

# REPORT OF THE REMUNERATION COMMITTEE

# INTRODUCTION FROM THE COMMITTEE CHAIR



On behalf of the Remuneration Committee and the Board, I am pleased to present the Directors' Remuneration Report for our 2025 financial year.

I would like to start by thanking our members for their continued engagement and support with our Co-op's remuneration matters. At our 2025 AGM, our Executive Remuneration Report and our Executive Pay Policy motions were both passed by our members.

The following report outlines the key decisions made by the Committee in the year. It sets out how we have implemented our Executive Pay Policy in 2025 and how we intend to implement it for the coming year to align with our strategy. It also provides an overview of both Executive Director and wider colleague pay for the year.

The report is divided into the following sections:

- Remuneration at a glance
- A summary of the key elements of the Executive Pay Policy, which was approved at the 2025 AGM
- Annual report on remuneration for 2025

## HOW THE COMMITTEE WORKS

The Committee is responsible for determining our Co-op's pay strategy and the specific remuneration packages for our Executive Directors. It also has oversight of pay practices in place for our colleagues across our Co-op.

The Committee's terms of reference are reviewed annually, making changes in line with corporate governance development and best practice. The Committee's terms of reference are available on our website.

### *Committee meetings*

All members of the Committee are Non-Executive Directors of our Co-op. Our Chief Executive and Chief Financial Officer are not members of the Committee, but are invited to attend where relevant, along with our Co-op Chair. This ensures there is alignment with broader Board decisions.

In 2025, the Committee held five meetings, and the attendance of the Non-Executive Directors is detailed [in our Governance Report](#).

## WHAT THE COMMITTEE DID IN THE YEAR

In line with the Committee's Terms of Reference, the Committee's time was divided between the following areas throughout 2025:

### FEBRUARY

- Assess 2024 performance of Executive Directors and nominated Operating Board members
- Approve outcome of 2024 bonus plan
- Approve Directors' Remuneration Report
- Approve payment of 2022 deferred bonus plan awards
- Agree 2025 objectives for Executive Directors and nominated Operating Board members

### MARCH

- Approve measure and performance expectations for 2025 long-term incentive plan
- Update on wider workforce pay

### NOVEMBER

- Review measures and performance expectations for 2026 bonus plan
- Review of Committee terms of reference

### SEPTEMBER

- Review business performance against all incentive measures, including understanding the impact from the cyber incident
- Update on wider workforce pay
- Committee effectiveness review

### JUNE

- Review feedback and AGM voting outcomes and pay strategy focus areas
- Review external market trends and updates

### *Other Committee support*

Under its Terms of Reference, the Committee obtains the advice of external independent remuneration consultants and is responsible for their selection and appointment. The Committee appointed Deloitte as its independent remuneration advisors, who advise on market trends and benchmarking for comparable executive roles. Deloitte's fees for the 2025 performance year were £30,150 excluding VAT (2024: £64,200 excluding VAT).

Deloitte are a signatory of the Remuneration Consultant Group's Code of Conduct, which requires their advice to be objective and impartial. The Committee is satisfied that the advice it received during the year was objective and independent, based on the experience of the Committee members.

### *Evaluation of Committee effectiveness*

The performance of the Committee is reviewed annually, along with the Committee's Terms of Reference and its activities of the previous year. The review followed the same process as the main Board and Committee reviews, using the digital evaluation platform BoardClic.

## 2025 BUSINESS PERFORMANCE AND VARIABLE PAY OUTCOMES

Retailers faced continued challenging economic conditions in 2025. However, for our Co-op, these challenges were compounded by the cyber attack we faced in the year. While we were able to contain the threat, our actions to safeguard the business severely impacted on our ability to meet the needs of our customers and members. Once our systems were fully operational, we continued to see an impact through the year, largely due to changed buying behaviour in a fast-paced convenience market.

To ensure pay outcomes appropriately reflect individual and business performance together with our Co-op's wider economic, environmental and societal impacts, the Committee has overriding discretion on Executive Directors' pay. Additionally, the Committee has the ability to apply malus, clawback and responsible discretion to override formulaic outcomes of the incentive schemes.

Our 2025 bonus plan has an affordability underpin which must be met to enable any payment to be made under the plan. This underpin was not met in 2025, so no awards were made to our Executive Directors or to other eligible colleagues who participate in the scheme.

The Rewarding Growth incentive plan was launched at the start of 2025 and is Co-op's first incentive that all colleagues can participate in. Its purpose is to incentivise all colleagues to achieve our ambition of growing our operating profit over three years.

The challenges of 2025 mean that on formulaic assessment, the targets to trigger payment under this scheme for the year were not met. However, the Committee is keen to recognise the tremendous hard work and effort of all colleagues in an extremely challenging and difficult year. The way our colleagues responded with resilience and professionalism to an unprecedented malicious cyber attack was truly remarkable.

As this is our Co-op's first all-colleague incentive scheme, we are keen that colleagues are engaged by this scheme and continue to be motivated and focused on recovery and the growth of our Co-op over the next two years. The Committee has therefore decided to exercise discretion, and all qualifying colleagues will receive 10% of their maximum opportunity under the Rewarding Growth incentive plan to recognise all their efforts during 2025.

In addition to launching the Rewarding Growth incentive plan in 2025, our Executive Directors and senior leaders were eligible to join the 2025-27 long-term incentive plan (LTIP). Any decision around the outturn of this plan will not be made until the end of 2027.

The deferred portion of the 2023 bonus plan has now vested and will be due for payment to senior leaders in May 2026, in line with the scheme rules. Further details of the amounts that were paid and deferred can be found below.

### *Looking ahead to 2026*

When considering the base salaries for our Executive Directors, the Committee remains mindful of the increases of the wider colleague population, our fairness principles as well as overall affordability. As a result, from 1 April 2026, the salaries for our Executive Directors and Group Secretary will be increased by 2%, which is less than other colleagues will receive.

For the 2026 bonus plan and 2026-28 long-term incentive plan, there will be no change to opportunity levels. The performance measures for the 2026 bonus plan reflect our increased focus on both building financial stability and customer centricity. The performance measures for the 2026-28 long-term incentive plan continue to focus on growing our Co-op and improving outcomes for our members.

**Committee changes**

Wais Shaifta resigned from the Board as an Independent Non-Executive Director and stepped down from this Committee with effect from August 2025. He has remained with our Co-op, taking up the role of Chief Growth Officer.

**Non-Executive fees**

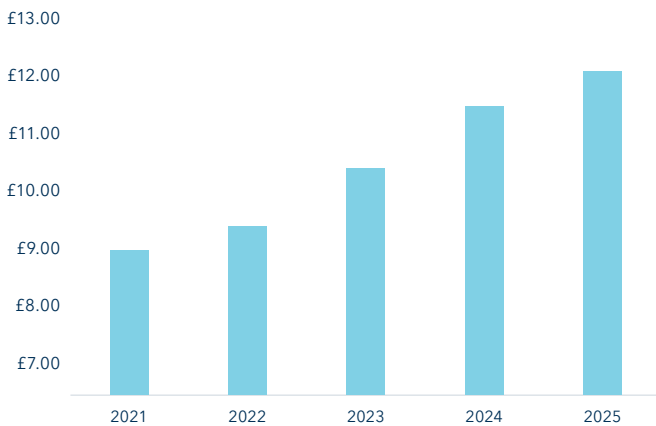
The Non-Executive Director (NED) Fees Committee consists of independent, elected member representatives. It reviews Non-Executive Director fees, and the responsibility of the Remuneration Committee to review Chair fees. The NED Fees Committee determined that an increase of 1.75% from 1 April 2025 was appropriate, in line with the average percentage increase for senior leaders, and below the average pay increase for the wider colleague population.

**WIDER WORKFORCE PAY ARRANGEMENTS**

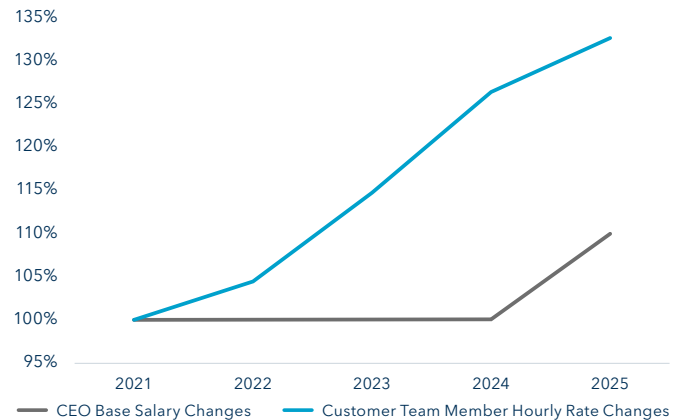
The Remuneration Committee considers the pay and conditions of our wider colleagues when making executive pay decisions. Our remit includes oversight of pay arrangements across our Co-op and we regularly talk about broader colleague pay in our Committee meetings. Members of this Committee also review colleague feedback made through our Talkback surveys and attend colleague listening forums to hear directly from them.

We are proud of the investments we have made and continue to make in colleague pay, along with the wider benefit package. Our customer team members received a 5% pay increase in 2025. Since 2021, the hourly rate paid to customer team members has increased by 33%. Over the same period, the increase in base salary for our CEO has totalled 10%, as illustrated in the charts below:

**CUSTOMER TEAM MEMBER HOURLY RATE PROGRESSION**



**% CHANGE IN PAY FOR CUSTOMER TEAM MEMBERS AND CEO**



In addition to paying all colleagues competitively for their role, we provide them with additional financial and wellbeing support:

- Giving colleagues access to a market-leading 30% discount on Co-op own-brand products.
- £100 Rewarding Growth incentive plan payment for full-time, frontline colleagues who were employed for all of 2025.
- A generous pension scheme with a matched contribution of up to 10%. Over 75% of colleagues are members of the pension scheme, up from 72% at the end of 2024. Further information is available in [our Social Value and Sustainability Report](#).
- As at the end of 2025, over 14,350 colleagues have signed up to the Stream app, with 4,810 colleagues now enrolled into saving towards a rainy-day fund, which is a key step in creating financial security and independence.

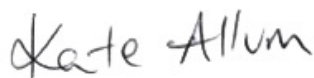
## PAY GAP REPORTING

In addition to our statutory reporting of our gender pay gap, we also chose to voluntarily report our ethnicity pay alongside our socioeconomic pay gap report.

## CLOSING REMARKS

The Remuneration Committee remains committed to rewarding our Executive Directors for acting in the interest of all our members, colleagues and other stakeholders, and for delivering in line with our Co-op's Purpose, strategy and values.

On behalf of the Committee, I would like to thank our members for their input and engagement throughout the year. We welcome any comments you may have on this report and hope to receive your support at the 2026 AGM on our remuneration resolution.



**Kate Allum**  
**Chair of Remuneration Committee**

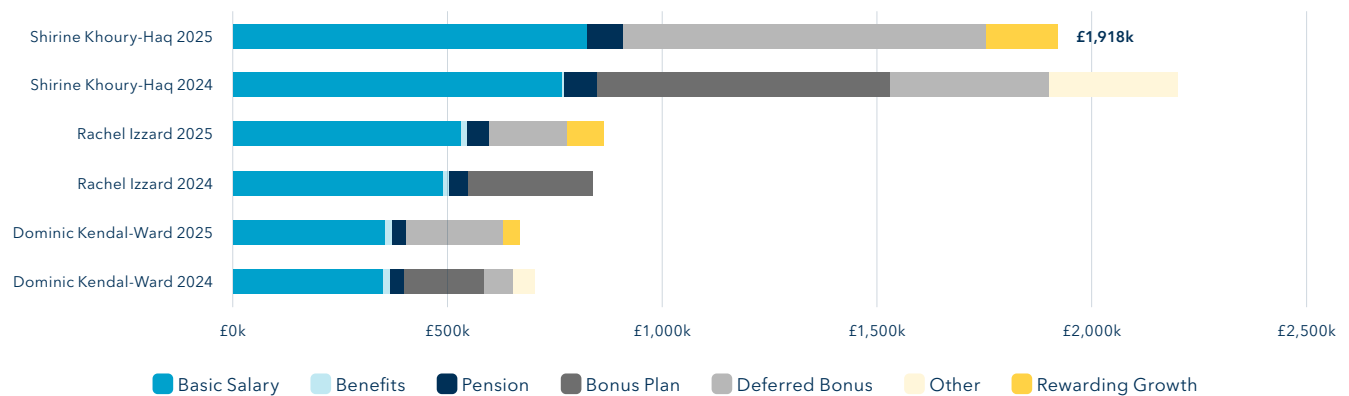
Kate Allum will step down from the Committee on 29 March 2026 to assume the role of Interim Chief Executive Officer. Moni Mannings will become Interim Committee Chair, effective 30 March 2026.

# REMUNERATION AT A GLANCE

## SUMMARY OF REMUNERATION DECISIONS FOR 2025

ELEMENT	2025 DECISIONS
Salary	<ul style="list-style-type: none"> <li>Chief Executive (Shirine Khoury-Haq): salary increased to £825,000, effective 1 January 2025 (7.3% increase)</li> <li>Chief Financial Officer (Rachel Izzard): salary increased to £535,000, effective 1 April 2025 (3.9% Increase)</li> <li>Group Secretary and General Counsel (Dominic Kendal-Ward): salary increased to £356,125, effective 1 April 2025 (1.75% increase)</li> </ul>
2025 bonus plan	The scheme underpins were not satisfied, and therefore there are no bonus awards for the Executive or other eligible colleagues in relation to the 2025 annual bonus plan
Rewarding Growth incentive plan	The Remuneration Committee exercised discretion to award all colleagues, including the Executive, 10% of their maximum Rewarding Growth incentive plan opportunity for the 2025 performance year

Summary of 2025 remuneration outcomes compared with 2024



A full breakdown of the total remuneration for each Executive is reported in the single figure table below.

## SUMMARY OF REMUNERATION OPPORTUNITIES FOR 2026

ELEMENT	EXECUTIVE	OTHER COLLEAGUE GROUPS
Salary	<ul style="list-style-type: none"> <li>Kate Allum will be appointed as Interim Chief Executive Officer, effective 30 March 2026 with a salary of £825,000. This increases to £841,500, effective 1 April 2026 (2% increase)</li> <li>Chief Financial Officer (Rachel Izzard): £545,700, effective 1 April 2026 (2% increase)</li> <li>Group Secretary and General Counsel (Dominic Kendal-Ward): £363,300, effective 1 April 2026 (2% increase)</li> </ul>	2%: senior leaders Pay negotiations with our trade union partners for all other colleagues are yet to be concluded for 2026
Benefits	Includes colleague discount, life assurance (4x salary), company car cash allowance (or car) and private medical cover The Interim CEO will not receive a company car cash allowance (or car)	All colleagues are eligible for Co-op discount and life assurance (between 1x and 6x salary) Eligibility for other benefits is dependent on seniority/work level

ELEMENT	EXECUTIVE	OTHER COLLEAGUE GROUPS																								
<b>Pension</b>	<p>Pension and/or cash supplement totalling 10% of salary</p> <p>The Interim CEO will not receive a pension or cash supplement</p>	<p>Participation in a pension plan is offered to all colleagues on a contributory basis. The maximum contribution is 10% of salary</p>																								
<b>Annual bonus plan</b>	<p>Performance is based on 90% business metrics and 10% on achievement of personal objectives</p> <p>Maximum award opportunities of:</p> <ul style="list-style-type: none"> <li>• CEO: 200% of salary<sup>34</sup></li> <li>• CFO: 170% of salary</li> <li>• Group Secretary and General Counsel: 110% of salary</li> </ul> <table border="1"> <thead> <tr> <th colspan="2">2026 ANNUAL BONUS PLAN MEASURES</th> <th>WEIGHTING</th> </tr> </thead> <tbody> <tr> <td colspan="2">Operating profit</td> <td>60%</td> </tr> <tr> <td colspan="2">Colleague engagement</td> <td>10%</td> </tr> <tr> <td rowspan="4">Customers and members</td> <td>Food transactions</td> <td>5%</td> </tr> <tr> <td>More active members</td> <td>5%</td> </tr> <tr> <td>Member participations</td> <td>5%</td> </tr> <tr> <td>Customer experience</td> <td>5%</td> </tr> <tr> <td colspan="2">Personal performance</td> <td>10%</td> </tr> </tbody> </table>	2026 ANNUAL BONUS PLAN MEASURES		WEIGHTING	Operating profit		60%	Colleague engagement		10%	Customers and members	Food transactions	5%	More active members	5%	Member participations	5%	Customer experience	5%	Personal performance		10%	<p>All work level 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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<b>Long-term incentive plan</b>	<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"> <li>• CEO: 200% of salary<sup>35</sup></li> <li>• CFO: 170% of salary</li> <li>• Group Secretary and General Counsel: 110% of salary</li> </ul> <table border="1"> <thead> <tr> <th colspan="2">2026/2028 LTIP MEASURE</th> <th>WEIGHTING</th> </tr> </thead> <tbody> <tr> <td>Run our Co-op efficiently</td> <td>Return on capital employed (ROCE)</td> <td>30%</td> </tr> <tr> <td>Grow our Co-op</td> <td>Gross merchandising value (GMV)</td> <td>30%</td> </tr> <tr> <td rowspan="2">Our member owners</td> <td>Member net promoter score</td> <td>10%</td> </tr> <tr> <td>Total member spend</td> <td>10%</td> </tr> <tr> <td rowspan="3">Supporting our colleagues</td> <td>Female representation</td> <td>WL1-5 2.5%</td> </tr> <tr> <td>Ethnic minority representation</td> <td>WL1-5 2.5%</td> </tr> <tr> <td>Colleague advocacy / Proud to work for our Co-op</td> <td>10%</td> </tr> <tr> <td>Sustainability measure</td> <td>Reduce Scope 1 and 2 emissions</td> <td>5%</td> </tr> </tbody> </table>	2026/2028 LTIP MEASURE		WEIGHTING	Run our Co-op efficiently	Return on capital employed (ROCE)	30%	Grow our Co-op	Gross merchandising value (GMV)	30%	Our member owners	Member net promoter score	10%	Total member spend	10%	Supporting our colleagues	Female representation	WL1-5 2.5%	Ethnic minority representation	WL1-5 2.5%	Colleague advocacy / Proud to work for our Co-op	10%	Sustainability measure	Reduce Scope 1 and 2 emissions	5%	<p>Colleagues in work levels 1-3 participate in this plan</p> <p>Maximum award varies by role</p>
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<b>Rewarding Growth incentive plan</b>	<p>Maximum award opportunities over the remaining two years of the plan:</p> <ul style="list-style-type: none"> <li>• CEO<sup>36</sup>: Their maximum opportunity over three years is £1,650,000 and 10% or £165,000 was awarded for 2025. Their remaining opportunity for the last two years is £1,485,000</li> <li>• CFO: Their maximum opportunity over three years is £875,500 and 10% or £87,550 was awarded for 2025. Their remaining opportunity for the last two years is £787,950</li> <li>• Group Secretary and General Counsel: Their maximum opportunity over three years is £385,000 and 10% or £38,500 was awarded for 2025. Their remaining opportunity for the last two years is £346,500</li> </ul>	<p>All colleagues are eligible to participate in the Rewarding Growth incentive plan</p> <p>Maximum award varies by role. For full-time, frontline colleagues, their maximum opportunity over three years is £1,000</p> <p>As 10% will be awarded for 2025, the remaining maximum opportunity over two years is £900</p>																								
<b>Recovery positions</b>	<p>The Executive Director incentive arrangements are all subject to malus and clawback provisions</p>	<p>Malus and clawback provisions apply to the Bonus Plan and LTIP for colleagues in work levels 1-3</p>																								

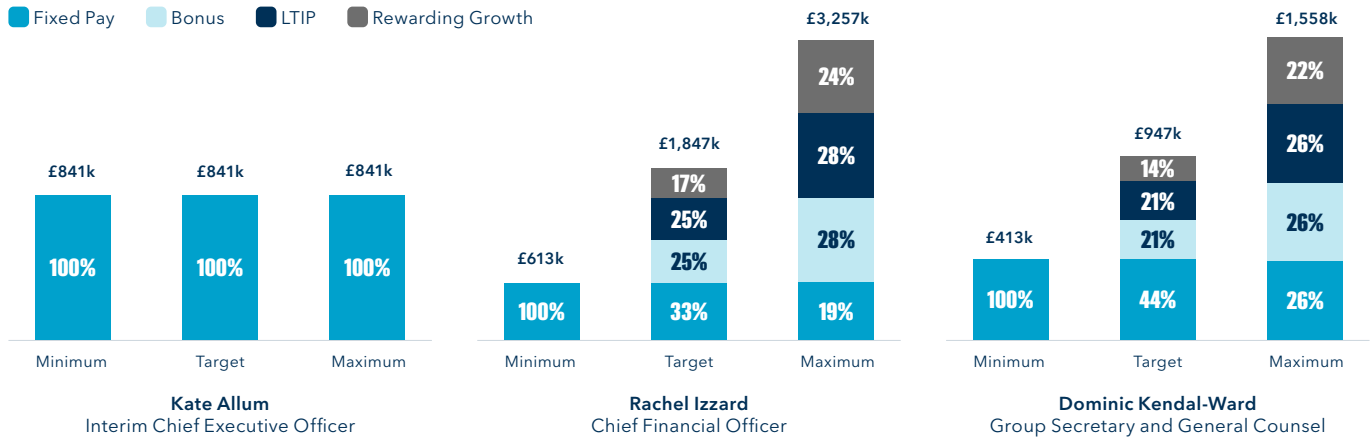
<sup>34</sup> The Interim CEO will not participate in the annual bonus plan.

<sup>35</sup> The Interim CEO will not participate in the long-term incentive plan.

<sup>36</sup> The Interim CEO will not participate in the Rewarding Growth incentive plan.

## PAY SCENARIO CHARTS

The chart below provides an illustration of what could be received by each Executive Director based on the implementation of the Executive Pay Policy for the 2026 performance year. These charts are purely illustrative as the actual values will be dependent on the business performance at the end of the year. The table below the chart details the assumptions used in each of these scenarios.



<b>MINIMUM</b>	Fixed pay only (including base salary, benefits and pension)
<b>TARGET</b>	Includes fixed pay plus 50% of the maximum annual bonus, 62.5% vesting of the maximum LTIP, 35% achievement of maximum three-year Rewarding Growth incentive plan opportunity
<b>MAXIMUM</b>	Includes fixed pay plus 100% of the maximum annual bonus, 100% vesting of the maximum LTIP, 90% achievement of maximum three-year Rewarding Growth incentive plan opportunity

# EXECUTIVE PAY POLICY

## HOW WE LOOK AT EXECUTIVE PAY

We are committed to the following approach to pay:

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

## SUMMARY OF EXECUTIVE PAY POLICY

Our current Executive Pay Policy, which was approved by members at the 2025 AGM is summarised below:

ELEMENT	POLICY AND OPERATION	OPERATION AND PERFORMANCE CONDITIONS
<b>Base salary</b> Supports the attraction and retention of the best talent	Salaries are normally reviewed annually by the Committee, with the change being effective on or around 1 April  Salary increases take account of: <ul style="list-style-type: none"> <li>• Individual performance</li> <li>• Role, skills and experience</li> <li>• Increases being awarded to other colleagues across the Co-op Group</li> </ul> Salary levels for Executives are benchmarked against the median of FTSE 50-150 firms	Base salary is paid four-weekly
<b>Benefits</b> Provides market competitive and cost-effective benefits to support the attraction and retention of the best talent	Co-op 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 enable recruitment, retention or relocation	Normal benefit provisions apply to our Executive Directors, including car allowance, private medical cover and life insurance
<b>Pension</b> To provide a competitive level of retirement income to support attraction and retention to both 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
<p><b>Annual bonus plan (BP)</b> Encourages improved operational and financial performance and aligns the interests of Executive Directors to those of our members</p>	<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<sup>37</sup>, 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</p> <p>Any adjustments will be disclosed in the relevant Annual Report on Remuneration</p>
<p><b>Long-term incentive plan (LTIP)</b> 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>	<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<sup>38</sup>, 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>
<p><b>Rewarding Growth incentive plan</b> 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 (2025-2027)</p>	<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"> <li>• CEO: £1,650,000 over three years<sup>39</sup></li> <li>• CFO: £875,500 over three years</li> <li>• Group Secretary and General Counsel: £385,000 over three years</li> </ul>	<p>In addition to how much of our growth ambition we've achieved, the scheme includes performance underpins. For a Rewarding Growth incentive plan 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 Rewarding Growth incentive plan, 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.

<sup>37</sup> The interim CEO will not participate in the annual bonus plan.

<sup>38</sup> The interim CEO will not participate in the long-term incentive plan.

<sup>39</sup> The interim CEO will not participate in the Rewarding Growth incentive plan.

## 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' include 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 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 our 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. The Interim CEO's contract can be terminated by a maximum of one month's notice. Other current Executive 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 below.

# ANNUAL REPORT ON REMUNERATION

## WHAT DID OUR EXECUTIVES EARN IN TOTAL IN THE YEAR?

The 'single figure' table below shows the pay received by our Executives during the 2025 financial year.

	Shirine Khoury-Haq		Rachel Izzard		Dominic Kendal-Ward	
	2025	2024	2025	2024	2025	2024
<b>Fixed pay</b>						
Basic salary	£824K	£766K	£530K	£489K	£355K	£350K
Taxable benefits <sup>40</sup>	£3K	£5K	£14K	£14K	£14K	£14K
Pension benefits <sup>41</sup>	£82K	£77K	£53K	£45K	£35K	£35K
<b>Total fixed pay</b>	<b>£909K</b>	<b>£848K</b>	<b>£597K</b>	<b>£548K</b>	<b>£405K</b>	<b>£399K</b>
<b>Performance-related pay</b>						
Bonus plan <sup>42</sup>	£0K	£682K	£0K	£290K	£0K	£188K
Deferred bonus plan <sup>43</sup>	£844K	£372K	£179K	£0K	£226K	£65K
Other <sup>44</sup>	£0K	£296K	£0K	£0K	£0K	£52K
Rewarding Growth incentive plan	£165K	£0K	£88K	£0K	£39K	£0K
<b>Total variable pay</b>	<b>£1,009K</b>	<b>£1,350K</b>	<b>£266K</b>	<b>£290K</b>	<b>£264K</b>	<b>£305K</b>
<b>Single total figure of remuneration</b>	<b>£1,918K</b>	<b>£2,197K</b>	<b>£864K</b>	<b>£838K</b>	<b>£669K</b>	<b>£704K</b>

<sup>40</sup> Taxable benefits include car, fuel, car cash allowance and healthcare (where applicable).

<sup>41</sup> Pension includes Co-op Defined Contribution pension plan or cash allowance in lieu of pension provision.

<sup>42</sup> 2024 bonus plan amounts shown represent 50% of the 2024 bonus plan earned award and was 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. Subject to the deferred portion vesting, this will be reported in the single figure table for 2026.

<sup>43</sup> Deferred bonus awards relate to the 2023 bonus plan.

<sup>44</sup> 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 other leaders who were employed during 2021. The retention bonus vested in December 2024. Rachel Izzard was not employed at the time of grant and therefore did not qualify for an award.

## 2025 BASE SALARIES

Shirine Khoury-Haq's salary was increased by 7.3% on 1 January 2025 to £825,000. Rachel Izzard's salary was increased by 3.9% to £535,000 on 1 April 2025. Dominic Kendal-Ward's salary was increased by 1.75% to £356,125 on 1 April 2025.

## 2025 BONUS PLAN

While our Co-op exceeded its target for 'increasing members' and achieved its stretch target for the member participation measure in 2025, the affordability underpins of the 2025 BP were not met. Therefore, no bonus awards were made to our Executives or any other eligible colleagues under the 2025 BP.

Performance measure	Weighting	Threshold (25% payout)	Target (50% payout)	Stretch (100% payout)	Actual performance	Shirine Khoury-Haq	Rachel Izzard	Dominic Kendal-Ward
Operating profit	50%	£130m	£150m	£170m	(£35m) Below threshold	0%	0%	0%
Colleague engagement	10%	73%	74%	75%	71% Below threshold	0%	0%	0%
Member participation		302,000	317,000	331,000	335,900 Stretch			
Member perception	20%	52%	53%	54%	47% Below threshold	0%	0%	0%
Increasing members		6.66m	6.97m	7.38m	7.21m Above target			
Member spend		£3,458m	£3,646m	£4,001m	£3,453m Below threshold			
Individual performance	20%					0%	0%	0%
<b>Total % of maximum</b>						<b>0%</b>	<b>0%</b>	<b>0%</b>

## REWARDING GROWTH INCENTIVE PLAN

For the 2025 performance year, the Remuneration Committee exercised its discretion to pay all eligible colleagues 10% of their maximum three-year opportunity in relation to the 2025 performance year. The table below details the Rewarding Growth incentive plan awards for our Executives. Kate Allum will not participate in the Rewarding Growth incentive plan as Interim CEO.

The payment of the remaining Rewarding Growth incentive plan opportunity depends on how much our Co-op can grow our operating profit in 2026 and 2027. As the Rewarding Growth incentive plan is only in place for three years (2025-27), at the end of 2027 any remaining opportunities under the plan will lapse.

	Maximum three-year Rewarding Growth incentive plan opportunity (£'000)	Rewarding Growth incentive plan award for 2025 <sup>45</sup> (£'000)	Remaining Rewarding Growth incentive plan opportunity <sup>46</sup> (£'000)
Shirine Khoury-Haq	£1,650k	£165k	£0
Kate Allum	£0	£0	£0
Rachel Izzard	£876k	£88k	£788k
Dominic Kendal-Ward	£385k	£39k	£347k

<sup>45</sup> Rewarding Growth incentive plan award for 2025 is equivalent to 10% of the maximum three-year opportunity and is payable in May 2026.

<sup>46</sup> The remaining Rewarding Growth incentive plan opportunity is the total potential award which can be earned in the 2026 and 2027 performance years.

## WHAT DEFERRED BONUS PLAN DOES THE EXECUTIVE HOLD?

Prior to 2025, any bonus awarded to our Executive Directors was subject to a 50% deferral for two years. The deferred bonus awards relating to the 2023 performance year have been reported in the single figure table above, while the table below details the unvested deferred awards held by our Executive Directors.

	Bonus plan year	Value of deferred bonus award (£'000)	Vesting date
Shirine Khoury-Haq	2024	£682k	May 2027
Rachel Izzard	2024	£290k	May 2027
Dominic Kendal-Ward	2024	£188k	May 2027

## UNVESTED LONG-TERM INCENTIVE PLAN AWARDS

The measures, weightings and performance targets for the 2025-27 long-term incentive plan (LTIP) are set out in the table below. The scheme will vest at the end of 2027, with any payments being made in May 2028. Kate Allum will not participate in the long-term incentive plan as Interim CEO.

Performance measure		Weighting
Grow our Co-op	<b>Gross merchandising value (GMV)</b> - compound annual growth rate (CAGR) %	25%
Run our Co-op efficiently	<b>ROCE %</b> - return on capital employed	25%
Our members	<b>Total member spend</b> - £	12.5%
	<b>MNPS %</b> - member net promoter score (as measured over four quarters)	12.5%
Sustainability measures	<b>Scope 1 and 2 emissions</b> - reduction in CO <sub>2</sub> emissions versus 2016 baseline	15%
	<b>Diversity</b> - % female representation (WL1-3)	2.5%
Supporting our colleagues	<b>Diversity</b> - % female representation (WL1-5)	2.5%
	<b>Diversity</b> - % ethnic minority representation (WL1-3)	2.5%
	<b>Diversity</b> - % ethnic minority representation (WL1-5)	2.5%

## LONG-TERM INCENTIVE PLAN MAXIMUM OPPORTUNITIES HELD BY OUR EXECUTIVE AT YEAR-END 2025

	Award scheme	Maximum award opportunity at the year-end (£000)	% of salary	Vesting date
Shirine Khoury-Haq	2025-27	£1,650k	200%	May 2028
Rachel Izzard	2025-27	£875.5k	170%	May 2028
Dominic Kendal-Ward	2025-27	£385k	110%	May 2028

## CHIEF EXECUTIVE PAY RATIO

The following table provides pay ratio data in respect of the CEO's total remuneration (as reported in the single figure table above) compared with the remuneration of the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile of UK colleagues.

Year	Method	25 <sup>th</sup> percentile ratio	50 <sup>th</sup> percentile ratio	75 <sup>th</sup> percentile ratio
2025	Option C	72:1	71:1	64:1
2024	Option C	87:1	84:1	78:1
2023	Option C	74:1	72:1	65:1
2022	Option C	91:1	76:1	62:1
2021	Option C	76:1	71:1	64:1
2020	Option C	122:1	117:1	102:1
2019	Option C	83:1	76:1	62:1

Under the options provided in the guidance to calculate the pay ratio, we've opted to use option C. This allows us to select comparator colleagues for the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles. All three options would give us a very similar result, and option C is the most practical given the size and complexity of our payroll systems.

A large proportion of our colleagues work in frontline roles in our stores, and both the 25<sup>th</sup> percentile and the median comparators are customer team members in our Food stores.

The Government pay ratio calculation is based on actual pay received. Therefore, it can change a lot, as bonus payments are likely to vary each year, given that they are linked to both business and personal performance.

## CHAIR AND NON-EXECUTIVE DIRECTOR (NED) FEES

The fees for the Board Chair, Independent Non-Executive Directors (INED) and Member Nominated Directors (MNDs) are reviewed each year by the NED Fees Committee (which is a Committee of the Council). The members of the NED Fees Committee agreed that from April 2025, the fees for Directors should be increased by 1.75%, which was lower than the salary increase for the wider colleague population. The table below details the change in fee structure in 2025.

	4 Jan 2025 to 31 Mar 2025	From 1 Apr 2025	% increase
Board Chair	£256,250	£260,734	1.75%
Independent Non-Executive Directors (INEDs)	£61,500	£62,576	1.75%
Member Nominated Directors (MNDs)	£61,500	£62,576	1.75%

### Additional fees

Senior Independent Director	£15,375	£15,644	1.75%
Chair of Risk & Audit Committee	£15,375	£15,644	1.75%
Chair of Remuneration Committee	£15,375	£15,644	1.75%

## NON-EXECUTIVE MEMBERS OF OUR BOARD AS OF 3 JANUARY 2026

The table below sets out the fees paid to the Non-Executive Directors during the year. Non-Executive Directors are not paid a pension and do not participate in any of the Company's variable incentive schemes. All Non-Executive Directors are entitled to reimbursement of all reasonable and properly documented travel, hotel and other expenses incurred in performing their duties, in accordance with the terms of our Directors' expenses policy. The NED letters of appointment are available for inspection on request.

	Committee memberships	Date of appointment	2025			2024		
			NED fees £'000	Committee Chair / Snr. INED fees £'000	Total £'000	NED fees £'000	Committee Chair / Snr. INED fees £'000	Total £'000
Kate Allum <sup>47</sup>	Nominations Remuneration <sup>48</sup>	May 2021	£62	£16	£78	£61	£8	£69
Luke Jensen	Risk and Audit	Feb 2024	£62	-	£62	£54	-	£54
Moni Mannings	Nominations Remuneration Senior INED <sup>48</sup>	Jan 2024	£62	£16	£78	£61	£15	£76
Adrian Marsh	Risk and Audit <sup>48</sup> Remuneration	May 2023	£62	£16	£78	£61	£15	£76
Sarah McCarthy-Fry	Risk and Audit Remuneration	May 2019	£62	-	£62	£61	-	£61
Mitch Oliver	-	May 2025	£40	-	£40	-	-	-
Christine Tacon	Risk and Audit	May 2024	£62	-	£62	£39	-	£39
Debbie White	Nominations <sup>49</sup>	Aug 2023	-	£260	£260	£255	-	£255
Lord Simon Woolley	Risk and Audit Nominations	Feb 2025	£54	-	£54	-	-	-

<sup>47</sup> Kate Allum will assume the role of Interim CEO on 30 March 2026.

<sup>48</sup> Indicates a Committee Chair or Senior Independent Non-Executive Director.

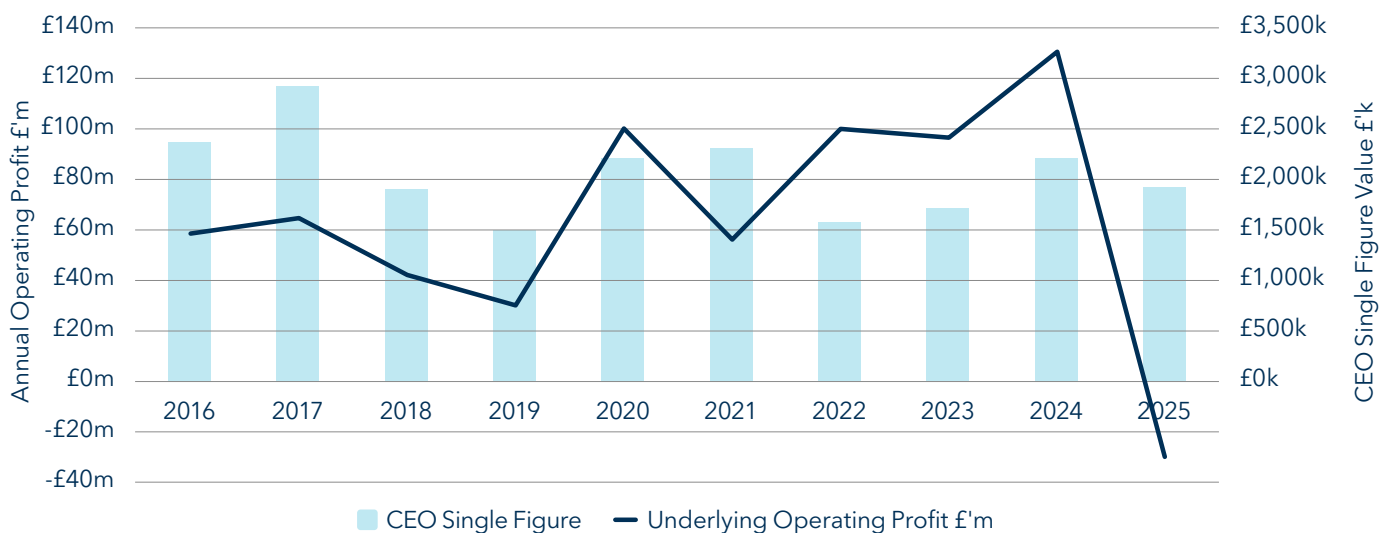
<sup>49</sup> No additional fee is paid to the Chair of the Nominations Committee.

## FORMER NON-EXECUTIVE DIRECTORS WHO LEFT DURING THE 2025 FINANCIAL YEAR

	Committee memberships	Date of appointment	NED fees £'000	2025 Committee Chair / Snr. INED fees £'000	Total £'000	NED fees £'000	2024 Committee Chair / Snr. INED fees £'000	Total £'000
Lord Victor Adebowale	Risk and Audit Nominations	Apr 2016 (Mar 2025)	£14	-	£14	£61	-	£61
Margaret Casely-Hayford	Nominations Remuneration	May 2016 (May 2025)	£23	-	£23	£61	-	£61
Rahul Powar	Risk and Audit Remuneration	Jul 2018 (Feb 2025)	£9	-	£9	£61	-	£61
Wais Shaifta	Remuneration	Feb 2025 (Aug 2025)	£27	-	£27	-	-	-

Dates shown in brackets ( ) indicate the date the stepped down from the Board.

## CO-OP PERFORMANCE AND CHANGE IN CHIEF EXECUTIVE PAY



Reported actuals	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Underlying operating profit/(loss) - £'m	£59m	£65m	£43m	£31m	£100m	£57m	£100m	£97m	£131m	£(35)m
Shirine Khoury-Haq	-	-	-	-	-	£836	£1,571	£1,689	£2,197	£1,918
Steve Murrells		£2,046	£1,895	£1,485	£2,220	£1,469	-	-		
Richard Pennycook	£2,373	£872								
<b>CEO single figure</b>	<b>£2,373</b>	<b>£2,918</b>	<b>£1,895</b>	<b>£1,485</b>	<b>£2,220</b>	<b>£2,305</b>	<b>£1,571</b>	<b>£1,689</b>	<b>£2,197</b>	<b>£1,918</b>

## MEMBER VIEWS ON REMUNERATION

At the 2025 AGM, members approved motions for both the 2025 Remuneration Policy and the 2025 Directors' Remuneration Report. The voting results at the 2025 AGM were as follows:

■ number of Votes For    ■ number of Votes Against

<b>35,096 (87.25%)</b>	<b>5,130</b>	<b>31,697 (81.76%)</b>	<b>7,070</b>
<b>Motion 2 - Directors' Remuneration Report</b>		<b>Motion 3 - Executive Pay Policy</b>	