



Sustainable Bond Framework

2026

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1. Introduction

The Co-operative Group Ltd (Co-op) is the UK's largest consumer co-operative, with over seven million active members and a presence in every postal area in the country. The Co-op is owned and run for members across different businesses including business-to-business and retail food, funerals, insurance and legal services. Co-op seeks to create social value for our member owners through delivering positive impact and lasting value for people and planet across three areas: access to opportunities, a sustainable future and peace of mind and wellbeing.

This Sustainable Bond Framework (the 'Framework') sets out how Co-op may issue Sustainability Bonds, Green Bonds and/or Social Bonds to finance or refinance eligible projects that support our strategy across social value and sustainability.

The Framework is supported by a Second Party Opinion verifying alignment with the ICMA Sustainability Bond Principles (2021), Green Bond Principles (2025) and Social Bond Guidelines (2025).

2. About the Co-op and Sustainability

The Co-operative Group (Co-op) is the UK's largest consumer co-operative, owned by over seven million active members. Sustainability and social value are integral to Co-op's purpose, strategy and governance, reflecting member priorities and long-standing co-operative values. Co-op's approach to sustainability is articulated through our Social Value and Sustainability Report, which marks over 20 years of transparent reporting and is externally assured.

Further details can be found online at [Reports](#).

Fairtrade

Fairtrade is a core pillar of Co-op's responsible sourcing and sustainability strategy. We have championed the Fairtrade movement for over 30 years and position Fairtrade not merely as a certification, but as a tool for trade justice and resilient livelihoods. Our objective is to be the UK's leading supporter of Fairtrade, underpinned by a three-pillar approach: sourcing Fairtrade ingredients, delivering impactful programmes to support producers, and advocating for systemic change.

As of 2025, 100% of Co-op own brand bananas, tea, coffee, cocoa (including as an ingredient), bagged sugar, South African wine and roses are sourced on Fairtrade terms. Through these commitments, Co-op supports over 250,000 farmers and workers across 29 countries and generates material Fairtrade Premium flows that are invested by producer organisations in social, environmental and economic development. These commitments are complemented by producer-focused programmes addressing climate resilience, gender empowerment and

productivity, as well as sustained consumer engagement through campaigns such as Fairtrade Fortnight.

Further details can be found online at [Fairtrade](#).

Climate and nature

Climate and nature are central to Co-op's long-term strategy and risk management, reflecting our reliance on agricultural supply chains and the priorities of our member owners. As of 2025, Co-op had reduced absolute Scope 1 and 2 greenhouse gas emissions from our operations by 65% since 2016. We have committed to achieving Net Zero operations by 2035, supported by science-based targets and ongoing investment in renewable energy, energy efficiency and fleet decarbonisation.

Recognising that the majority of our environmental footprint sits within the value chain, the Co-op integrates climate, nature and water considerations across responsible sourcing, supplier engagement and Fairtrade programmes that support farmer resilience and a just transition. We have made public commitments to protect and restore nature, including signing the WWF Retailers' Commitment for Nature, and in 2025 completed a nature risk materiality assessment to inform the development of a dedicated Food Nature Strategy.

Resource Use

Retailers have an important role to play in how we use resources. By reducing waste, choosing materials wisely and working more efficiently we can help create a future that's better for our colleagues, communities and the planet.

Our focus at Co-op is to reduce the environmental impact of packaging, prevent food waste and optimise food redistribution, while effectively managing water use in our operations and reducing water risk in the supply chain.

Healthy and Sustainable Diets

Supporting consumers to move towards a healthier, more sustainable diet is essential for the future of our food system. Our strategy aims to shift the balance towards healthier and more sustainable sales through three key areas:

- Healthier, more sustainable product offering
- Accessibility through pricing and promotional activities
- Inspiring healthier, more sustainable behaviours

Environmental, Social and Governance Risk Management

Our Board oversees Co-op's risk management framework through the Risk and Audit Committee (RAC) and regularly considers the status of our risk profile by reviewing risk mitigation plans and responses to significant and emerging risks.

Our Board has ultimate responsibility for risk management, including the principal sustainability risk, for Co-op. Our Board periodically monitors action plans and is briefed on material climate-related risks and opportunities on at least an annual basis.

Members of our Operating Board are individually responsible for managing the principal risks and mitigating those risks with the support of senior leaders through the Business Risk and Assurance Committee (BRAC). This committee is made up of nominated members of our Operating Board, senior leaders from each business unit and support functions, Chief Financial Officer and Director of Risk and Internal Audit.

Principal risks include sustainability, supply chain and operational resilience and brand and reputation.

Climate- and nature-related risks and opportunities are overseen through the Group's sustainability governance and enterprise risk management framework, with annual disclosures aligned to the Task Force on Climate-related Financial Disclosures (TCFD).

Further details can be found online at [Reports](#).

Commitments on ethical trade, human rights and addressing modern slavery are outlined in four key policies, found online at [Ethics](#) and at [Human rights](#).

Governance

Effective corporate governance is critical to protect and grow value for our members, customers and the communities we serve. It helps our Co-op grow while securing our sustainability commitments.

Our governance structure and risk management framework enable our Co-op to manage climate and sustainability risks effectively, ensuring robust controls are in place to achieve our sustainability ambitions while continuing to exercise sound commercial decision-making.

The development of detailed social value policies and programmes, along with the oversight and delivery of each area of activity, remains fully embedded within the business and is managed through forums such as:

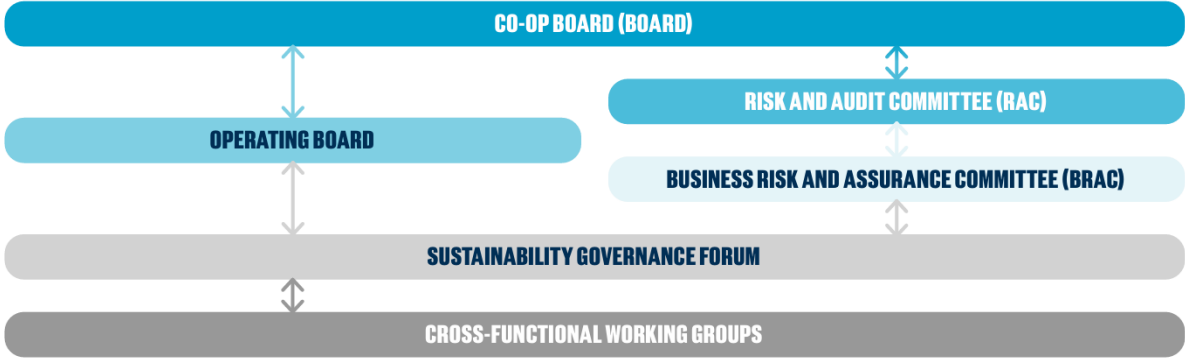
- Social Value Working Group which oversees issues relating to the delivery of our social value commitments
- Sustainability Governance Forum, which oversees issues such as Climate Change, Nature, Resource Use, Sustainable Sourcing and Healthy and Sustainable Diets
- The People Leadership team, which oversees issues such as our diversity and inclusion and colleague wellbeing strategies

Our Sustainability Governance Forum (the 'Forum') meets monthly and is made up of Group leaders who oversee and coordinate sustainability activity across the Co-op.

The Forum brings together business leaders, department heads and function subject matter experts, connecting the cross-functional "spokes" to strengthen accountability for strategic

decisions on climate-related risks and opportunities. This Forum also oversees the Sustainability Principal Risk, with business leaders across the Group responsible for the controls, actions and assurance required to deliver our sustainability plan.

Figure 1: Our governance structure



Further details can be found online at [Reports](#).

3. Framework Overview

Rationale

Social value sits at the core of Co-op's strategy, and this framework serves to provide further transparency on how Co-op is co-operating to deliver positive impact and lasting value for people and planet.

Though a variety of programmes captured by the eligible activities - including Fairtrade, renewable energy generation and energy efficiency. Co-op aims to support increased access to opportunities, to a sustainable future and to peace of mind and wellbeing.

Scope

Under this Framework, Co-op may issue Sustainability Bonds, Green Bonds and/or Social Bonds. Net proceeds (or an amount equivalent thereto) will be allocated to a portfolio of eligible Green and/or Social Projects, collectively, Eligible Sustainable Projects.

The Framework has been prepared with reference to the following standards and certifications:

- ICMA Sustainability Bond Guidelines (2021)
- ICMA Green Bond Principles (2025)
- ICMA Social Bond Principles (2025)
- Fairtrade
- Forest Stewardship Council (FSC)
- Linking Environment and Farming (LEAF)
- Royal Society for the Prevention of Cruelty to Animals (RSPCA)
- UN Sustainable Development Goals (SDGs)

Structure

The Framework is structured around the four core components of the ICMA Sustainability Bond Principles (2021), Green Bond Principles (2025) and Social Bond Guidelines (2025):

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Framework updates

This Framework supersedes the previous Sustainability Bond Framework 2018 and can be found online at [Investors](#).

Co-op will review the Framework on at least an annual basis to ensure alignment with ICMA principles and market developments. We will aim to update the Framework where needed and will seek a refreshed SPO in the case of material changes.

External review

The Framework has been externally and independently reviewed by DNV, a Second Party Opinion (SPO) provider. Details of the SPO scope and assessment can be found online at [Investors](#).

4. Use of Proceeds

An amount equivalent to the net proceeds of Sustainability Bonds, Green Bonds and/or Social Bonds issued under this Framework will be allocated to finance or refinance, in whole or in part, Eligible Social Projects and/or Eligible Green Projects (collectively called Eligible Sustainable Projects) that deliver clear environmental and/or social benefits and align with Co-op's sustainability strategy.



Social Projects and Green Projects include assets, investments and activities, as well as other related and supporting expenditures, including operating expenses and R&D.


As part of the reporting, Co-op intends to provide an estimate of the share of financing vs. re-financing. For re-financing, Co-op applies a maximum two-year look-back period from the date of issuance of each bond. For new financing, Co-op will seek to allocate the proceeds to eligible projects within 24 months of issuance.

Eligible Social Projects and Eligible Green Projects are mapped to relevant UN Sustainable Development Goals (SDGs).

Eligible Green Criteria

Eligible Green Activities aim to support the achievement of environmental benefits and / or positive outcomes. Activities are grouped into the ICMA’s Green Bond Principles’ eligible Green Project categories.

ICMA Eligible Project Category and SDGs	Eligible Green Projects	Green objectives per ICMA Green Bond Principles, aligned to Co-op strategy
<p>Environmentally sustainable management of living natural resources and land use</p> 	<p>Purchasing costs of products with sustainability certifications by third parties (opex), including those certified by:</p> <ul style="list-style-type: none"> • Forest Stewardship Council (FSC) • Linking Environment and Farming (LEAF Marque) • Royal Society for the Prevention of Cruelty to Animals (RSPCA) <p>Compostable and biodegradable plastic products (opex)</p> <ul style="list-style-type: none"> • E.g., EN 13432:2000 certified or OK compost HOME tested. Including but not limited to carrier bags and tea bags 	<p>Natural resource and biodiversity conservation, in alignment with our target to reduce our environmental impact and protect and restore nature</p> <p>Pollution prevention and control, in alignment with packaging targets</p>
<p>Renewable Energy</p> 	<p>Onsite generation (solar, wind) (capex)</p> <ul style="list-style-type: none"> • Where projects are joint investments, the pro-rated shared (%) of its own investment will be reported 	<p>Climate change mitigation, in alignment with our Scope 1 and 2 target reductions</p>

<p>Energy Efficiency</p> 	<p>Efficiency and greenhouse gas (GHG) intensity improvements in existing buildings, infrastructure and through estate fit-outs/refurbishment (capex), such as:</p> <ul style="list-style-type: none"> • Replacing less-efficient lighting e.g. fluorescents to LED lighting • Lower GHG or more energy-efficient refrigeration technology • New renewable energy generation capacity • Ventilation and air conditioning system upgrades 	<p>Climate change mitigation, in alignment with our Scope 1 and 2 target reductions</p>
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Exclusions:

- Tobacco and tobacco-related products
- Fossil fuel extraction, production or power generation
- Activities leading to conversion of natural ecosystems, including deforestation of High Conservation Value or High Carbon Stock land

Eligible Social Criteria

Eligible Social Projects are those activities that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s). Activities are grouped into the ICMA’s Social Bond Principles’ eligible Social Project categories.

ICMA Eligible Project Category and SDGs	Eligible Social Projects	Social objectives aligned to Co-op’s strategy
<p>Socioeconomic advancement and empowerment</p> 	<p>Fairtrade products and Fairtrade support (through better prices, working conditions and terms of trade):</p> <ul style="list-style-type: none"> • Expenditures related to bringing Fairtrade products to customers (opex), including but not limited to: <ul style="list-style-type: none"> ○ Purchasing costs of Fairtrade certified products (for the Co-op Group and other Co-operative Retail Societies) ○ Other embedded costs such as certification, packaging, transportation • Investment in sustainability and resilience projects (capex/opex, project dependent) with Co-op Fairtrade producers, communities and supply chains including: <ul style="list-style-type: none"> ○ Co-operative development ○ Productivity, resilience and climate change adaptation ○ Providing access to clean and safe water ○ Farmer training and advice 	<p>Source responsibly and build resilient, inclusive supply chains, through sustained demand for Fairtrade supply chains, underpinning minimum price guarantees and Fairtrade Premium flows to vulnerable producer communities.</p> <p>Support global development, peace and co-operation through strengthening community-level access to education, healthcare, water and climate-resilient livelihoods through Fairtrade Premium-funded initiatives.</p> <p>Take action on social mobility, inclusion and belonging through supporting inclusion and empowerment of women within agricultural supply chains.</p>

Target populations include but are not limited to:

- **People living below the poverty line:** Smallholder farmers and agricultural workers in low income and lower middle-income countries participating in Fairtrade supply chains
- **Excluded and/or marginalised populations:** Rural producer communities with limited access to finance, markets and social protection
- **Under-served populations owing to lack of access to essential services:** Communities using Fairtrade Premiums to fund education, healthcare, water and sanitation.
- **Women:** Female farmers and workers benefiting from gender focused Fairtrade Premium investments and leadership programmes
- **People vulnerable to climate change:** Producers facing climate related income and food security risks addressed through resilience and adaptation projects

Exclusions:

- Tobacco and tobacco-related products

Bond proceeds will not be allocated to activities that:

- Do not meet Co-op's commitments on ethical trade, human rights and addressing modern slavery
 - Further details can be found online at [Ethical trading](#) and at [Modern slavery statement](#)
- Do not meet Fairtrade International Labour Standards where Fairtrade eligibility is claimed

5. Process for Project Evaluation and Selection

A core project team, including subject matter experts, will assess eligibility in line with the Eligible Green Criteria and Eligible Social Criteria (collectively, Eligible Sustainable Projects) as laid out in this Framework (see Use of Proceeds section). It will recommend projects for selection by Co-op's Sustainable Governance Forum ('Forum'). The Forum, chaired by the Head of Sustainability, meets monthly. The Forum comprises Group Policy and Campaigns¹, Co-op Food, Finance and Property, with other subject matter experts as required.

The Forum will review Eligible Sustainable Projects and associated reporting under this Framework on an annual basis at a minimum, or more frequently as required, until full allocation of any outstanding bonds issued under the Framework.

Co-op's Treasury department will allocate the proceeds of Sustainability Bonds, Green Bonds and/or Social Bonds to the selected portfolio of Eligible Projects in accordance with the Sustainable Governance Forum decision, and with respective eligible expenditures.

Projects financed and/ or refinanced through Sustainability Bonds, Green Bonds and/or Social Bonds proceeds are evaluated by the core project team at least annually to confirm ongoing eligibility and alignment with Co-op's strategic sustainability objectives.

Co-op ensures that all selected Eligible Sustainable Projects comply with official national and international environmental and social standards and local laws and regulations on a best effort basis. Co-op applies core minimum environmental, social and governance (ESG) requirements for many of our activities, including those financed with the proceeds of bonds issued under this Framework. Co-op also applies risk management measures in our capital allocation decisions which are supported by a company-wide planning, reporting and controlling system.

If a material issue linked to ESG factors arises for a specific eligible project after allocation of the proceeds, Co-op will seek to replace the project in the portfolio as soon as feasible.

Further details can be found online at [Reports](#).

¹ Responsible for Co-op's Group-wide approach to ethics and sustainability strategy, policy and reporting.

6. Management of Proceeds

An amount equivalent to the net proceeds of Sustainability Bonds, Green Bonds and/or Social Bonds issued under this Framework will be allocated to finance or refinance, in whole or in part, Eligible Social Projects and/or Eligible Green Projects that deliver clear environmental and/or social benefits and align with Co-op's sustainability strategy.

The net proceeds of bonds issued under this Framework, or an amount equal to these net proceeds, will be managed through an internal tracking process for monitoring and accounting for allocation of the proceeds.

Co-op will strive, over time, to achieve a level of allocation for the Eligible Social and Green Projects portfolio which matches or exceeds the balance of net proceeds from our outstanding Sustainability Bonds, Green Bonds and/or Social Bonds.

Co-op applies a maximum two-year look-back period from the date of issuance of each bond and will seek to allocate the proceeds to eligible projects within 24 months of issuance.

Pending the full allocation to Eligible Sustainable Projects, Co-op will hold and / or invest the balance of net proceeds not yet allocated, at our own discretion, in our treasury liquidity portfolio (in cash or cash equivalents) or apply all or a portion of the net proceeds to pay a portion of our outstanding indebtedness.

Allocation and management of proceeds may be subject to external verification.

7. Reporting

Co-op will make, and keep readily available, up-to-date information on the allocation of net proceeds and, wherever feasible, on the impact of Eligible Social Projects and Eligible Green Projects.

Reporting will take place in line with Co-op's general annual reporting cycle, until full allocation of Sustainability Bonds, Green Bonds and/or Social Bonds net proceeds. Allocation and impact reporting will be integrated into the annual Social Value and Sustainability Report.

Any material developments, such as modification of the Framework or of the allocation portfolio, will be reported in a timely manner.

Allocation reporting

The allocation report will provide on an annual basis, until fully allocated, the:

- Total amount of Co-op Sustainability Bonds, Green Bonds and/or Social Bonds outstanding
- Amount of proceeds allocated to Eligible Social Projects and Eligible Green Projects
- Amount of unallocated proceeds
- Amount or percentage of new and existing projects

Impact Reporting

Where feasible, Co-op also intends to report on the environmental and social outputs of the projects to which bond proceeds are allocated. This will be reported in annual sustainability reporting and /or specific impact reports in line with the ICMA harmonised frameworks for green and social projects.

Indicative indicators:

Category	Projects	Sample impact metrics
Socioeconomic advancement and empowerment	Fairtrade products and Fairtrade support	<ul style="list-style-type: none"> • Number of producers/producer communities reached • Amount of Fairtrade ingredients purchased via Fairtrade products (volume measured in tonnes/litres/stems)
Environmentally sustainable management of living natural resources and land use	Purchasing costs of products with sustainability certifications by third parties, including those certified by: <ul style="list-style-type: none"> • Forest Stewardship Council (FSC) • Linking Environment and Farming (LEAF Marque) • Royal Society for the Prevention of Cruelty to Animals (RSPCA) 	<ul style="list-style-type: none"> • % of purchases that are third party verified by the certifications in question

Renewable Energy	Onsite generation (solar, wind)	<ul style="list-style-type: none"> • Reduced/ avoided GHG emissions (metric tons of CO2 equivalent) • % reduction in direct GHGs from ops • Generation capacity installed
Energy Efficiency	Efficiency and greenhouse gas (GHG) intensity improvements	<ul style="list-style-type: none"> • Energy saved p.a. (kWh) • GHG emissions reduced/ avoided p.a. (metric tons CO2 equivalent)

These may be supplemented by qualitative and/or case-study reports on outcomes and impacts of the projects funded. Where relevant, information may be provided on data reporting and impact assessment methodologies, to increase transparency.

Further details can be found online at [Investors](#).

8. External Review

Co-op's Sustainability Bond Framework 2026 has been reviewed by an external and independent SPO provider, DNV, to assess alignment of this Framework with the relevant ICMA principles prior to issuance.

The Second Party Opinion as well as the Sustainability Bond Framework can be found online at [Investors](#).

Post-issuance verification of allocation may be sought from an external auditor or third party.

9. Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Co-op and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Co-op as to the fairness, accuracy, reasonableness or completeness of such information, and no reliance should be placed on it. The information contained in this document are provided at the date of this document and are subject to change without notice.

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