THEREPORT 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 2024 financial year. This is my first report since being appointed as Remuneration Committee Chair and I would like to thank my predecessor, Stevie Spring, as well as fellow Committee members for their support since my appointment.

The report is split into two sections:

- Our Co-op's forward-looking Executive Pay Policy on <u>page 78</u> which will apply from 1 January 2025 onwards, subject to our members' advisory vote at our 2025 AGM.
- The Annual Report on Remuneration on <u>page 84</u> which details the remuneration paid to our Executive Directors in the 2024 financial year, and which is subject to our members' advisory vote at our 2025 AGM.

HOW THE COMMITTEE WORKS

The Committee is responsible for determining our Co-op's pay strategy as well as 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 developments, and best practice. The Committee's terms of reference are available <u>on our website</u>.

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 Board Chair and Risk and Audit Committee Chair. This ensures there is alignment with broader Board decisions.

In 2024, the Committee held six meetings and the attendance of Committee members is detailed on page 66.



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 through 2024:



NOVEMBER

- Approve measure and performance expectations for 2025 bonus plan
- Design of new Long Term incentive plan
- Approve Rewarding Growth incentive plan
- Review inflight performance of 2024 bonus plan
- Review of Committee terms of reference
- Update on wider workforce pay

OCTOBER

 Market benchmarking of Executive Directors' remuneration

SEPTEMBER

- Committee effectiveness review
- Review of Executive pay approach

OTHER COMMITTEE SUPPORT

The Committee sought independent, external advice through Deloitte, who advised on market trends and benchmarking for comparable executive roles. Further details are on page 89.

EVALUATION OF COMMITTEE EFFECTIVENESS

The performance of the Committee is reviewed annually. The 2024 review followed the same process as the main Board using the digital evaluation platform BoardClic.



2024 BUSINESS PERFORMANCE AND BONUS OUTCOMES

As discussed earlier in this report, in 2024 we delivered a solid business performance in the context of a challenging market. Our Food and Life Services business grew, while our Wholesale business faced challenges. We increased membership numbers, continued to support causes and communities, and built on the financial discipline achieved in previous years to grow our operating profit.

BONUS

With reference to our bonus plan, we assessed 2024 through a balanced scorecard of measures, both financial and non-financial.

Our Co-op performed well against the targets that the board set. As a result, our 2024 bonus plan outturn equated to 66.5%-71.5% of the maximum bonus opportunity available.

Full details of our 2024 bonus plan is detailed on <u>page 85</u> along with details of the personal performance outcomes for each of our Executive Directors.

DEFERRED BONUS PAYMENTS

The second half of our 2022 bonus plan is now due to colleagues still employed by our Co-op and not under notice at the time of payment.

It will be paid in May 2025 to senior leaders in line with the scheme rules.

Further details of the amounts that were paid and deferred can be found on page 84.

SUPPORTING OUR COLLEAGUES

Our colleagues are integral to our Co-op's success. This year we continued to significantly invest in colleague pay, particularly for frontline colleagues. We remain committed to paying the Real Living Wage to ensure all colleagues are paid fairly.

In April 2024, we aligned our minimum hourly rates to the Real Living Wage as set by the <u>Living Wage</u> <u>Foundation</u> and we will again during 2025.

We've continued to support all our colleagues financially:

- Continuing with our 30% colleague discount on own-brand products.
- Offering all colleagues not eligible for our bonus schemes a one-off winter recognition payment of £30 loaded onto colleague membership cards.
- Launching our Rewarding Growth incentive plan. All colleagues are eligible to participate, including frontline colleagues and customer team members who can earn up to a £1,000 bonus share over three years.
- As at the end of 2024, over 15,000 colleagues have signed up to the Wagestream app, with 4,800 colleagues now automatically enrolled into saving towards a rainy-day fund, which is a key step in creating financial security and independence.



At the end of 2024, more than 72% of colleagues were members of our pension scheme; 70% of colleagues were pension members in 2023. Our pension offer compares favourably to competitors' schemes and is available to all. We also take the social responsibility and sustainability footprint of our pension investments seriously - see our Social Value and Sustainability Report for more details.

PAY GAP REPORTING

In addition to our statutory reporting of our gender pay gap, we have also chosen to voluntarily report our ethnicity pay for the last year. This year we were proud to also publish <u>our socioeconomic pay gap report</u>.

EXECUTIVE PAY POLICY

Our current Executive Pay Policy is subject to a non-binding advisory member vote at the 2025 AGM.

During 2024, the Committee has worked with our external advisers, Deloitte, to undertake a full review of the policy. Our Executive Pay Policy must be fit for purpose, helping our Co-op thrive by attracting and retaining key talent, while ensuring that pay is competitive but not excessive.

The review considered how our Co-op pay approach compares with other similarly sized businesses within the FTSE 50-150. These are the businesses we compete with for talent; businesses who are similar in size and complexity.

Following the review, the Committee concluded that changes were needed to our Executive Pay Policy to better align to the external market and to support our ambitious strategy.

The key findings of the review concluded that our Executive Pay Policy:

- Didn't incentivise and reward longer-term delivery within our Senior Leader population, particularly considering our ambitious growth targets.
- Was out of line with typical best practice in respect to Executive Pay.
- Our total pay was not competitive, particularly in relation to our variable pay approach.
- Our approach was too short-term focused, and we needed an approach to better align senior leaders' variable pay to Co-op's long-term performance and results.

Following the review, the Committee have determined that changes are needed to our Executive Pay Policy to make sure we deliver on our strategy and vision for our members. The changes that will take effect from 2025 are outlined below.

CHANGES TO OUR ANNUAL BONUS PLAN APPROACH

Since 2018, we've operated a single bonus plan for our Executive Directors, with performance being determined against yearly performance targets.

Given our new strategy and ambitious growth targets, the Committee determined that the variable pay approach was too focused on short-term delivery of in-year performance.

The Committee and our Board believe it's extremely important that our pay approach encourages and rewards leaders for taking the necessary future-focused decisions to ensure our Co-op thrives. For this reason, we are rebalancing our variable pay opportunities for senior leaders across our Co-op.



A BONUS PLAN AND A LONG-TERM INCENTIVE PLAN

From 2025, we continue to operate an annual bonus plan to incentivise and reward delivery of agreed annual performance measures. Alongside this, we will also launch a long-term incentive plan (LTIP) to incentivise and reward the delivery of key three-year performance measures.

As part of this change, from 2025 we will be better aligning our Executive Directors' incentive opportunities to typical market practice, as we tilt the balance from short-term to longer incentives.

A reduced bonus plan

Under the annual bonus plan, we are reducing the maximum bonus opportunities of Chief Executive, Chief Financial Officer and Group Secretary and General Counsel. Please refer to the Executive Pay Policy on page 78 for further details.

Previously, 50% of any bonus plan awarded to our Executive Directors was deferred for a period of two years. The deferred portion of bonus was held as cash and wasn't subject to any other further performance conditions, other than being time-bound.

It is the Committee's view that deferral under the annual bonus plan is no longer necessary, and it will not be applied to any future bonus plan awards from 2025 onwards. However, all previous bonus plan awards are still subject to the two-year deferral period.

Further information on the 2025 bonus plan performance measures is detailed on page 82.

A new long-term incentive

The new LTIP will reward longer-term performance, and help us retain key talent; any opportunity under the scheme requires participants to remain with our Co-op for three years.

Our new LTIP will have a 'base' level of award with a maximum opportunity. For the Chief Executive, this is up to 200% of salary, only being attained where stretching three-year targets are met.

This allows us to incentivise our Executive Directors to focus on a broader set of holistic performance measures around economic, social and ownership value. The Committee has also aligned incentives to our sustainability agenda through the new LTIP. More information on the 2025 LTIP performance measures is on page 82.

Full details of the revised Executive Pay Policy can be found on page 78.



LOOKING AHEAD FOR 2025

REWARDING GROWTH

Over the last three years, under Shirine's leadership, we've significantly improved the resilience of our Co-op by focusing on the foundations of our business.

Building on these foundations, we can now move to an exciting growth phase for our Co-op to enable us to deliver more value for you, our members. We have significant growth ambitions, and we want to incentivise and reward all of our colleagues for the key role they will play in achieving them.

I'm extremely proud and excited to be able to launch, for the first time ever, an all-colleague incentive plan: 'Rewarding Growth'. This will reward all of our colleagues who are members if we meet our growth ambitions over the next three years.

Each colleague will have a maximum opportunity that can be earned over the next three years.

The 'maximum opportunity' (the amount that could be paid out) differs by role and is awarded pro-rata to the hours a colleague works. For most colleague member owners, it will be up to £1,000, which we'll pay out if we meet our ambitions.

This way, if we all work together to grow our Co-op, then all of our colleague member-owners will share in our success.

Every colleague will participate in Rewarding Growth, including our Executive Directors, please refer to the Executive Pay Policy on page 78 for further details

An incentive plan that all colleagues can participate in has been a long-term ambition for the Committee. It's really pleasing to see that we've been able to put this in place while also aligning our lowest rates of pay to the Real Living Wage which has and continues to be a significant investment for our Co-op.

AGM

On behalf of the Committee, I would like to thank members and our Members' Council for their input and engagement this year, and we welcome any comments you may have on this report.

It remains important to us that our members make their views heard and we would ask that you vote prior to the meeting. In 2025, we will be asking our members to approve the Annual Report on Remuneration and to approve our new Executive Pay Policy for the next three years. Both votes are advisory.

We look forward to your support for the proposed new Executive Pay Policy and Annual Report on Remuneration at our 2025 AGM.

Kate Allum

Kate Allum

Chair, the Remuneration Committee



CHANGING OUR EXECUTIVE PAY POLICY: A SUMMARY

Our Executive Pay Policy is designed to attract, retain, and motivate the talent our Co-op needs to deliver our growth strategy. These changes are to strike an appropriate balance between short-term and long-term sustainable performance for the benefit of our members.

As mentioned, our external advisers, Deloitte, reviewed our remuneration policy by benchmarking FTSE 50-150 firms. Given our Co-op's comparative size and complexity, the Committee deemed it appropriate to position the pay opportunities of our Executive at the median of this comparator group.

The table below summarises the proposed change to the Remuneration Policy along with the rationale for making the change.

| ELEMENT | CHANGES TO POLICY | RATIONALE |
|--|---|--|
| Annual bonus opportunity | Reduced maximum annual bonus opportunities: - CEO from 250% to 200% of salary. - CFO from 180% to 170% of salary. - Group Secretary and General Counsel from 150% to 110%. | Reduced bonus opportunities better align with external market practice. Tilts the balance from short-term, in-year performance to longer-term sustainable performance, across a broader set of both financial and non-financial measures. |
| Bonus deferral | All unvested bonus awards, up to and including the 2024 scheme, remain subject to a 50% deferral for a period of two years. All future bonus awards from 2025 onwards will no longer be subject to any deferral. | Bonus deferral is not effective in incentivising longer-term performance. The new LTIP scheme will be the primary incentive mechanism for retaining senior leaders. |
| LTIP opportunity | Introduce a long-term incentive plan (LTIP) from 2025 with annual grants and maximum annual opportunities of: - CEO: 200% of salary CFO: 170% of salary Group Secretary and General Counsel: 110% of salary. | Addresses market competitiveness challenges. Ensures that the rewards for Executive Directors are aligned to a broader, holistic set of performance measures. Supports in retaining and motivating a high-performing CEO and executive team. |
| Rewarding Growth incentive plan opportunity | The Rewarding Growth incentive plan is a one-off all-colleague plan for a period of three years. This plan is open to all colleagues and incentivises them to deliver our growth ambitions. The maximum opportunity over three years is: - CEO: £1,650,000 over 3 years. - CFO: £875,500 over 3 years. - Group Secretary and General Counsel: £385,000 over 3 years. | To incentivise and reward all colleagues in delivering our growth ambitions. Payments under this scheme are contingent on the business delivering a material step up in operating profit for the benefit of members. |



OUR EXECUTIVE PAY POLICY

We are committed to the following approach to pay:

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

SUMMARY OF EXECUTIVE PAY POLICY

Our new Executive Pay Policy is summarised below:

| ELEMENT | POLICY AND OPERATION | OPERATION AND PERFORMANCE CONDITIONS |
|--|--|--|
| Base salary Supports the attraction and retention of the best talent. | Salaries are normally reviewed annually by the Committee, with the change being effective on 1 April. Salary increases take account of: - Individual performance. - Role, skills and experience. - Increases being awarded to other colleagues across the Co-op Group. - Salary levels for Executives are benchmarked against the median of FTSE 50-150 firms. | Base salary is paid four-weekly. |
| Benefits Provides market- competitive and cost- effective benefits to support the attraction and retention of the best talent. | The company 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 enabling recruitment, retention or relocation. | Normal benefit provisions apply to our Executive Directors, including car allowance, private medical cover and life insurance. |
| Pension To provide a competitive level of retirement income to attract and retain 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 Annual bonus plan (BP) BP awards are discretionary and determined by The performance measures and targets for each annual BP cycle will be the Committee following the end of the annual Encourages improved performance period, reflecting achievement against set at the start of each year. operational and targets set. financial performance Payments will be based on a and aligns the interests The maximum BP opportunity is 200% of base salary combination of business and individual of Executive Directors to for the CEO, 170% for the CFO and 110% for the performance. those of our members. Group Secretary and General Counsel. The BP includes performance Up to 25% of the BP is paid for threshold underpins to ensure the scheme is performance, and 100% is paid for achieving affordable and sustainable. stretch targets. 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. Any adjustments will be disclosed in the relevant Annual Report on Remuneration. Long-term incentive LTIP awards are discretionary and are typically The Committee may set performance plan (LTIP) granted each year. Any payment under the scheme conditions and metrics based on will occur at the end of the three-year performance delivering economic, social and The LTIP aims to align period, and is subject to the achievement of the member value. the interests of our performance conditions. The Committee has discretion to senior leaders, including The maximum annual LTIP opportunity is 200% of adjust the formulaic outcomes of the our Executive Directors, base salary for the CEO, 170% for the CFO and 110% LTIP, both upward and downwards with the long-term interest of members for the Group Secretary and General Counsel. (including to nil) to reflect any and customers by circumstances which the Committee Up to 25% of the LTIP is paid for threshold incentivising the considers relevant. Any adjustments performance, and 100% is paid for achieving stretch will be disclosed in the relevant Annual delivery of our strategy. targets, with straight-line vesting between threshold Report on Remuneration. and stretch. The LTIP includes performance underpins, to ensure the scheme is affordable and sustainable. **Rewarding Growth** Performance outturns will be determined by how In addition to how much of our growth incentive plan (RGIP) much of our growth ambition we've achieved in any ambition we've achieved, the scheme of the three performance years. includes performance underpins. For This is a one-off a Rewarding Growth payment to be scheme to provide all The maximum opportunity over three years is: made in any relevant performance colleagues with the - CEO: £1,650,000 over 3 years. year, all the underpins must be met. opportunity to share in - CFO: £875,500 over 3 years. the Co-op's long-term The Committee has discretion to - Group Secretary and General Counsel: £385,000 success in growing the adjust the formulaic outcomes of the over three years. RGIP, both upward and downwards operating profit of the business over the next (including to nil) to reflect any three years. circumstances which the Committee considers relevant. Any adjustments will be disclosed in the relevant Annual Report on Remuneration.

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.

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' includes 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 of 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 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. Current Executive Directors' 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 in the Annual Report on Remuneration on page 84.

PAY FOR 2025: SUMMARY

| ELEMENT | EXECUTIVE DIRECTORS | OTHER COLLEAGUE GROUPS |
|----------|---|--|
| Salary | Chief Executive, Shirine Khoury-Haq - £825,000 effective 1 Jan 2025 (7.3% increase). Chief Financial Officer, Rachel Izzard - £525,000 effective 1 April 2025 (3.9% increase). Group Secretary and General Counsel, Dominic Kendal-Ward - £356,125 effective 1 April 2025 (1.75% increase). | 1.75%: senior leaders. Pay negotiations with our trade union partners for all other colleagues are yet to be concluded for 2025. |
| Benefits | Includes colleague discount, life assurance (4x salary), company car cash allowance (or car), private medical cover. | All colleagues are eligible for colleague discount and life assurance (between 1x and 6x salary). Eligibility for other benefits is dependent on seniority/work level. |
| Pension | Pension and/or cash supplement totalling 10% of salary. | Participation in a pension plan is offered to all colleagues on a contributory basis. The maximum contribution is 10% of salary. |



| ELEMENT | EXECUTIVE DIREC | TORS | | | OTHER COLLEAGUE GROUPS |
|--|--|--|--|----------------|--|
| Annual bonus plan | achievement of Maximum award - CEO: 200% of - CFO: 170% of - General Couns MEASURE Operating profit £ Colleague engage Mem Customers and members More | m ent ber participation e members ding more | WEIGHTING 50% 10% 20% | 20% on | All colleagues and store managers are eligible to participate in the annual bonus plan. Maximum award varies by role. |
| LTIP | The performand Maximum award - CEO: 200% of - CFO: 170% of - Group Secreta 2025/27 LTIP MEASU Run our Co-op efficiently Grow our Co-op | salary. ry and General Counse | o our strategy el: 110% of sal d (ROCE) % e (GMV) £ | <i>i.</i> | Colleagues in work levels 1-3 participate in this plan. Maximum award varies by role. |
| | Our Member-Owners Supporting our Colleagues More value | 2027 Total Member Spend Female representation Ethnic minority representa Reduce Scope 1&2 emission | | | |
| Rewarding Growth incentive plan | - CEO: £1,650,0 - CFO: £875,500 | - | All colleagues are eligible to participate in the Rewarding Growth incentive plan. Maximum award varies by role. For frontline colleagues the maximum opportunity is £1,000 over three years. | | |
| Recovery positions | | Director incentive arran back provisions. | gements are a | all subject to | Malus and clawback provisions apply to the annual bonus plan and LTIP. |

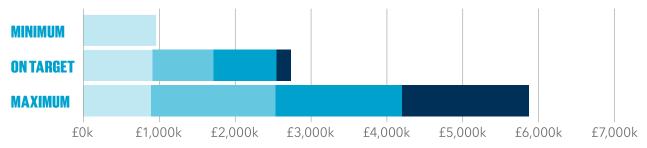


PAY SCENARIO CHARTS

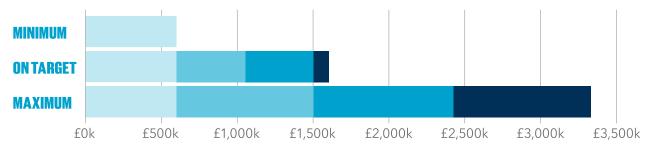
The following charts indicate the level of remuneration that could be received by each member of our Executive in accordance with the Policy in the first financial year to which the new Policy applies (i.e. financial year ending 3 January 2026) at different levels of performance.

In theory, our Executive could achieve 100% of the Rewarding Growth opportunity in 2025, and this has been modelled in the 'maximum' opportunity scenarios. However, at target, Executive Directors are expected to only achieve 10% of their maximum Rewarding Growth opportunity in 2025, which has been modelled in the 'on target' scenario.

Chief Executive Officer - Shirine Khoury-Haq



Chief Financial Officer - Rachel Izzard



Group Secretary and General Counsel - Dominic Kendal-Ward





ANNUAL REPORT ON REMUNERATION

WHAT DID OUR EXECUTIVES EARN IN TOTAL DURING THE YEAR?

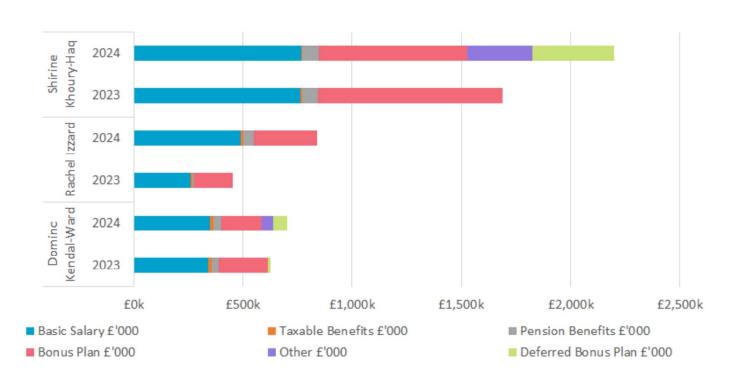
The table below shows the pay received by our executives during the 2024 financial year.

2024 PAY FOR OUR EXECUTIVES IN POST ON 4 JANUARY 2025

| | | Fixed Pay | | | | | | |
|-----------------------------|------|-----------------------|-------------------------------|-------------------------------|----------------------|--|-----------------------------|--------------------|
| Name of Executive | Year | Basic salary £'000 | Taxable benefits² £'000 | Pension benefits³ £'000 | Bonus plan⁴ £'000 | Deferred bonus plan ⁵ £'000 | Other ⁷ £'000 | Total pay £'000 |
| Claimina I/la a umu I I a a | 2024 | 766 | 5 | 77 | 682 | 372 | 296 | 2,197 |
| Shirine Khoury-Haq | 2023 | 764 | 5 | 76 | 844 | 0 | 0 | 1,689 |
| Dii - / - / / / | 2024 | 350 | 14 | 35 | 188 | 65 | 52 | 704 |
| Dominic Kendal-Ward | 2023 | 342 | 14 | 34 | 226 | 10 | 0 | 626 |
| Rachel Izzard ⁶ | 2024 | 489 | 14 | 45 | 290 | 0 | 0 | 838 |
| | 2023 | 260 | 8 | 7 | 179 | 0 | 0 | 454 |

¹ The 2023 financial year ran from 1 January 2023 to 6 January 2024, which is a week longer than the 2024 financial year.

⁷ 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 our Directors who were employed during 2021. The retention bonus vested in December 2024. Any payment was conditional on the Co-op satisfying its banking covenants and the Executive Directors demonstrating satisfactory performance and remaining employed at the end of the retention period. The conditions of the retention bonus were all met, and the full awards have now vested. The vested award for Shirine Khoury-Haq is £296k whilst the award for Dominic Kendal-Ward is £52k. Rachel Izzard was not employed at the time of grant and therefore did not qualify for an award.



² Taxable benefits include car, fuel, car cash allowance and healthcare (where applicable).

³ Pension includes Co-op Defined Contribution pension plan or cash allowance in lieu of pension provision.

⁴ Bonus Plan amounts shown represent 50% of the 2024 bonus plan earned award which is 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.

⁵ Deferred bonus awards relate to the 2022 bonus plan.

⁶ The salary and benefits information shown for Rachel Izzard for 2023 relates to the period since she joined our Executive on 12 June 2023.



2024 FIXED PAY

| Salary | | | Benefits | Pension | | |
|---------------------|---------------------|----------------|-----------------------------------|----------------------|--|--|
| Shirine Khoury-Haq | £768,750 | 2.5% increase | - Benefits package remained | Pension or pension | | |
| Rachel Izzard | £515,000 | 14.4% increase | unchanged and includes car | cash allowance of up | | |
| Dominic Kendal-Ward | d £350,000 No incre | | allowance and private healthcare. | to 10% of salary. | | |

2024 BASE SALARIES (AUDITED)

Shirine Khoury-Haq's salary was increased by 2.5% on 1 April 2024 to £768,750. Rachel Izzard's salary was increased by 14.4% to £515,000 on 1 June 2024. No salary increase was awarded to Dominic Kendal-Ward in 2024 and his salary remained at £350,000 per annum.

2024 BONUS PLAN OUTTURN

The annual bonus plan (BP) outturn is determined by business and financial measures and individual performance including objectives which are designed to support the achievement of our strategic goals.

As detailed in the Chair's letter, the Committee are satisfied that the formulaic annual BP outcomes are appropriate and reflect Co-op's performance for the year. Details of the achievement against each element of our 2024 balanced scorecard are provided below:

| | | | | | | | Outcome | |
|-------------------------|-----------|---------------------------|------------------------|--------------------------|--------------------|-----------------------|---------------|------------------------|
| 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% | £110m | £130m | £150m | £135.6m | 32% | 32% | 32% |
| Colleague engagement | 10% | 73% | 74% | 75% | 73% | 2.50% | 2.50% | 2.50% |
| Member participation | | 224,000 | 242,000 | 251,000 | 359,000 | | | |
| Member perception | 200/ | 51% | 52% | 53% | 54% | 200/ | 0.004 | 000/ |
| Increasing members | 20% | 5.25m | 5.35m | 5.5m | 6.19m | 20% | 20% | 20% |
| Member spend | | £2.902m | £2.981m | £3.088m | £3,183m | | | |
| Individual performance | 20% | | | | | 17% | 12% | 17% |
| Total % of max | cimum | | | | | 71.50% | 66.50% | 71.50% |

Financial performance for 2024 was in line with expectations, with operating profits falling marginally ahead of target.

Whilst our Co-op continues to have highly engaged colleagues, our 2024 score of 73% has not improved when compared to our 2023 result. Therefore, the performance for this measure only achieved threshold.

Our performance across our four member metrics exceeded the stretch targets.



WHAT DEFERRED BONUS PLAN AWARDS DO OUR EXECUTIVES HOLD?

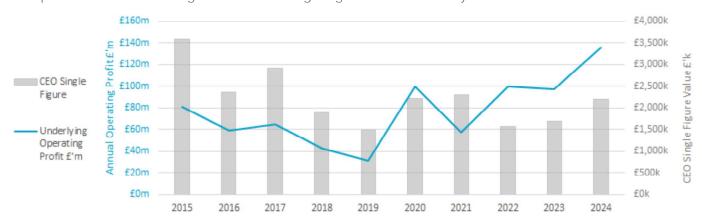
Awards are made annually under the bonus plan and any payments due are made in cash, with 50% of all awards paid in two years' time. The table below shows the value of the deferred award held by executives in post on 7 January 2025.

| Name of Executive | Bonus Plan award year | Value of deferred bonus award £'000 | Expected vesting date |
|---------------------|-----------------------|-------------------------------------|-----------------------|
| Chimina Magney Hay | 2024 | £682k | Apr/May 2027 |
| Shirine Khoury-Haq | 2023 | £844k | Apr/May 2026 |
| Rachel Izzard | 2024 | £290k | Apr/May 2027 |
| Rachei izzard | 2023 | £179k | Apr/May 2026 |
| Dominic Kendal-Ward | 2024 | £188k | Apr/May 2027 |
| Dominic Kendal-Ward | 2023 | £226k | Apr/May 2026 |

The bonus plan rules apply in respect of payments being made.

PERFORMANCE AND CHANGE IN GROUP CHIEF EXECUTIVE REMUNERATION

The chart and table below illustrate the change in annual operating profit achieved over the last ten years and compares that with the change to the CEO's single-figure value for those years.



| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Underlyir | ng Operating Profit £'m | £81m | £59m | £65m | £43m | £31m | £100m | £57m | £100m | £97m | £136m |
| | Shirine Khoury-Haq | - | - | - | - | - | - | £836 | £1,571 | £1,689 | £2,198 |
| £'000 | Steve Murrells | | | £2,046 | £1,895 | £1,485 | £2,220 | £1,469 | | | |
| 1 000 | Richard Pennycook | £3,596 | £2,373 | £872 | | | | | | | |
| | CEO single figure | £3,596 | £2,373 | £2,918 | £1,895 | £1,485 | £2,220 | £2,305 | £1,571 | £1,689 | £2,198 |



PAY RATIO

Large public companies are required to report the ratio of pay between a firm's chief executive compared to the 25th, median and 75th percentiles of full-time employees.

To calculate each percentile, we've sorted all our colleagues in order of their total pay from high to low. We then split them into four equal groups to work out the percentiles, i.e. if there are 101 colleagues, the 25th highest paid colleague is used for the 75th percentile, the 51st highest paid colleague for the median and the 75th highest paid colleague for the 25th percentile.

The pay ratios, calculated in line with the Corporate Governance Code guidance, are set out below.

| Year | Method | 25th percentile ratio | Median pay ratio | 75th percentile ratio |
|------|----------|-----------------------|------------------|-----------------------|
| 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 25th, 50th and 75th 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 25th percentile and the median comparators are colleague team members in our Food stores.

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

NON-EXECUTIVE DIRECTORS' REMUNERATION

This section of the report includes details of the payments made to the Non-Executive Directors (NEDs) in office during 2024.

During the year the NED Fees Committee (a committee of the Council) agreed that an annual fee increase be introduced for NEDs. The increase approved by the NED Fees Committee for 2024 was 2.5%, effective 1 April 2024.

| Fees prior to increase (8 Jan 2024 – 31 Mar 2024) | Fees post increase (1 Apr 2024 – 4 Jan 2025) | % Increase |
|--|---|--|
| £250,000 | £256,250 | 2.5% |
| £60,000 | £61,500 | 2.5% |
| £60,000 | £61,500 | 2.5% |
| | | |
| £15,000 | £15,375 | 2.5% |
| £15,000 | £15,375 | 2.5% |
| £15,000 | £15,375 | 2.5% |
| | (8 Jan 2024 – 31 Mar 2024) £250,000 £60,000 £60,000 £15,000 | (8 Jan 2024 – 31 Mar 2024) (1 Apr 2024 – 4 Jan 2025) £250,000 £256,250 £60,000 £61,500 £15,000 £15,375 £15,000 £15,375 |



No additional fees are paid and no other benefits are provided for the Chair or any other NED member of our Board.

All NEDs 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.

None of the NEDs, by virtue of their Board position, participated in any of our Co-op's incentive plans or pension schemes, nor did they receive performance-related payments during the period.

The NED letters of appointment are available for inspection on request.

NON-EXECUTIVE MEMBERS OF OUR BOARD AT 4 JANUARY 2025

| | Co-op Board £'000 | Risk and Audit Committee Chair £'000 | Remuneration Committee Chair £'000 | Senior Independent Director £'000 | 2024 Total ⁴ £'000 | 2023 Total⁵ £'000 |
|-----------------------------------|-------------------------|--|--|---|-------------------------------------|-------------------------|
| Debbie White (Chair) ¹ | 255 | | | | 255 | 26 |
| Lord Victor Adebowale | 61 | | | | 61 | 61 |
| Kate Allum | 61 | | 8 | | 69 | 61 |
| Margaret Casely-Hayford | 61 | | | | 61 | 61 |
| Luke Jensen² | 54 | | | | 54 | - |
| Sarah McCarthy-Fry | 61 | | | | 61 | 61 |
| Adrian Marsh | 61 | 15 | | | 76 | 52 |
| Moni Mannings | 61 | 15 | | | 76 | 1 |
| Rahul Powar | 61 | | | | 61 | 61 |
| Christine Tacon ³ | 39 | | | | 39 | - |

 $^{^{\}rm 1}$ No additional fee is paid to the Chair of the Nominations Committee.

 $^{^{2}}$ Luke Jensen was appointed an Independent Non-Executive Director on 19 February 2024.

³ Christine Tacon was appointed a Member Nominated Director on 18 May 2024.

 $^{^4\,\}text{The}$ 2024 financial year ran over 52 weeks from 7 January 2024 to 4 January 2025.

⁵ The 2023 financial year ran from 1 January 2023 to 6 January 2024, which is a week longer than the 2024 financial year.



FORMER NON-EXECUTIVE MEMBERS OF OUR BOARD WHO LEFT DURING THE 2024 FINANCIAL YEAR

| | Co-op Board £'000 | Risk and Audit Committee Chair £'000 | Remuneration Committee Chair £'000 | Senior Independent Director £'000 | 2024 Total ⁴ £'000 | 2023 Total ⁵ £'000 |
|-----------------------------|-------------------------|--|--|---|-------------------------------------|-------------------------------------|
| Allan Leighton ¹ | See note 1 | | | | | See note 1 |
| Paul Chandler ² | 23 | | | | 23 | 61 |
| Stevie Spring ³ | 28 | | 7 | | 35 | 76 |

¹ Allan Leighton stepped down as Chair on 1 January 2024 but remained as a Non-Executive Director until 18 February 2024. Allan Leighton waived his fee for the duration of this appointment, instead this was paid directly by our Co-op to charity. In 2024 it was paid to The Co-operative Community Investment Foundation. In 2024 the donation was £8.076.

For details of fees paid to Independent Non-Executive Directors on the boards of subsidiary businesses, please see the relevant accounts, which are available on request from the Secretary.

MEMBERS OF THE COMMITTEE

Details of the Committee members and their attendance at meetings during 2024 are provided on page 66.

Rahul Powar left the Committee in February 2025 when he stepped down from the Board and Margaret Casely-Hayford left the Committee in March 2025 ahead of reaching the end of her term on the Board in May 2025. Wais Shaifta was appointed to the Committee in March 2025.

The Chief Executive, the Group Secretary and General Counsel, the Chief People and Inclusion Officer and members of the Reward team are also invited to attend Committee meetings, but are not present when their own remuneration or terms and conditions are being considered.

Other individuals are invited to attend for specific agenda items when necessary.

The Committee members are all non-executive. They have no personal financial interests in the Committee's decisions and they have no involvement in the day-to-day management of our Co-op. Our Board believes that all members of the Committee are independent for the purpose of reviewing remuneration matters.

INDEPENDENT ADVICE

In carrying out its responsibilities, the Committee has access to independent advice as required. During 2024, the Committee retained Deloitte as its independent remuneration adviser. The fees paid to Deloitte during this period totalled £64,200 excluding VAT.

Deloitte are a signatory of the Remuneration Consultants' Code of Conduct, which requires their advice to be objective and impartial.

The Committee takes legal advice from our Co-op's internal Legal team and also from external legal advisers.

² Paul Chandler reached the end of his term on 18 May 2024.

³ Stevie Spring reached the end of her term on 24 June 2024.