

Authorisation AA1000627 – Condition 2, Progress Report 22 January 2024 from Participant Supermarkets

We refer to Condition 2 of the Authorisation AA1000627 granted by the ACCC on 30 June 2023 and in effect as of 22 July 2023 (**Authorisation**) and provide the following report in relation to progress made by the Soft Plastics Taskforce (the **Taskforce**) towards implementing the Instore Collection Recommencement Steps (**Recommencement Steps**) since 23 October 2023 (the **Reporting Period**).

The Taskforce comprises representatives of Coles Group Limited (**Coles**), Woolworths Group Limited (**Woolworths**), ALDI Stores (A Limited Partnership) (**Aldi**) (collectively, the **Participants**) with support from the Department of Climate Change, Energy, the Environment and Water.

This report is submitted jointly by the Participants.

1 Progress on Recommencement Steps

During the Reporting Period, and as detailed in the minutes provided to the ACCC, the Taskforce met on three occasions (27 October 2023, 15 December 2023 and 18 January 2024) and has otherwise continued to discuss and implement the Recommencement Steps agreed or arising out of previous Taskforce meetings. Details of the progress made by the Taskforce during the Reporting Period are set out below, but at a high level they have focussed on:

- implementing a stockpile remediation plan;
- providing funding and general support to existing and emerging soft plastic processing companies to accelerate the commencement of their processing operations;
- finalising contract terms with processing companies;
- further considering a cost sharing model for the in-store collection pilot program;
- entering a Memorandum of Understanding on 22 January 2024; and
- preparing for the launch of a pilot program for the recommencement of soft plastics instore collection and processing in 12 stores in Victoria.

[Redacted]

1.1 Processor engagement and development of contracts with third parties

During the Reporting Period, the Participants continued to engage with and provide support to a range of soft plastics processing companies to accelerate the commencement of their processing operations with a view to those companies servicing soft plastics collected from an in-store soft plastics program and/or from stockpile remediation. This has included:

[Redacted]

[REDACTED]

1.2 Implementation of a stockpile remediation action plan

As detailed in the Participants' previous progress report of 23 October 2023, Coles and Woolworths have undertaken significant stockpile consolidation and relocation activities to meet safe storage requirements including:

- relocating stockpiled materials comprising approximately 11,000 tonnes of soft plastics to secure warehouses in each state;
- consolidating stockpiled materials from 44 storage locations to [REDACTED] warehouses (liaising at all times with authorities, councils and landlords to ensure that all relevant licences and permits remain valid until those stockpiles are processed); and
- sending less than 4% of stockpiled materials to landfill, being heavily deteriorated and/or contaminated product where recycling was not feasible.

As soft plastic recycling capacity comes back online, which is expected to commence during the course of 2024, these stored materials are expected to be processed. Until that time, Coles and Woolworths are continuing to oversee the safe and secure storage of the stockpiles until processing can occur.

Woolworths and Coles have assumed control and responsibility for the stockpiles and have continued to cover the costs of the stockpile management. The estimated storage and processing cost for this material is in excess of [REDACTED].

1.3 Development of cost sharing business models

The Participants have continued to consider business models to support cost sharing of the proposed instore soft plastics collections program and contributions towards the costs of ongoing stockpile management. In the short term, Woolworths and Coles are covering the costs of stockpile management.

For the proposed pilot (see 1.4 below), the Participants have agreed that [REDACTED]

1.4 Recommencement of an instore collection pilot program

During the Reporting Period, the Participants continued to work together to develop a pilot program for the recommencement of an instore soft plastics collection program. On 22 January 2024, the Participants entered into a Memorandum of Understanding which assigns roles and responsibilities for the pilot which the Participants are targeting for commencement in [REDACTED]

[REDACTED]
[REDACTED]
Having regard to the limited processing capacity available, the pilot will focus on [REDACTED]
[REDACTED] located in a similar area which will allow for efficient logistics servicing during the pilot period. As detailed in the Participants' previous progress report, the purpose of the pilot is to:

- test consumer engagement and behaviours;
- assess the quality, volume and brand categorisation of packaging materials returned during the trial period; and
- test the logistical and reprocessing pathway to measure capability, performance and scaling requirements before a potential expansion of the pilot to other geographic areas (subject to recycling capacity continuing to become available).

During the pilot, any instore signage at the stores which are participating in the pilot in relation to the suspension of the REDCycle or soft plastics collection will be removed to prevent customer confusion. The Participants are developing media and customer communications regarding the pilot.