers

Why?

1. Reuse and refill models have shown overseas they can offer customer convenience at no extra cost while reducing overall plastic use. [Tesco UK](#) and a [group of grocery \(Ocado, Aldi\) and packaging companies](#) reported successful reuse/refill trials, including methodology and customer education, success measured against KPIs and challenges to scaling up.
1. [These trails showed](#) reusable and returnable packaging significantly reduced nature and climate impacts across their lifecycle compared to single-use plastic.
1. Packaging should be used only when necessary - for example, for safe handling, hygiene, or protection during transport. Marketing is not a valid justification for packaging use.
1. Coles said it trialled reusable packaging trial for BYO containers at deli counters in South Australia, but they weren't successful. It's unclear why customer uptake was limited when other supermarkets show high customer uptake.

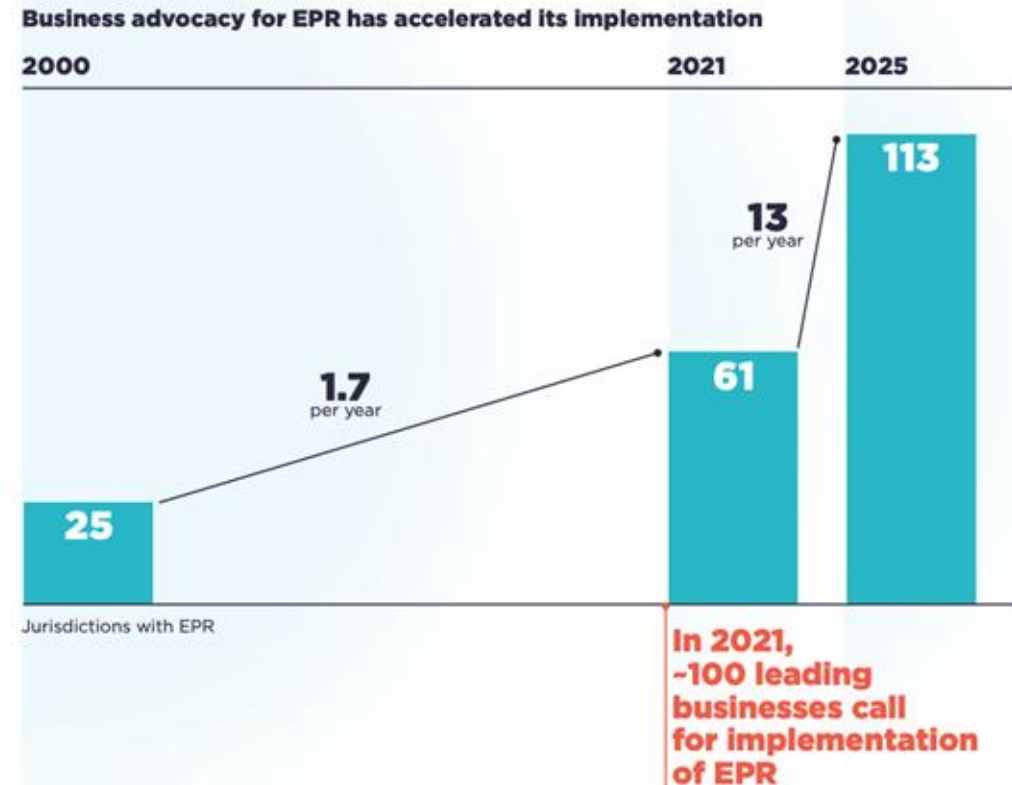
Investors could ask Coles - If you found your reuse/refill trials were not successful, what were the KPIs and what were they based on? How many products were involved in the trial? Was the trial online or just in-store? If customers found it wasn't easy to use, or the product inferior to single-use plastic, why do you think that is, when [other supermarket trials](#) found the opposite?

Our ask to Coles

#4 Publicly support governments to introduce supportive legislation (especially “Extended Producer Responsibility”)

Why?

1. Companies attribute government policy for lagging plastic reductions. Although the Australian Government deferred packaging law reform in September 2026 due to cost-of-living concerns, [AMCS](#) notes this is a false choice: a family of 4 pays \$155 extra annually to avoid single-use plastic on just apples, potatoes, and onions.
2. Coles, to our knowledge, does not advocate for law or regulatory reform that would reduce plastic packaging, including through cooperation on certain issues (such as they did following the collapse of Australia's soft plastic recycling scheme).
3. Instead, Coles is [focusing](#) heavily on increasingly the recyclability of packaging, and incorporating recycled plastic - not on reductions and removal.
4. EPR schemes shifts the cost of waste from taxpayers to makers, importers and users of it. An [EPR is supported by the industry co-regulator and peak body, APCO](#), which Coles is a member of. [APCO](#) is proposing fees on soft plastic 7-9x higher per ton than rigid plastic.



Investors could ask Coles

Have you projected the cost of an EPR scheme based on different fees based on your current and future packaging based on volume and material type? If so, how will this affect key financial metrics?

Have you asked the ACCC for permission to collaborate with other supermarkets to upscale reuse and refill infrastructure like you did with soft plastics collection and recycling?

Board response to Member Statement

Board response	Our view
Coles states no globally-accepted methodology exists	Plenty of standards that disclose what we're asking for - so while there's not <i>one</i> agreed-upon standard, our disclosure demands are consistent with widely-accepted reporting standards, e.g. Ellen Macarthur Foundation 2025 Global Commitment, IFRS 1, SASB standard-setting initiative
Coles packaging strategy says it: ○ Prioritises removing unnecessary and problematic packaging ○ Reducing material use where possible ○ Improving recyclability, and ○ Increasing recycled content.	Coles also states recycling alone isn't sufficient - given this statement and the above, why is there only one examples listed that actually removed any packaging component, while the rest focus on recyclability and recycled content?
Coles states that more than 85% of <i>eligible</i> packaging is "reusable/recyclable"	yet none of its packaging is reusable, so this is misleading.
Coles packaging strategy says it prioritises removing unnecessary and problematic packaging	As far as we're aware, this only includes 9 items defined by APCO , and does not prove the rest of its plastic packaging is necessary, or not problematic.

FAQs

Is reducing plastic packaging financially material to Coles?

While we do not know exactly how much plastic Coles uses, we infer from its industry, market share, policies and response to the AMCS plastic survey that it is a significant producer of plastic packaging.

This means it is exposed to risks that are hard to quantify, such as reputational damage, successful litigation through class actions, regulatory fines for greenwashing or higher than expected EPR fees.

Coles [cites plastic as a top 10 material sustainability](#) issue, stating it's "working with partners across our supply chain and industry to reduce unnecessary and problematic plastics and improve packaging circularity". We disagree on their definition of "reducing" and their focus areas (eg. reducing virgin plastic through lightweighting packaging, rather than making absolute reductions through other ways).

FAQs

Do other institutional investors support your asks?

185 investors with >US\$10 trillion AUM [called on the largest US and European](#) supermarkets to take actions that closely align with ours. This includes:

- Support ambitious plastics policy for effective outcomes
- Commit to – and start delivering – absolute reduction of single-use plastic packaging,
- including through implementing reuse systems
- Address harmful chemicals in value chains

SIX is part of an alliance of 60 international investors with more than \$8.2 trillion USD AUM engaging target FMCG companies, **including Coles**. This is coordinated by US not-for-profit, As You Sow.

They [ask companies virtually the same things](#) as we are asking Coles.

FAQs

Is setting a time-bound, absolute reduction target too prescriptive?

The increasingly complex and difficult business environment in which companies set targets shouldn't be an excuse not to. Packaging and F&B companies representing 20% of the global plastic packaging market have [recommitted](#) to set individual targets within their controls, despite not meeting their original ones.

Rather than prescribing a specific target, we're asking them to set a target that's ambitious and achievable for their business. If they find there are genuine barriers to meeting it, we support flexibility, as long as it's done in good faith.

If you would like to meet to discuss this analysis please contact

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