

# SUSTAINABLE SOURCING

Sourcing the ingredients and raw materials we use can have a significant impact on the natural environment, whether that's in waterways, agricultural land, soil or forests.

## OUR TARGET:

Zero deforestation across our primary deforestation-linked commodities by end of 2025.

## OUR PROGRESS:

Due to delays to key legislation in the EU and UK causing significantly limited availability of verified deforestation-free supply chains, we have not met our target. A summary of our progress and remaining challenges is outlined in this section.

We're committed to protecting the environments that our ingredients are sourced from. Where it drives change, we support credible certifications and work with key partners to take a restorative approach to [nature](#).

Our responsible sourcing strategy centres around ingredient categories with the greatest sourcing risks for our business: fresh produce, animal protein, primary forest-risk commodities and Fairtrade priority ingredients.

We prioritise action based on the biggest sourcing risks, where our key sourcing landscapes are and where we can have the most impact.

This section is structured around the different

ecosystems our ingredient categories are based in:

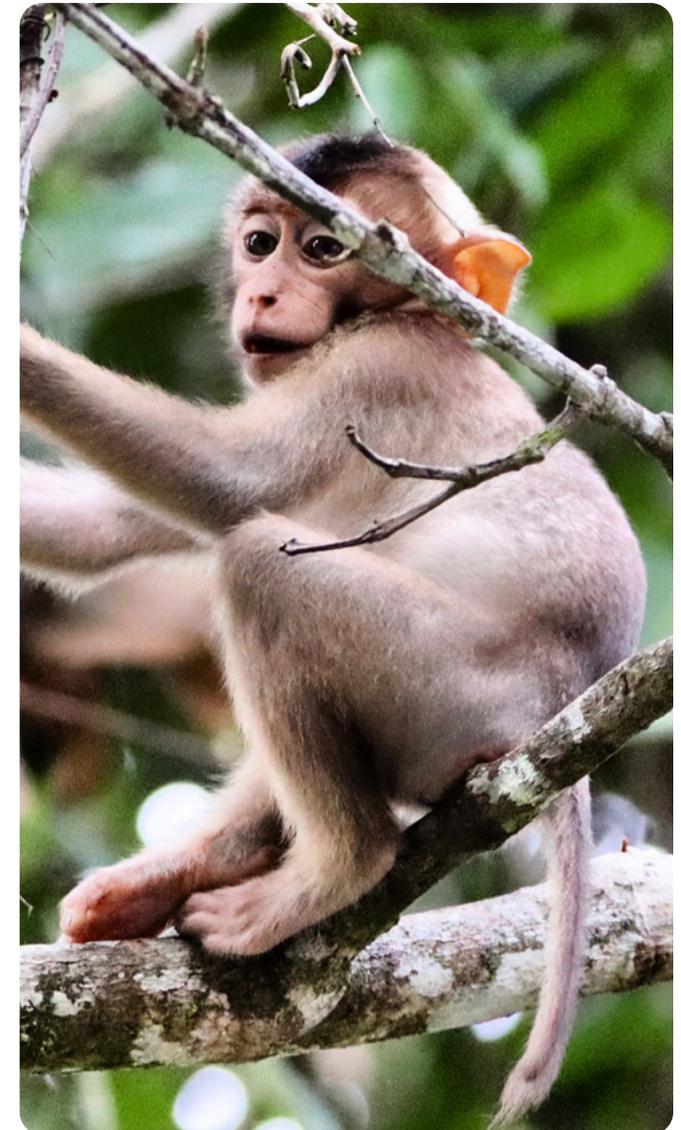
- Forests Risk Commodities.
- Peatland Preservation.
- Fresh Produce.
- [Farming and Fisheries](#).

## FOREST RISK COMMODITIES

Deforestation has negative environmental, climate and local community impacts, particularly in tropical regions where agricultural supply chains are a key driver. As a major retailer, we are committed to tackling deforestation and supporting a just transition to more sustainable production. This is vital for meeting our commitments on nature and climate and ensuring the resilience of our key sourcing regions.

We work with industry and environmental NGOs to set clear policies and adopt the most effective approaches to achieve them. In line with the Science-Based Target initiative's Forest, Land and Agriculture (FLAG) guidance, we are committed to zero deforestation across our primary deforestation-linked commodities; the target was to reach this by the end of 2025.

Each supply chain is different, and while we are proud of our significant investments and progress, without effective regulation we have not been able to reach our target in full. Delays to EU and UK legislation mean voluntary action alone cannot deliver the transformation needed. We continue to advocate for robust legislation to address this.



Source responsibly and build resilient, inclusive supply chains

# OUR FOREST-RISK COMMODITIES



## PROGRAMMES

Addressing the drivers of deforestation and conversion<sup>1</sup>, supporting producers to transition to sustainable production, and using nature recovery to build resilience, requires action beyond our direct supply chains.

We have supported programmes in key sourcing forest landscapes, partnering with Chester Zoo on a biodiversity and reforestation project in a former palm plantation.

See case study [here](#).



## RUBBER

We use very small volumes of natural rubber in our products and take a risk-based approach with our supplier.



## CATTLE

100% of our own brand fresh and frozen beef is British and free from deforestation and conversion.

See [here](#) for more.



## PALM OIL

We remain committed to sourcing palm oil responsibly, following NGO guidance that sustainable palm oil is the most effective way to protect forests and landscapes. Alternatives are often more environmentally damaging due to their land use.

All our palm oil is certified by one of the Roundtable on Sustainable Palm Oil (RSPO) schemes and we continue to use 100% RSPO-certified palm oil in our own-brand products. In 2025, 96% of the palm oil used in our products was segregated (2024: 94%), with the remainder covered by RSPO mass-balance certification, mainly in non-food products. We are working in cross-industry groups to develop an effective approach for addressing the risk of deforestation and conversion in sourcing all palm oil products.

Collaborative efforts through our membership of the Retailers' Palm Oil Group remain a key route to tackling the issues shared across the industry.



## SOY

Our most significant use of soy is in feed for livestock in our meat, dairy, egg and farmed fish products.

Achieving verified deforestation-free and conversion-free (vDCF) soy is an industry-wide challenge and despite progress we have not been able to meet our commitment of 100% vDCF soy by the end of 2025 (8% 2025).

Through 2025, we have remained an active member of the Retail Soy Group and UK Soy Manifesto. A full statement on the progress industry has made and the challenges and limits of voluntary action that have restricted our progress is available [here](#).

We have continued to [advocate for robust legislation](#) and for the [critical environmental protection agreed in the Amazon Soy Moratorium](#).

We are supporting British Standards Institute on the [development of a common standard](#) to verify deforestation and conversion-free soy in global supply chains, due by the end of 2026.



## COFFEE & COCOA

100% of our Co-op own-brand coffee and cocoa (including as an ingredient) are sourced on Fairtrade terms.

We know that poverty can be a key driver of deforestation, and this commitment is an important part of addressing this root cause.



## WOOD & PAPER

We ensure that the wood and paper used in our own-brand products come from a responsible source and is of known origin. 99% comes from Forest Stewardship Council (FSC) or recycled sources (2024: 99%).

97% of coffins manufactured by our Funeralcare business were made from FSC® certified wood (2024: 97%).

<sup>1</sup> The clearing of natural forests for purposes like agriculture or mining.

## CASE STUDY



### Partnerships to drive systems change

We know that we need to manage risk and impact beyond our direct sourcing, supporting environments and communities to enable responsible, resilient production.

Since 2019, we've partnered with Chester Zoo and HUTAN to restore former palm oil plantations in the Kinabatangan region of Malaysian Borneo. The project is creating a connected wildlife corridor using 49 native tree species and monitoring how returning wildlife uses the restored habitat - with 186 species recorded so far.

By April 2025, 71,000 trees had been planted across the project with Co-op directly funding

the planting of 30,000. Although this is below the original 50,000 target, the project has prioritised high-quality, diverse reforestation and adapted to challenges such as Covid and swine flu outbreaks.

In 2025, the Kinabatangan was designated as one of 26 new UNESCO Biosphere Reserves. Nominated by the national government and recognised by the Man and the Biosphere Programme, this status acknowledges the work of HUTAN and partners to reduce human-wildlife conflict and support biodiversity in an agricultural landscape.



### Leading example

WWF Soy Scorecard 2025 - Scored 4/7 and identified as the leading example of transparent disclosure



### 6th Globally

WWF Palm Oil Buyers Scorecard 2024 - Scored 21.94/24 - in "Leading the way category" and 6th globally

## PEATLAND PRESERVATION

Peat is a vital natural resource, providing carbon storage and natural flood defences. In April 2021, we became the first UK retailer to ban the use of peat in bagged growing products sold in our stores, covering both own-brand and branded products.

While this was an important first step, we know peat is used more widely in our supply chains and we need to address this as part of a responsible approach to growing media, ensuring we are using alternatives where we can understand and manage the sourcing risks.

We've been working towards phasing out peat in key lines and, in 2025, all our bedding plants were peat free.

In 2025, we partnered with our supplier to support a peat replacement project in mushroom production. Read more in the case study on the next page.

We're also part of the Retail Peat Group which brings retailers together to aim to reduce the use of peat in fresh produce production.

We've continued our partnership with RSPB to restore upland peatland in Scotland and Wales - read more [here](#).

## CASE STUDY



### Peat-Free Mushroom Trial

In 2025, we partnered with our mushroom supplier to trial peat-free growing medium in commercial mushroom production. Mushroom cultivation is among the highest consumers of peat - a finite natural resource essential for carbon storage, biodiversity and water regulation.

Reducing reliance on peat in fresh produce supply chains is a priority for our sustainability strategy, but alternatives currently cost significantly more and their performance in mushroom production remains uncertain. To address these challenges, we provided financial support to our grower, helping to de-risk the initial trial phase and assess the commercial viability of peat-free substrates.

While a viable alternative is still in development, the trial has provided valuable insights.

## FRESH PRODUCE

We work with producers and growers, to protect our natural resources including water, soil and biodiversity, while building resilience to climate change. We also consider impacts on people and their livelihoods. See our commitments on [Fairtrade](#), [Farming and Fisheries](#) and [Ethical Trade](#).

### Crop protection

Whilst crop protection is an important part of food production, it must be implemented responsibly. While pesticides remain the most common method of managing crop disease, we acknowledge their potential impact on the environment and workers' health in our supply chains.

Our Crop Protection Policy is built on transparency and collaboration - you can read the full policy and transparency report [here](#).

Implementation is supported through the Fresh Produce Forum which includes supplier representation.

We updated our [pesticide phase-out](#) list in 2024 and we continued to develop this throughout 2025. Our supplier partners are working towards phasing out the actives on this list and will report progress annually.



**3rd Place**

Maintained our 3rd Place Pesticide Action Network UK Supermarket Ranking awarded in 2024

In 2026, we'll continue prioritising phasing out Highly Hazardous Pesticides and supporting the wider uptake and use of Integrated Pest Management (IPM) techniques across our supply base, using the Co-op Fresh Produce Forum to help share best practice with suppliers through on-farm meetings and training.

## OPPORTUNITIES FOR THE FUTURE

In the year ahead, we will strengthen our commitment to responsible sourcing by reviewing and updating our standards and targets to support long-term sustainability. We remain focused on tackling deforestation and conversion in our supply chains and will continue to report our progress transparently.

We are using our learnings and the challenges we've faced to evolve our approach, maximise impact and build resilience in sourcing landscapes. Collaboration remains essential and we will continue to actively engage in the industry groups highlighted in this report. Robust legislation is also critical to driving industry-wide change. We will keep advocating for strong, effective laws and use our expertise to help shape meaningful policy solutions.

We will continue supporting landscape-level programmes and investing in responsible production in our key sourcing regions. As we move forward, we will align our deforestation work with our broader ambition to protect nature and support resilient livelihoods throughout our supply chain.

## FARMING & FISHERIES

We maintain strong relationships across the farming and fisheries sector through our longstanding commitment to the people who produce our food. From our 100% British fresh and frozen protein commitment, to investing in innovation and high animal welfare standards, we're committed to building resilient supply chains and driving positive change for people, animals and the planet.

### SUPPORTING BRITISH FARMERS AND GROWERS

We're deepening our commitment to British growers by working closely with the sector to address some of the critical challenges facing British horticulture, including climate change, labour availability and the removal of certain pesticides. This year we hosted a Supplier Engagement Day, bringing farmers and growers together to share best practice and collaborate on sustainable solutions - reinforcing our commitment to fostering a resilient, innovative and thriving future for British fresh produce (read more [here](#)).

In 2025, in collaboration with the Soil Association Exchange (SAX), we supported UK wheat farmers in addressing these challenges. Wheat is a critical ingredient for our products and animal feed, making this initiative central to our farming, climate and sustainable sourcing objectives.

This four-year, co-funded<sup>1</sup> pilot provides a scalable model for carbon reduction and a valuable test case for measuring Scope 3 emissions.

We have also committed to source all our Co-op brand UK-grown fruit and vegetables from LEAF<sup>2</sup> Marque certified farms by January 2027. This is an important step in building more resilient fresh produce supply chains and supporting British growers.

### THE CO-OP FARMING GROUPS AND INNOVATION

Our farming groups and sourcing policies enable direct engagement with hundreds of British producers and suppliers. As the industry evolves, we've expanded our approach to cover all fresh meat and dairy supply chains, improving supply chain data and offering deeper insights into animal welfare and environmental impact.

In 2025, we launched our [Sustainable Farming Support Fund](#) for beef, lamb and dairy farmers. The fund rewards farmers for reducing carbon emissions, supports projects that increase biodiversity, improves genetics and data collection, enhances soil health, and explores alternative protein sources. We also hosted our annual two-day in-person meeting with our beef and lamb farmers, focusing on regenerative farming practices. By the end of the year, we provided £760,000 of funding to British farmers in our supply chain.

### DAIRY

This year, members of our Co-op Dairy Group farmers participated in the SAX project, collaborating with technicians and advisors to gain deeper insight into their soils and the habitats on their farms. Read more in our case study on the next page.



### 100% British

100% British for fresh and frozen meat, sausages, bacon, fresh milk, fresh cream, eggs and cheddar cheese.

<sup>1</sup> Co-funded by other retailers, Church Commissioners for England and Lloyds Bank.  
<sup>2</sup> Linking Environment & Farming.

## CASE STUDY



### Soil Association Exchange

In January 2025, we launched our Sustainability Programme to support British farmers in their sustainable farming efforts. As part of this, we partnered with the Soil Association Exchange (SAX) to conduct whole-farm sustainability baselines, assessing soil health, biodiversity and water quality. Farmers from our Beef & Lamb Group and Co-op Dairy Group joined the initiative voluntarily and by the end of 2025, we'd provided £760,000 in funding.

Each assessment combines mapping tools, on-farm soil and biodiversity surveys by SAX

technicians, and one-to-one discussions with SAX advisors. This helps identify where farmers are already enhancing biodiversity and soil health, as well as areas for improvement. Read more [here](#).

Initial results are positive: over 70% of participating farms have dense, well-managed hedgerows that support wildlife and habitat connectivity, and red-list bird species recorded include linnets, skylarks and lapwings. After their baseline assessment, farmers can use the SAX platform to guide land management decisions and explore funding opportunities.

## AQUACULTURE AND FISHERIES

We're committed to protecting ocean health and marine life, and responsible sourcing underpins our seafood strategy. We use risk assessments to ensure all own-label fish is responsibly sourced.



**65%**

65% Marine Stewardship Council certified wild-capture seafood in 2025

Collaboration is key to our approach. As proud members of the Sustainable Seafood Coalition (SSC), we help shape its codes of conduct and guidance, and our partnerships with the Sustainable Fisheries Partnership (SFP) and Global Tuna Alliance (GTA) provide science and industry insights to help us drive continuous improvement.

We publish all wild-capture and farmed seafood sources via the Ocean Disclosure Project and report annually to Crustacean Compassion, maintaining Tier 3 status since 2024. In 2025, Marine Stewardship Council (MSC) certified wild-capture seafood rose to 65%<sup>1</sup>, and we launched our first Aquaculture Stewardship Council (ASC) certified farmed seabass. We will be 100% ASC certified across Fresh & Frozen farmed seafood by January 2027. We also banned eye stalk ablation in farmed prawns, achieving 100% compliance by 2024 and committing to maintaining it in 2025 and beyond.

Beyond certification, we engage with industry groups, and support Fisheries Improvement Projects (FIPs), including Nephrops and North Atlantic Pelagic Advocacy (NAPA). These initiatives are vital for responsible sourcing and progress towards certification.

<sup>1</sup> Up from 56% in 2024.

## LIVESTOCK AND ANIMAL WELFARE

We are committed to delivering high animal welfare standards across our supply chain. All our Co-op branded fresh, frozen and prepared meat and poultry products meet Red Tractor Assurance Standards as a minimum, with RSPCA Assured certification used wherever possible.

We upheld our Compassion in World Farming (CIWF) commitment to be 100% confinement-free across our continental meats range, with the first confinement-free pigs expected in our supply chain by 2026, ahead of schedule.



### Tier 3 since 2022

**BBFAW** - Annual reporting on how we publicly report about animal welfare in our supply chain - maintained Tier 3 since 2022

Our longstanding commitment to free-range eggs remains unchanged: since 2008 all shell eggs sold are free-range, and since 2010 all eggs used as ingredients in own-brand products have met this standard. We also maintain our 100% outdoor-bred pork policy<sup>1</sup>, ensuring pigs have access to outdoor environments.

For poultry, our Space to Thrive initiative continues across fresh and added-value products, such as breaded chicken, giving birds 20% more space than industry standard. For more information, please see our webpage [here](#).

See [here](#) for more details on our farmers and read more about our animal welfare policies in our separate animal welfare report [here](#).

<sup>1</sup> Introduced in 2018.

## ANTIBIOTICS

Antimicrobial resistance is a growing global challenge, and food retailers have a responsibility to act. Our antibiotic strategy follows the 3Rs framework, to Reduce, Replace and Refine the use of medicines across our livestock supply chains. Through membership of the Food Industry Initiative on Antimicrobials (FIIA) and Responsible Use of Medicines in Agriculture Alliance (RUMA), we support research into alternatives and share best practice across the industry.

## CLIMATE CHANGE

Meat and dairy remain the largest contributors to our product-related emissions. Animal-based products typically have a higher carbon footprint than plant-based alternatives, and these categories represent a significant share of our convenience offer - particularly fresh milk.

We continue to source 100% of our meat, fresh milk, fresh cream, eggs and Cheddar cheese from British farmers, supporting local agriculture and high animal welfare standards.

Throughout 2025 we worked closely with farmers and suppliers to reduce the carbon intensity of animal products, focusing on practical, measurable solutions. This included expanding data-driven initiatives and regenerative farming practices, and strengthening partnerships across our supply chain.

To accelerate progress, we formed new strategic partnerships with key suppliers, aimed at scaling innovation in feed efficiency, soil health and emissions reduction.

## ENGAGING OUR FARMERS AND PRODUCERS

We continued to strengthen farmer engagement through on-farm meetings and webinars. Our Farming & Fisheries "X" account, with nearly 5,000 followers, connects producers, suppliers, industry stakeholders and NGOs. It facilitates key industry events, such as Sustainable Seafood September and Back British Farming Day. As a key sponsor, we champion Open Farm Sunday, an annual event that enables our farmers to open their doors to the public, showcasing their remarkable contributions.

## OPPORTUNITIES FOR THE FUTURE

Supplier engagement remains a priority, focusing on best practice and supporting farmers to reduce their emissions and adopt more sustainable farming techniques.

We will continue expanding ASC certified products across Fresh and Frozen ranges, progressing toward our goal of 100% ASC certification for farmed seafood by January 2027. For wild-capture fisheries, we aim to increase MSC coverage, so more products display the logo on pack.

In produce, we will assist growers in achieving LEAF certification and begin introducing the LEAF Marque logo on British fresh lines. To drive innovation, phase two of our [peat replacement trial](#) will assess how varying growth medium ratios and conditions impact mushroom yield and quality, strengthening collaboration across the supply chain.