

Co-operate: It's what we do

Our Sustainability Report 2021

Our Approach to Materiality



Our Approach to Materiality

Our Vision of *Co-operating for a Fairer World* outlines our priorities as a responsible business and our environmental, social and governance (ESG) commitments are fundamental to delivering our Vision.

As a co-operative, understanding the issues that our members, communities, colleagues and other stakeholders believe are important for us to address is central to how we operate. These insights have helped shape the development of our Vision, as well as our strategies and policies.

As we move from development to delivery of our Vision, we recognised a need to build on our existing approach through undertaking a materiality review. This is the process of identifying, refining and assessing the ESG issues that could affect a business and/or its stakeholders. For Co-op, this includes delivery of our Vision of *Co-operating for a Fairer World*, and the difference we're trying to make.

The results are intended to help identify our core social, environmental, economic, ethical and governance risks and opportunities, as well as anticipate new ones. The materiality outputs will also support the development of a framework for measuring our social value impact - the extent to which our activities create positive impacts for society; and to understand how we're delivering against our Vision of *Co-operating for a Fairer World*.

Approach

To ensure a leading approach and objectivity, we worked with leading sustainability consultancy **Corporate Citizenship** to help build a methodology informed by best practice, that would address the specific needs of our Co-op. Our process is outlined below.

Stage 1: Landscape review and gap assessment

To identify the list of issues to prioritise, an initial longlist of issues was created through desk-based research into sector and competitor issues, and a media scan and review of international sustainability frameworks and standards. It was also informed by peer benchmarks. From this long list, a recommended shortlist of 19 key issues was developed which was then reviewed and agreed by a group of internal stakeholders.

Stage 2: Stakeholder consultation

Taking the short list of material issues, we consulted with a broad range of stakeholders to understand which they thought were most important for Co-op to tackle, and on which issues Co-op could have the biggest impact.

When identifying the stakeholder groups, we considered a range of factors. As a member owned business, it's essential that we understand and act on the issues that are important to our members, but we also recognise the importance of gathering views from groups that are well informed on ESG issues (e.g. expert colleagues, NGOs, charities).

Building on the gap analysis conducted previously, we also sought input on key macro trends to help us to look to the future and understand emergent issues.

Stage 3: Analysis, mapping and validation

Extensive analysis was undertaken on the data captured through the engagement process, resulting in the development of a materiality matrix. The matrix is supported by detailed insights and findings on each of the issues set out in a materiality report to provide context as to the positioning on the matrix.

The matrix was then reviewed and validated by a materiality working group, including subject experts from across the business, before finally being validated and approved by senior leaders across the business.

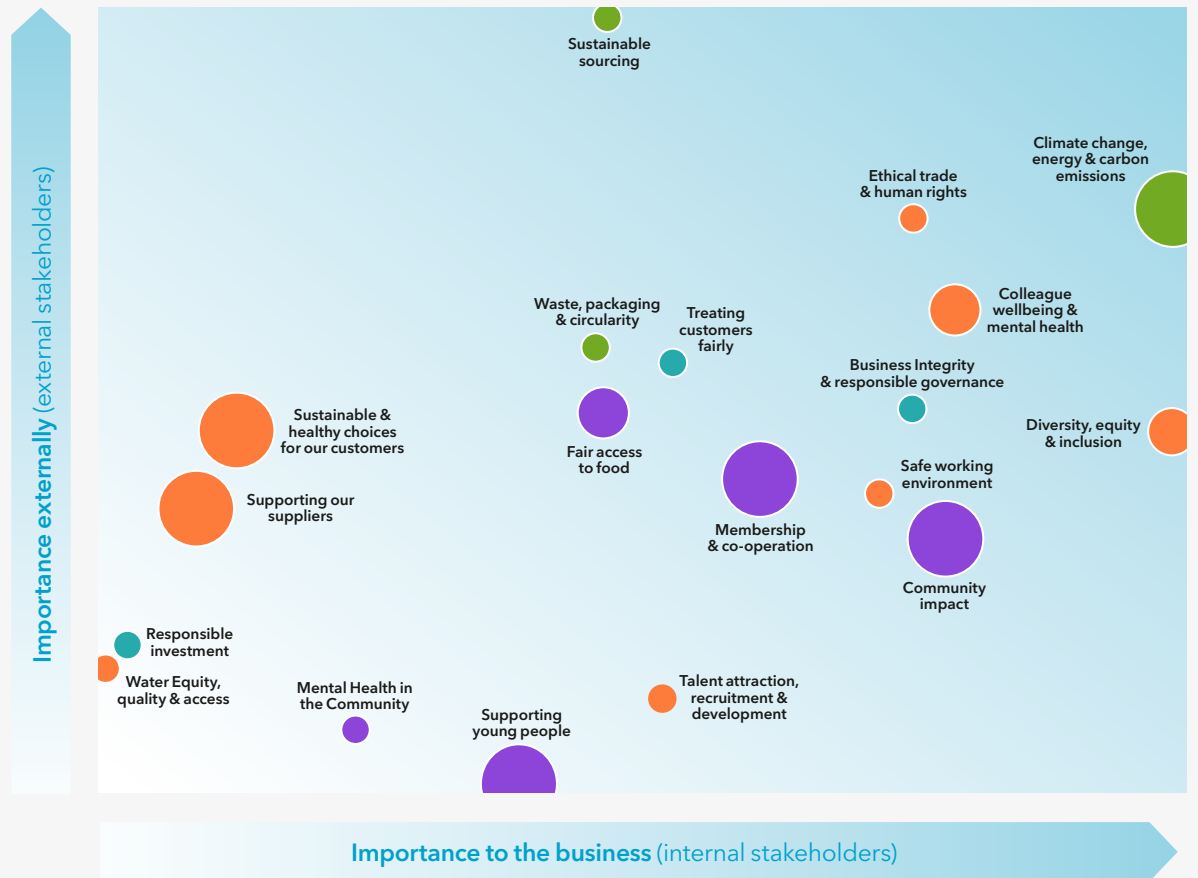
Key

We've colour coded these issues according to the sections in our [Co-operate Report](#) where you can find more detail.

- Fairer for our Members and Communities
- Fairer for our People
- Fairer for our Planet
- Fairer Business

Through our materiality review, we asked stakeholders which of the material issues they believe our Co-op has most ability to add value to wider society. Opportunity to impact/add value is indicated here by circle size.

- Low
- Moderate
- Significant



Stage 4: Embedding and keeping it alive

The results of the materiality review are being used to help better report on our Vision commitments. The outcomes have shaped our annual Co-operate Sustainability Report.

The materiality assessment has also helped to inform the development of a framework to enable us to

assess the extent to which we generate social value.

Through asking stakeholders to identify on which of the material issues they believe Co-op has most ability to really add value to wider society and how, we have been able to identify a small number of impact areas that will form the basis of our social

value measurement framework, which will be developed in 2022.

See more on our approach to social value measurement [here](#).

Co-operative Group Limited

Registered society, registered in England and Wales under the Co-operative and Community Benefit Societies Act

Registered office: 1 Angel Square, Manchester, M60 0AG

Registered number: 525R

www.coop.co.uk sustainability.report@coop.co.uk

Published April 2022



It's what we do