

OUR EXECUTIVE PAY POLICY

We are committed to the following approach to pay:

- We want to pay our Executive at a level which reflects the job they do, but we do not want to overpay. We look at what other similar organisations pay and take this into account.
- We want to reward our Executive for achieving stretching goals as well as for their commitment to our Co-op vision, difference and co-operative Values and Principles.
- We want a benefits package that reflects that.

SUMMARY OF EXECUTIVE PAY POLICY

Our new Executive Pay Policy is summarised below:

ELEMENT	POLICY AND OPERATION	OPERATION AND PERFORMANCE CONDITIONS
Base salary Supports the attraction and retention of the best talent.	Salaries are normally reviewed annually by the Committee, with the change being effective on 1 April. Salary increases take account of: - Individual performance. - Role, skills and experience. - Increases being awarded to other colleagues across the Co-op Group. - Salary levels for Executives are benchmarked against the median of FTSE 50-150 firms.	Base salary is paid four-weekly.
Benefits Provides market-competitive and cost-effective benefits to support the attraction and retention of the best talent.	The company may periodically review benefits available to colleagues. Executives are generally on similar terms to other senior leaders. Benefits may include a car allowance, healthcare, and insurance benefits. Business expenses are also reimbursed including any associated tax. The Committee retains the right to provide additional benefits depending on individual circumstance, where considered reasonable and appropriate, including but not limited to enabling recruitment, retention or relocation.	Normal benefit provisions apply to our Executive Directors, including car allowance, private medical cover and life insurance.
Pension To provide a competitive level of retirement income to attract and retain Executive Directors and other colleagues.	Pension allowances are set as a percentage of base salary. The maximum allowance payable is aligned with the maximum pension benefit available to the wider colleague population which is 10% of base salary.	Executive Directors may receive a cash allowance and/or contribution to a defined contribution pension scheme.

ELEMENT	POLICY AND OPERATION	OPERATION AND PERFORMANCE CONDITIONS
Annual bonus plan (BP) Encourages improved operational and financial performance and aligns the interests of Executive Directors to those of our members.	<p>BP awards are discretionary and determined by the Committee following the end of the annual performance period, reflecting achievement against targets set.</p> <p>The maximum BP opportunity is 200% of base salary for the CEO, 170% for the CFO and 110% for the Group Secretary and General Counsel.</p> <p>Up to 25% of the BP is paid for threshold performance, and 100% is paid for achieving stretch targets.</p>	<p>The performance measures and targets for each annual BP cycle will be set at the start of each year.</p> <p>Payments will be based on a combination of business and individual performance.</p> <p>The BP includes performance underpins to ensure the scheme is affordable and sustainable.</p> <p>The Committee has discretion to adjust the formulaic outcomes of the BP, both upward and downwards (including to nil) to reflect any circumstances which the Committee considers relevant. Any adjustments will be disclosed in the relevant Annual Report on Remuneration.</p>
Long-term incentive plan (LTIP) The LTIP aims to align the interests of our senior leaders, including our Executive Directors, with the long-term interest of members and customers by incentivising the delivery of our strategy.	<p>LTIP awards are discretionary and are typically granted each year. Any payment under the scheme will occur at the end of the three-year performance period, and is subject to the achievement of the performance conditions.</p> <p>The maximum annual LTIP opportunity is 200% of base salary for the CEO, 170% for the CFO and 110% for the Group Secretary and General Counsel.</p> <p>Up to 25% of the LTIP is paid for threshold performance, and 100% is paid for achieving stretch targets, with straight-line vesting between threshold and stretch.</p>	<p>The Committee may set performance conditions and metrics based on delivering economic, social and member value.</p> <p>The Committee has discretion to adjust the formulaic outcomes of the LTIP, both upward and downwards (including to nil) to reflect any circumstances which the Committee considers relevant. Any adjustments will be disclosed in the relevant Annual Report on Remuneration.</p> <p>The LTIP includes performance underpins, to ensure the scheme is affordable and sustainable.</p>
Rewarding Growth incentive plan (RGIP) This is a one-off scheme to provide all colleagues with the opportunity to share in the Co-op's long-term success in growing the operating profit of the business over the next three years.	<p>Performance outturns will be determined by how much of our growth ambition we've achieved in any of the three performance years.</p> <p>The maximum opportunity over three years is:</p> <ul style="list-style-type: none"> - CEO: £1,650,000 over 3 years. - CFO: £875,500 over 3 years. - Group Secretary and General Counsel: £385,000 over three years. 	<p>In addition to how much of our growth ambition we've achieved, the scheme includes performance underpins. For a Rewarding Growth payment to be made in any relevant performance year, all the underpins must be met.</p> <p>The Committee has discretion to adjust the formulaic outcomes of the RGIP, both upward and downwards (including to nil) to reflect any circumstances which the Committee considers relevant.</p> <p>Any adjustments will be disclosed in the relevant Annual Report on Remuneration.</p>

EXISTING AWARDS

The Group will honour any existing annual bonus plan and deferred award commitments, subject to the rules and performance conditions that apply to those schemes.

MALUS AND CLAWBACK

Clawback provisions apply to all of our incentive plans and enable the Committee to claim back part or all of a payment under these arrangements if our Co-op's results were materially misstated, should have been assessed materially differently or where an individual ceases to be employed by our Co-op as a result of misconduct.

Malus provisions allow, under specific circumstances, that the Committee can decide that an award which has not yet paid out should lapse.

PAYMENTS OUTSIDE POLICY

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the proposed remuneration policy set out in this report where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration.

POLICY FOR EXECUTIVE RECRUITMENT

The pay package for any new Executive Director will be set using the same policies that apply to current executives, benchmarked externally by role. This means that the Committee would set a total pay package that is aligned to what other similar businesses pay for similar roles, while ensuring that it pays no more than is necessary to secure the individual. The following additional items of pay may be considered when recruiting an executive:

- **Relocation.** The Committee will consider contributing towards relocation costs for an executive who needs to move home to be closer to their place of work or stay close to their place of work during the working week. When applicable, this is provided under a relocation policy that seeks to provide appropriate financial assistance based on the nature of the move and individual circumstances, without encouraging people to spend long periods away from family.
- **Giving up of outstanding incentive awards.** Under exceptional circumstances, the Committee may consider compensating a new executive for incentive awards lost as a direct result of leaving their previous employer to join Co-op. The exact type and amount of compensation will vary depending on the incentive plans operated by the previous employer. Any payments agreed under this policy will be no more generous than the arrangements lost, will mirror the original terms as far as possible and will typically be subject to relevant performance criteria.

POLICY FOR EXECUTIVE LEAVERS

In the event of termination, the Committee will review and approve all payments due to an executive with the aim of minimising the costs to our Co-op. Payments will be based on contractual and statutory obligations, including legal fees. Where negotiated, a contribution towards career support may be made.

The notice period in newly recruited Executive Directors' service contracts will not exceed six months. Current Executive Directors' contracts can be terminated by a maximum of six months' notice. Where it is better for our Co-op for an individual to remain under a contract of employment but not to work their notice, they are placed on garden leave and only contractual payments are made. Where an individual is not required to work their notice and receives a payment in lieu, our Co-op is only obliged to pay base salary. The payment in lieu would not include any benefits or bonuses.

The Committee can agree that the salary in lieu of the whole or part of the notice period can be paid in instalments. The Committee has the right to reduce the payments of salary in lieu of notice by the amount of income from a new role.

The Committee has discretion to determine whether, and to what extent, any part of the deferred BP payment should be made in respect of the period they have been actively employed. In exercising its discretion, the Committee will take account of the reasons for leaving, performance and contractual commitments.

FEES FOR NON-EXECUTIVE DIRECTORS

Fees for non-executive Board directors are determined by the Non-Executive Fees Committee of Council. Fees are described in the Annual Report on Remuneration on [page 84](#).

PAY FOR 2025: SUMMARY

ELEMENT	EXECUTIVE DIRECTORS	OTHER COLLEAGUE GROUPS
Salary	<p>Chief Executive, Shirine Khoury-Haq - £825,000 effective 1 Jan 2025 (7.3% increase).</p> <p>Chief Financial Officer, Rachel Izzard - £525,000 effective 1 April 2025 (3.9% increase).</p> <p>Group Secretary and General Counsel, Dominic Kendal-Ward - £356,125 effective 1 April 2025 (1.75% increase).</p>	<p>1.75%: senior leaders.</p> <p>Pay negotiations with our trade union partners for all other colleagues are yet to be concluded for 2025.</p>
Benefits	Includes colleague discount, life assurance (4x salary), company car cash allowance (or car), private medical cover.	<p>All colleagues are eligible for colleague discount and life assurance (between 1x and 6x salary).</p> <p>Eligibility for other benefits is dependent on seniority/work level.</p>
Pension	Pension and/or cash supplement totalling 10% of salary.	Participation in a pension plan is offered to all colleagues on a contributory basis. The maximum contribution is 10% of salary.

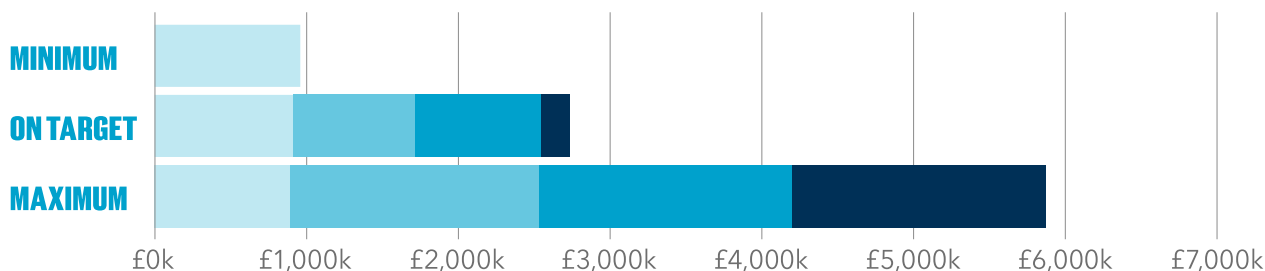
ELEMENT	EXECUTIVE DIRECTORS	OTHER COLLEAGUE GROUPS																										
Annual bonus plan	<p>Performance is based 80% on business metrics and 20% on achievement of personal objectives.</p> <p>Maximum award opportunities of:</p> <ul style="list-style-type: none"> - CEO: 200% of salary. - CFO: 170% of salary. - General Counsel: 110% of salary. <table> <tr> <th colspan="2">MEASURE</th><th>WEIGHTING</th></tr> <tr> <td colspan="2">Operating profit £m</td><td>50%</td></tr> <tr> <td colspan="2">Colleague engagement</td><td>10%</td></tr> <tr> <td rowspan="4">Customers and members</td><td>Member participation</td><td rowspan="4">20%</td></tr> <tr> <td>Member perception</td></tr> <tr> <td>More members</td></tr> <tr> <td>Spending more</td></tr> <tr> <td colspan="2">Personal performance</td><td>20%</td></tr> </table>	MEASURE		WEIGHTING	Operating profit £m		50%	Colleague engagement		10%	Customers and members	Member participation	20%	Member perception	More members	Spending more	Personal performance		20%	<p>All colleagues and store managers are eligible to participate in the annual bonus plan.</p> <p>Maximum award varies by role.</p>								
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LTIP	<p>Awards are subject to a three-year performance period. The performance metrics are aligned to our strategy.</p> <p>Maximum award opportunities of:</p> <ul style="list-style-type: none"> - CEO: 200% of salary. - CFO: 170% of salary. - Group Secretary and General Counsel: 110% of salary. <table> <tr> <th colspan="2">2025/27 LTIP MEASURES</th><th>WEIGHTING</th></tr> <tr> <td>Run our Co-op efficiently</td><td>Return on capital employed (ROCE) %</td><td>25%</td></tr> <tr> <td>Grow our Co-op</td><td>Gross merchandising value (GMV) £</td><td>25%</td></tr> <tr> <td rowspan="2">Our Member-Owners</td><td>Member satisfaction (NPS) %</td><td>12.5%</td></tr> <tr> <td>2027 Total Member Spend £m</td><td>12.5%</td></tr> <tr> <td rowspan="4">Supporting our Colleagues</td><td>Female representation</td><td>WL1-3 2.5%</td></tr> <tr> <td></td><td>WL1-5 2.5%</td></tr> <tr> <td>Ethnic minority representation</td><td>WL1-3 2.5%</td></tr> <tr> <td></td><td>WL1-5 2.5%</td></tr> <tr> <td>More value</td><td>Reduce Scope 1&2 emissions</td><td>15%</td></tr> </table>	2025/27 LTIP MEASURES		WEIGHTING	Run our Co-op efficiently	Return on capital employed (ROCE) %	25%	Grow our Co-op	Gross merchandising value (GMV) £	25%	Our Member-Owners	Member satisfaction (NPS) %	12.5%	2027 Total Member Spend £m	12.5%	Supporting our Colleagues	Female representation	WL1-3 2.5%		WL1-5 2.5%	Ethnic minority representation	WL1-3 2.5%		WL1-5 2.5%	More value	Reduce Scope 1&2 emissions	15%	<p>Colleagues in work levels 1-3 participate in this plan.</p> <p>Maximum award varies by role.</p>
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Rewarding Growth incentive plan	<p>Maximum award opportunities over the three years of the plan:</p> <ul style="list-style-type: none"> - CEO: £1,650,000 over 3 years. - CFO: £875,500 over 3 years. - Group Secretary and General Counsel: £385,000 over 3 years. 	<p>All colleagues are eligible to participate in the Rewarding Growth incentive plan.</p> <p>Maximum award varies by role. For frontline colleagues the maximum opportunity is £1,000 over three years.</p>																										
Recovery positions	<p>The Executive Director incentive arrangements are all subject to malus and clawback provisions.</p>	<p>Malus and clawback provisions apply to the annual bonus plan and LTIP.</p>																										

PAY SCENARIO CHARTS

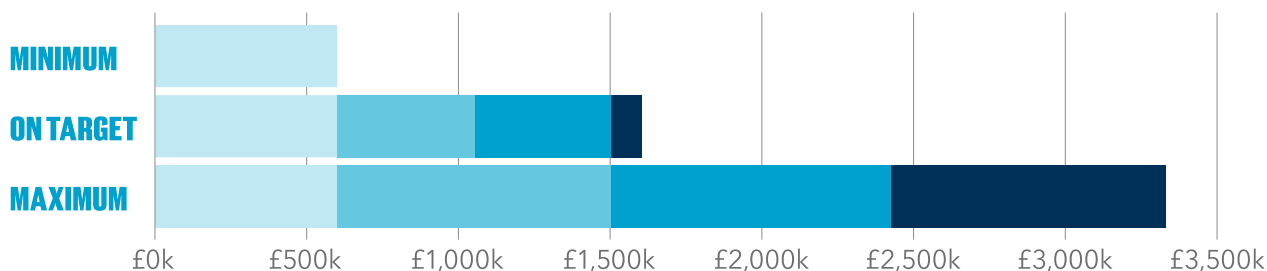
The following charts indicate the level of remuneration that could be received by each member of our Executive in accordance with the Policy in the first financial year to which the new Policy applies (i.e. financial year ending 3 January 2026) at different levels of performance.

In theory, our Executive could achieve 100% of the Rewarding Growth opportunity in 2025, and this has been modelled in the 'maximum' opportunity scenarios. However, at target, Executive Directors are expected to only achieve 10% of their maximum Rewarding Growth opportunity in 2025, which has been modelled in the 'on target' scenario.

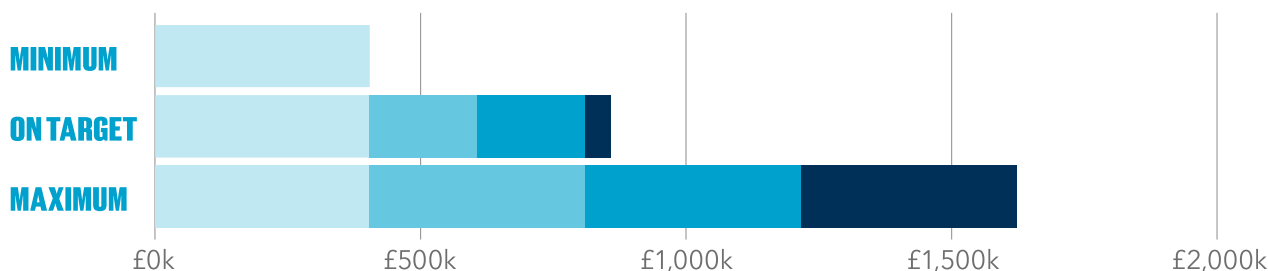
Chief Executive Officer - Shirine Khoury-Haq



Chief Financial Officer - Rachel Izzard



Group Secretary and General Counsel - Dominic Kendal-Ward



■ Fixed Pay
 ■ Bonus
 ■ LTIP
 ■ Rewarding Growth

ANNUAL REPORT ON REMUNERATION

WHAT DID OUR EXECUTIVES EARN IN TOTAL DURING THE YEAR?

The table below shows the pay received by our executives during the 2024 financial year.

2024 PAY FOR OUR EXECUTIVES IN POST ON 4 JANUARY 2025

Name of Executive	Year	Fixed Pay			Performance Pay			Total pay £'000
		Basic salary £'000	Taxable benefits ² £'000	Pension benefits ³ £'000	Bonus plan ⁴ £'000	Deferred bonus plan ⁵ £'000	Other ⁷ £'000	
Shirine Khoury-Haq	2024	766	5	77	682	372	296	2,197
	2023	764	5	76	844	0	0	1,689
Dominic Kendal-Ward	2024	350	14	35	188	65	52	704
	2023	342	14	34	226	10	0	626
Rachel Izzard ⁶	2024	489	14	45	290	0	0	838
	2023	260	8	7	179	0	0	454

¹ The 2023 financial year ran from 1 January 2023 to 6 January 2024, which is a week longer than the 2024 financial year.

² Taxable benefits include car, fuel, car cash allowance and healthcare (where applicable).

³ Pension includes Co-op Defined Contribution pension plan or cash allowance in lieu of pension provision.

⁴ Bonus Plan amounts shown represent 50% of the 2024 bonus plan earned award which is payable May 2025. The other 50% is deferred for two years and paid subject to still being employed by our Co-op and not under notice and the rules of the Bonus Plan.

⁵ Deferred bonus awards relate to the 2022 bonus plan.

⁶ The salary and benefits information shown for Rachel Izzard for 2023 relates to the period since she joined our Executive on 12 June 2023.

⁷ Due to the fallow year for deferred bonus payments as a result of the Committee exercising discretion to not make any awards under the 2021 bonus, the Committee decided to put in place a retention arrangement which applied to our Executive Directors and our Directors who were employed during 2021. The retention bonus vested in December 2024. Any payment was conditional on the Co-op satisfying its banking covenants and the Executive Directors demonstrating satisfactory performance and remaining employed at the end of the retention period. The conditions of the retention bonus were all met, and the full awards have now vested. The vested award for Shirine Khoury-Haq is £296k whilst the award for Dominic Kendal-Ward is £52k. Rachel Izzard was not employed at the time of grant and therefore did not qualify for an award.

