Strategy and Context

Healthy living

We have an important role to play in helping our members, colleagues and customers lead healthy lives. We do this through the products we sell, our campaigns and by inspiring healthy, sustainable behaviours in communities.

Our Health and Wellbeing Programme was developed in 2019, to help our business deliver on our ambition to make it easier for our customers and colleagues to make healthier choices and enhance the wellbeing of the communities we serve. In 2020 we moved the key activities of this programme into individual teams' plans.

In July 2020 the Government published its Obesity Strategy¹ which set out plans to restrict the marketing, promotion and placement of high fat, salt and sugar foods and drinks. We have begun to work through the implications of the proposals.

Healthier products

Our Future of Food ambition sets out our commitment to designing products with quality, health and sustainability at front-of-mind. It commits us to increase the amount of fruit and vegetables as ingredients in Co-op brand products and continue to take a responsible approach to reducing the amount of salt, sugar and calories in Co-op brand products.

In 2020 98% of Co-op brand products met the Department of Health 2017 maximum salt targets (2019: 98%). In 2020 we removed 18 million teaspoons of sugar from customers' baskets over a year, through product reformulation. This brings the total removed since 2014 to 674 million teaspoons.

Accessibility

We remove barriers to choosing healthy options and help our customers to identify and locate healthy products in store, and to make healthier and more informed choices. We make healthier options more affordable through promotions such as our 'Fresh 3' and we use our communication channels to promote healthier lifestyle choices.

We've led the way on clear and honest labelling over the years. Our traffic light labelling provides front-ofpack, colour-coded nutritional information at a glance. At the end of 2020, 46% of our Co-op branded food and drink recipe products carried no red traffic light (2019: 46%). We've also expanded our 'free from' offer by launching two own-brand gluten-free breads.

Price Parity

One of our key commitments to our customers is that 100% of our Co-op brand products which are 'reduced' or 'light' alternatives to a standard line will be no more expensive (based on price/kg). Compliance is tracked through spot checks and one product was found to be in exception to this commitment in 2020 (page 96).

Inspiring healthy behaviour change

We made a commitment in Future of Food to work with partners to inspire healthy, sustainable behaviour change in communities.

In 2020, we ran campaigns to highlight healthier choices by calling out the nutritional benefits of products, such as 1 of your 5 a day, and by suggesting simple swaps to a healthier version of the same product.

We supported the Veg Power ITV advertising campaign launch again in 2020, and we've been a supporter of Parkrun since 2017, using the partnership to reach and engage with a passionate community to promote health and wellbeing.

As part of our support for the <u>Peas Please</u> campaign, we're helping customers to eat more vegetables. As set out in our Future of Food commitments, we're increasing vegetable content in key product categories by 2021, and Peas Please scored us 'yellow' this year, meaning that we're 'on the road to success' with our commitments.



In summer 2019, as part of the Consumer Goods Forum 'Collaboration for Healthier Lives UK' initiative, we ran a behaviour change trial to reduce sales of sugary soft drinks and encourage sugar-free choices, through point of sale materials. The results were analysed by Oxford University and the report, published in 2020, found that there was no impact on sales of sugary drinks. While this was disappointing, the trial adds to the body of knowledge around education, labelling and behaviour change. Further trials had to be postponed due to the impact of Covid-19, but we intend to revisit plans in 2021.

Indian ready meals reformulation

In 2020 we reformulated 9 products in our Indian ready meals range, reducing saturated fat by an average of 10% and removing 519 million calories from customers' baskets over a year.

Alcohol and tobacco

We sell e-cigarettes and smoking cessation products in the majority of our stores. We're also committed to selling alcohol responsibly. We work in partnership with the Drinkaware Trust, providing £249,000 of funding to them in 2020.

Plant-based

There is an increasing appetite from customers to purchase meat-free options, whether they are vegetarian, vegan or simply active in reducing their meat intake. In January 2020 we launched 40 products in a new sub brand, GRO, which celebrates plant-based food. We added a further 10 lines to the range during the year.

National Food Strategy

We're committed to playing our part in helping to tackle food inequality, including how we help people access the nutritious food they need to thrive. The National Food Strategy Part One, released in August, forecast the impacts of food inequality on future generations and called for a sharp focus on providing children and families with the nutritious food they need.

We now ensure that anyone redeeming the Healthy Start voucher in a Co-op store receives an additional £1 to spend on fruit and veg, in order to boost the amount of nutritious food parents who are tied to the most limited budgets can feed their families.

Co-op Health

During 2020 we made considerable progress with Co-op Health and, by the end of the year, the business was ranked as the 6th largest dispensary by volume in England, having started just a year earlier as 7,000th largest. Despite this progress, it also became clear that to keep pace with a market, accelerated by Covid-19, would require additional investment in our ongoing operations and automation. The combination of these factors, alongside the requirements for further capital investment to be made in other areas of the Co-op, meant that we have decided to exit the pharmacy digital prescription market.

Alongside building the customer base and some compelling technology we were able to sell the business to Phoenix, a well-established player in the market who shares our values and approach and who can better provide the dedicated support for the business going forwards.



② 2021 target

Co-op brand products which are 'reduced' or 'light' alternatives to a standard line will continue to be no more expensive, based on price per kg.