Retail trends in Animal Welfare

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Setting the scene........

- Over 738 stores nationwide
- Employs 98,000 team members
- 40,000 individual lines for sale
- 13m customers a week
- Sales more than $430m a week
- World’s fastest growing retailer
- Second most recognised brand in Australia
Coles Circle of Success...

Our goal:

“To give people of Australia a shop they trust, delivering quality, service and value”
“Putting the customers at the heart of everything we do”
Reasons for choosing private label brands

- **The price was cheaper compared to leading brands**
- **It is better value for money compared to other brands**
- **The quality is just as good as the quality of leading brands**
- **It offers a good range of essential products**
- **I am happy to be seen buying this brand**
- **It is a brand I trust**
- **It is better quality than other supermarket house or private...**
- **It provides innovative products that I can't find elsewhere**

*Denotes Coles significantly different to Ww

**New statement list in Mar ’11**
All measures are by association
Base: Shoppers who shopped at the respective supermarkets in last 4 weeks
Source: Data from Nielsen Market Tracker, March 2011

*Denotes Coles significantly different to Ww
Customer hierarchy

- Kind to others
- Back to Nature
- Good for me, my family
- Legal & safe
What do Coles’ customers say?

Average Importance of Attributes in Buying Meat

<table>
<thead>
<tr>
<th>Mean</th>
<th>7.0</th>
<th>6.8</th>
<th>6.7</th>
<th>6.7</th>
<th>6.2</th>
<th>6.0</th>
<th>5.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is raised without the use of added hormones</td>
<td>50</td>
<td>47</td>
<td>47</td>
<td>42</td>
<td>40</td>
<td>39</td>
<td>25</td>
</tr>
<tr>
<td>Is locally sourced</td>
<td>35</td>
<td>39</td>
<td>35</td>
<td>42</td>
<td>35</td>
<td>39</td>
<td>42</td>
</tr>
<tr>
<td>Raised in humane condition</td>
<td>16</td>
<td>14</td>
<td>18</td>
<td>16</td>
<td>25</td>
<td>22</td>
<td>33</td>
</tr>
<tr>
<td>Is raised in environmentally sustainable conditions</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Is fed only non-genetically modified feed</td>
<td></td>
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<td>Is free range</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Is organic</td>
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</tr>
</tbody>
</table>

Source: Coles Market Track, November 2010
Base: MGBs allocated to meat sections (n=455)
Q: Using the scale below, how important is to you personally that you buy <beef / pork / chicken - based on assigned product> that …
Coles delivers on a sow stall ban
Some like it - some don’t .....
Cage Free Eggs

- By 2013
- Barn, RSPCA Barn and Free Range
- Coles’ unique Standard
- Independently audited.
Higher Welfare Poultry

• Free range turkey - Christmas 2009

Bendigo Valley chicken

• Lilydale Free Range

• What’s next?
The Global Stage

Cow cam shows the milking parlour at Barony College in Lockerbie which produces milk for our Scottish stores. It includes an automated milking machine which enables the cows to decide when they want to be milked and not the farmer.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 5+</th>
</tr>
</thead>
<tbody>
<tr>
<td>No crates, no cages</td>
<td>Enriched environment</td>
<td>Enhanced outdoor access</td>
<td>Pasture centered</td>
<td>Animal centered; all physical alterations prohibited</td>
<td>Animal centered; entire life on same farm</td>
</tr>
</tbody>
</table>

Leckford Farm

Animals live their lives with space to move around and stretch their legs.

Animals are provided with enrichments that encourage behavior that is natural to them — like a bale of straw for chickens to peck at, a bowling ball for pigs to shove around, or a sturdy object for cattle to rub against.

Pigs and chickens might live in buildings but they all — yes, each and every one of them — have access to outdoor areas.

When living outdoors, chickens get to forage, pigs get to wallow and cattle get to roam.

Animals get to live their whole lives with all the body parts they were born with.

Animals raised to Step 5+ standards must be born and live their entire lives on one farm.
It’s all about trust

- Credible multi stakeholder standards
- Science and consumer
- Independent audit
- Competent auditors
- Transparent results
Thank you

Q & A