

Co-operate:

It's what we do

Our Sustainability Report 2019



Contents

About us

The Co-op Group is the UK's largest consumer co-operative, with 4.6 million active members and a presence in every postal area in the country.

We're a major food retailer; a wholesaler; the largest funerals provider in the UK; the largest probate provider; we provide life planning services and sell insurance products. In 2019, we launched a new business - Co-op Health.

Our businesses are all UK-based and our main support centre is in Manchester.

Since our Co-op was founded in 1844 we have had a clear social purpose that has grown and spread through the wider co-operative movement.

We exist to create value for our members and the communities in which we trade and can only achieve this by running a successful business.

How we run our business is important to us. We set ourselves high standards for sustainable and responsible retailing and service. We're a campaigning business, speaking out on the issues that matter to our members.

Our purpose is **championing a better way of doing business for you and your communities**

Our vision is **co-operating for a fairer world**

It's important to our members that their business is run in an ethical and sustainable manner. For over a decade we've provided members with a comprehensive report on our ethics and sustainability performance to help them understand how we're doing on the issues that matter to them.

Our Report is in two parts: a summary of our priorities and progress at the front, and performance data tables at the back of the Report.

Our main markets

	Colleagues	Sales (£m)	
Food retail	Over 53,000	7,505	2,611 stores
Wholesale		1,423	10 depots
Funeral and Life Planning	Over 4,000	307	998 funeral branches

Our [Annual Report](#) provides more detail.

Covid-19

As we were in the final stages of preparing this Report it became clear that the Covid-19 pandemic is having a significant impact on both our business and community activity.

This Report relates to the 2019 calendar year, so doesn't detail our response to the crisis, apart from a brief reference on page 4. Our targets for 2020 and beyond were set and signed off at the beginning of the year and we recognise that progress on some of them is likely to be impacted by this crisis.

We remain committed to doing business in a sustainable and ethical way that supports our members and communities and will report on progress in an open and honest way in next year's Report, acknowledging any challenges and impacts the Covid-19 pandemic has had.

Our 2019 highlights

CEO Statement



As we were in the final stages of preparing this Report, it became clear that the Covid-19 pandemic would have a very significant impact on both our business operations and community activity. We've been responding to the crisis to make sure our colleagues, members and customers are supported and we can maintain business continuity.

Through March and early April, as the social and economic consequences took hold, we took action to give additional support to the most vulnerable and isolated in our communities.

As we saw food bank donations decreasing, we announced a donation of £1.5 million worth of food to our partner charity FareShare, which supports food banks across the UK.

With charitable fundraising more difficult and local needs increasing, we decided to bring forward part of our annual pay out to the local community causes our members have been supporting through their 1% Co-op Member reward. That's given £4.5 million to more than 4,000 local causes at a critical moment. We've also given our members the opportunity to donate their 5% reward to a special hardship fund to help tackle food shortages and funeral poverty for the most vulnerable.

At the start of the crisis, as schools began to close, ahead of the official national closure, we stepped in to help the 6,500 pupils at Co-op Academy Schools who receive free school meals.

Meanwhile, our national network of 700 Member Pioneers has been supporting local communities, in particular the most vulnerable and isolated.

We also decided to accelerate the reach and functionality of our new online platform 'Co-operate' which connects people to local support and information. The platform is now focusing on helping individuals and communities to stay connected through the on-going social isolation.

We'll continue to respond and reprioritise our community work as we work through the crisis as a nation.

Environmental responsibility

It's clear that our opportunity to change the course of history and reduce the impact of climate change is slipping through our finger tips.

Our view is that the challenges of our time demand action now alongside co-operative ways of working. By enabling communities to come together to solve problems; bringing business rivals into partnerships for the common good; and by working collaboratively with government, we can achieve the change we need.

We're serious about reducing our environmental impact as a business. We're making progress on reducing plastic in our packaging and making what we do use easier to recycle. Since 2016 we've cut our operational greenhouse gas emissions by 39% and in 2019 we went further by setting challenging science-based targets to reduce our direct and product-related emissions and were the first UK retailer to publish the sources of our full end-to-end greenhouse gas emissions.

Co-operate 2022

Thanks to the rich data we've gathered together in our Community Wellbeing Index, we've been able to gain a detailed understanding of what's lacking and where help is needed in communities across the country. That's why in 2019 we launched our community plan - Co-operate 2022 - to enable people to come together in a focused and meaningful way to create positive change.

You can read more about our community plan, our environmental commitments and the development of our measurement of shared value in this Sustainability Report. We support the UN Global Compact and are committed to its ten principles; further detail on this is also set out over the following pages. The Report is a critical and transparent account of our commitment to ethical, responsible and, above all else, co-operative business. It enables our members to hold us to account on our commitments and, we hope, inspires others into action.

In all we do we want to inspire a new generation of co-operators because we're convinced that co-operative ways of thinking and behaving will create the best and fairest outcomes for the UK and for the world we all share. That means going well beyond traditional ideas of corporate social responsibility so that we can, together, become catalysts for significant positive change. In this time of coronavirus, this way of working looks more relevant than ever before.

I'd like to say a huge thank you to our colleagues and members for championing our co-operative approach and I'm looking forward to all we achieve together in the year ahead.

Steve Murrells
Co-op CEO

“ In all we do we want to inspire a new generation of co-operators because we're convinced that co-operative ways of thinking and behaving will create the best and fairest outcomes for the UK and for the world we all share ”



Our approach to ethics, sustainability and community

Throughout 2019, as we marked the 175th anniversary of the birth of the co-operative movement in the UK, we have been thinking about how we respond in a co-operative way to the new challenges we face in the world.

We have a long history of taking the lead on the issues that matter most to our members, from being one of the first businesses recognising the need to tackle climate change, to our many 'Fairtrade firsts', and our campaigning for social justice.

Co-operative values and principles are as relevant today as they were in 1844 and they've been at the heart of our thinking about the challenges that our Co-op and society as a whole face today. We've defined a new vision that will support our planning for a successful and sustainable Co-op that maximises the value that we generate for members, communities and other stakeholders: 'co-operating for a fairer world'.

"We believe in **Championing a better way of doing business for you and your community.**

One that delivers profit, growth and real member value

So we're **Co-operating for a fairer world:**
It's what we do"

As we work towards this vision we will give renewed focus to our sustainability and community impacts, while ensuring that we run a strong and commercially successful business that delivers the products and services that our members and customers need.

This vision aligns to the priorities of our members as we've seen in AGM motions ([page 9](#)); member participation through our Join In forum and events ([page 9](#)); and Future of Food workshops engaging NGOs, academics and suppliers. We've also identified the Sustainable Development Goals (SDGs) that are most relevant to us ([page 6](#)) and will provide key reference points as we develop the programmes and activities to deliver on our vision.

How we're delivering our vision and purpose

All of this is helping us shape our long-term commitments and strategies for the future.

It's what we do

In May 2019, we launched our new Co-op proposition that aims to make a simple but crucial link in consumers' minds that "whenever you buy from Co-op it does good". The proposition launch was supported by a major, national advertising campaign drawing out examples of our sustainability and community commitments, from compostable carrier bags to British sourcing and our Local Community Fund - with the strapline **#ItsWhatWeDo**. Our sustainability reporting provides the proof points that sit behind the campaign.

Co-operate 2022

In 2019, we also launched Co-operate 2022, a major community co-operation plan which aims to help communities help themselves ([page 17](#)). The research and data behind our [Community Wellbeing Index](#), alongside the views of members, customers and communities, have helped us focus on issues that are key drivers of wellbeing for communities across the UK.

Our plan focuses on protecting and improving local community spaces; promoting training and skills; and improving people's mental and physical health. We're aligning our Local Community Fund, our Member Pioneers and fundraising partnerships around these areas ([page 17](#)) and deepening the support that we provide to communities affected by inequalities through our independently run charity, The Co-op Foundation. We've set ourselves ambitious commitments, which are relevant not only to our

community programmes, but also for how we do business e.g. around wellbeing and skills.

Future of Food

Our **Future of Food** ambition was launched in September 2018, setting out our ethical and sustainability commitments to 2030 for our Food business. It inspires our colleagues, customers, members and suppliers to take action together towards securing a healthy and sustainable future.

The three chapters of Future of Food touch all elements of the food life cycle, from how we source and create with care and how we treat people fairly, to how we learn about and celebrate food together.

Each chapter sets out goals and targets to help achieve our ambition, some of which are brought to life throughout this report.

The full ambition and our "one year on" highlights can be seen [here](#).

We've continued to build our approach and have made significant commitments in 2019, but there is more to do, so we'll continue to work closely with our partners to evolve the plan.

Award winning

The Future of Food ambition won the 'Sustainable Futures' category at the 2019 IGD awards, recognised by the judges as "the blueprint others should follow."



Cathryn Higgs, our Head of Food Policy won the 'Sustainability Leader of the Year' category at the 2020 edie Sustainability Leaders Awards





Climate change

At our 2019 AGM, our members voted overwhelmingly for us to “accelerate our action” to do our bit in tackling climate change. We subsequently became the first British retailer to become a signatory of the United Nations ‘Our Only Future’ campaign. By signing up to the initiative we’re committing to play our part in capping global temperature increases to 1.5°C above pre-industrial levels. It follows our announcement earlier in the year to further reduce our greenhouse gas emissions by 50% by 2025. We published our full greenhouse gas footprint for the first time this year, and have achieved a 2.5% reduction in product-related emissions and a 39% reduction in direct emissions compared to 2016. See more detail on [page 25](#)

Campaigning

We were founded to address social injustice and continue to use our influence to campaign on those issues that matter most to our members and their communities.

We’re currently campaigning on three issues, which are covered in more detail within the relevant sections of this Report:

- Tackling modern slavery ([page 35](#))
- Loneliness ([page 18](#))
- Safer colleagues, safer communities ([page 22](#))

How we measure our performance

Targets

We’re committed to reporting transparently on our performance, including progress against our targets. We set ourselves 33 targets for 2019, 28 of which have been achieved or are ‘on track’. As part of the further development of our strategies, including Future of Food and Co-operate 2022, we set ourselves 37 targets for 2020 and beyond.

These targets reflect the issues that are strategically important for the business, align with our priority SDGs and are important to our members, and other stakeholders.

Shared Value

Since 2017, we’ve been exploring how we can better articulate and evidence the extent to which our activities and programmes create value for members, communities and wider society. In 2019, we engaged a specialist external partner ([Route2](#)) and are working with them to develop our approach.

We want to understand the value created by our Co-op across social, economic and environmental issues in a consistent way so that we can make more informed decisions that will take account of the value we create and, ultimately help us, contribute to a more sustainable future. You can see an update on this work and how we will take it forward on [page 49](#).

External frameworks

At a global level, we welcome and support the vision provided by the [Sustainable Development Goals](#) (SDGs) as a framework that allows for genuine long-term and collaborative action. We’re a signatory to the [UN Global Compact](#), signed up to the British Retail Consortium’s [Better Retail, Better World](#) and support the International Co-operative Alliance’s [Co-ops for 2030](#).

Sustainable development goals

We’ve aligned our Future of Food commitments with the SDGs, and this year consulted stakeholders to help us understand which are most material to our business so we can really focus on making the greatest impact by embedding key SDGs into our longer term strategies and target-setting.



End poverty in all its forms everywhere

Our work on Fairtrade helps to ensure that workers in our global supply chains get a fairer deal. Our members voted overwhelming for us to increase our commitment to Fairtrade this year; and we work to ensure fundamental human rights are respected through our work on ethical trade ([pages 33 and 36](#)).



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are a member of the [Ethical Trading Initiative](#), a founder of Stronger Together, and we continue to support the fight against modern slavery. Our [Bright Future](#), programme offers survivors of modern slavery a paid work placement and the opportunity of a permanent job. We also focus on supporting our own colleagues' development, reward and wellbeing ([pages 33, 35 and 43](#)).



Reduce inequality within and among countries

Our long-standing commitment to Fairtrade and ethical trade contributes to reducing inequalities. We were the first business to sign Fair Funerals’ new enhanced pledge to tackle funeral poverty. Colleague inclusion is also an important focus ([pages 33, 36 and 41](#))



Make cities and human settlements inclusive, safe, resilient and sustainable

Our community strategy, Co-operate 2022 is focused on supporting sustainable communities in the UK through co-operation. In 2019, we opened 2 urban gyms with Steel warriors tackling knife crime, while our new Co-operate platform brings together digital tools to make it easier to make things happen in communities. Our work to support international communities includes Fairtrade and work with the [One Foundation](#) and [Water Unite](#) ([pages 17 and 33](#))



Take urgent action to combat climate change and its impacts

We’re the first UK retailer to pledge to meet the United Nation’s climate target by 2050 and have committed to further reduce our greenhouse gas emissions by 50% by 2025. While working towards these longer term goals, we’re also providing support for projects funded by carbon offsets from our insurance and funeral businesses. Our full greenhouse gas footprint, including product-related impacts can be found on [page 24](#).



Ensure sustainable consumption and production patterns

We’ve set a target to reduce food waste generated in our stores and depots by 50% by 2030 compared to 2015 and we’re also targeting recyclability of our plastic packaging ([pages 26 and 27](#)).

Our Co-op

Membership and Co-operation

Membership and co-operation

As a co-operative, we're owned by our members, and this makes us different from other businesses. We're part of a global movement of some 3 million co-operatives with over 1 billion members. And in the UK, we're one of 7,215 co-operatives with a combined turnover of £37.7bn.

Making membership meaningful and involving members through our democracy is important to us.

We aim to give people a real reason to become members, reward them and give them a voice to shape how we work.

We're founded on the co-operative values of: self-help, self-responsibility, democracy, equality, equity and solidarity and our members believe in the ethical values of honesty, openness, social responsibility and caring for others. We use these values to guide us in fulfilling our purpose.

The co-operative principles are guidelines by which we put our values into practice:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

Voluntary and open membership

Anyone over 16 who likes the way we do business can join

At the end of 2019, we had 4.6 million active members¹ (2018: 4.6 million)

¹ An active member is defined as those who have traded with us in the last year in Co-op Food, Funeral and Life Planning, Insurance and Legal Services.

Democratic member control

Democratic member control is achieved both in our governance structure and in other, less formal, ways.

Our Board is made up of 12 directors, of which four are Member-Nominated Directors. All of our Board directors are members themselves and they must meet both membership and eligibility requirements. Our Member-Nominated Directors are elected through a direct ballot of our members. Our Independent Non-Executive Directors² are appointed by the Board and subsequently submitted for election by members at our AGM.

We also have 100 members elected to our National Members' Council by individual and independent society members. Our Council has an important role in holding our Board to account for our performance, championing our values and principles, representing members interests, as well as influencing our policies and strategies.

Members are encouraged to have their say in our AGM and elections, this is done through our system of 'one member, one vote'.

National Members' Council

The Council uses its Co-op Compass, a monitoring framework, to support it in its role of holding the Board to account. It includes 4 lenses, with associated Key Performance Indicators (KPIs), and has a committee focusing on each: Member value; Member voice; Ethical and Sustainable Leadership; and Co-operative leadership.

Our Join In live events ([page 9](#)) are also important in assisting the Council in fulfilling its role of representing the views of members.

² A person who is appointed as an Independent Non-Executive Director or an Executive Director may act as such before becoming a member but it is deemed a condition of his/her appointment that he/she becomes a member within two months of his/her appointment





AGM

Our members vote on motions at our AGM, which are put forward by our Board, Council or members. 60,549 members voted in our 2019 AGM and elections (2018: 94,725). Voter turnout among eligible members was 2.2 % (2018: 3.5%) and 620 attended the AGM in person (2018:730).

In 2019 members voted on the following sustainability-related motions (full motion wording can be found [here](#); a response on actions we're taking will be published [here](#) in April):

- **Joint Board and Council Motion** - Safer Colleagues, Safer Communities (further details on [page 48](#))
- **Motion from Council** - Increasing our Commitment to Fairtrade (further details on [page 48](#))
- **Motion from Council** - Responsible Sourcing (further details on [page 48](#))



How our governance works

- **Members:** As a co-operative, we're owned by individual members and other co-operatives, not by shareholder investors. This means that as well as being rewarded for trading with us, our members have an opportunity to have their say on key issues including who represents them on our Council.
- **Council:** Responsible for holding the Board to account. Acts as a guardian of our values and principles, our purpose and our constitution.
- **Board:** Responsible and accountable for determining strategy and holding the Executive to account.
- **Executive:** Key members of management running the business on a day-to-day basis in accordance with the strategy determined by the Board.

Member participation

We give members engaging and authentic, everyday opportunities to participate in the business they own.

Alongside democratic participation, through 'Join In', members can help shape our approach and influence our decision making on matters such as policy development and implementation, product development, campaigning, community involvement and strategy. In this way, we can better understand member needs, priorities and preferences.

During 2019, 147,637 (2018: 97,403) members took part in 'Join in' online across a total of 75 separate opportunities (2018: 69). These included suggesting and voting on flavours for a meaty addition to our Irresistible crisp range, helping shape new insurance products and sharing views on waste and packaging solutions.

In early 2019, we built and tested a pilot online forum - the 'Join In Community', which was designed as a new space where members could interact with each other and have richer conversations with Co-op. The pilot ran from April to June, during which time the Community hosted 47 conversations with members, including community-focused conversations for members and Member Pioneers in Southampton, Newcastle and Merseyside. 400 members joined conversations and we're now working with members to improve the platform and roll it out further in 2020.

In addition to 12 Join In live events that were hosted by Council, a further 20 Join In Live local events were piloted in 2019 which were led by member pioneer co-ordinators and delivered at a local community level. These events provided Council members and member pioneers with an opportunity to hear feedback from 1,276 members (2018: 1,395) on key local and national issues. Key themes raised by members across the events included plastics, recycling and food waste, as well as Fairtrade and spaces.

Young members

We continue to focus on making sure young people are better represented in our Co-op.

Our Co-op Young Members' Group (CYMG) is an advisory panel of 6 members aged 16-25 that helps to foster representation of young people in our business, and is a route to engaging young people more broadly. They have been working on a range of projects in collaboration with our business including:

- The skills needs of young people and barriers they face. The CYMG's ideas for a skills programme will be progressed with the business in early 2020.
- Co-op's presence at UK music festivals and the opportunities this presents for us to connect with a younger audience.
- Connecting with members locally and nationally through our AGM and regional Join In live member events.

CYMG continues to champion, and is seeking to increase, the representation of young people.



Co-operation among co-operatives

We're working to build partnerships that push the principles of co-operation forward and work together with other co-ops for social and environmental progress.

It's our ambition to be at the forefront of this movement, driving it forward and using our scale and influence to help others.

We continue to build our partnerships nationally and internationally, supporting growth and recognition for co-operatives. As part of this, in 2019, we paid £3.12m (2018: £2.35m) to support representative and affiliated bodies of the co-operative movement.

In 2019 we worked with organisations from the wider co-operative movement to make sure we have strong support structures for the co-operative and social business sectors now, and for the future.

We've taken part in initiatives like:

- [Co-operatives Fortnight](#) - the co-operative sector's national campaign to promote co-operation.

- [Buy Social](#) - a campaign led by Social Enterprise UK with Co-op, to raise awareness of the difference that social enterprises are making in communities all over the world and to encourage support for them. We championed four products from Social Enterprises within selected stores, with a celebrity-fronted campaign.

Our campaigns for both Co-operatives Fortnight and Buy Social had a social reach in excess of 5 million.

We've also shared the economic advantages of our size and scale with others through a federal model of purchasing between ourselves and other large retail co-operatives in the UK through Federal Retail and Trading Services Limited (FRTS).



Member economic participation

We want every member to be a loyal customer. It's our responsibility to give them a good reason to be. Every time a member buys selected Co-op branded products and services, they get something for themselves and something for their community.

£54.4m was earned by members¹ for themselves and £17.3m paid out to local causes in 2019. Over the coming years, we'll continue to evolve our member rewards to make sure they help grow the business, engage our members and make our communities even stronger.

£54.4m
earned by members

£17.3m
paid out to local causes



¹ £54.4m was earned by members through our Food business. In addition, member discounts amounting to £5m were provided through our Funeral business during 2019.

Education, training and information

We aim to give members what they need to play a full part in our business, including all the information they need to make informed choices - whether that's buying a funeral plan or a loaf of bread.

Our Council has commissioned research into best practice in member education, training and information across other member-owned organisations to identify best practice. Findings from this work will help to shape our future approach.



Concern for the community

Concern for Community is embedded into our membership proposition -

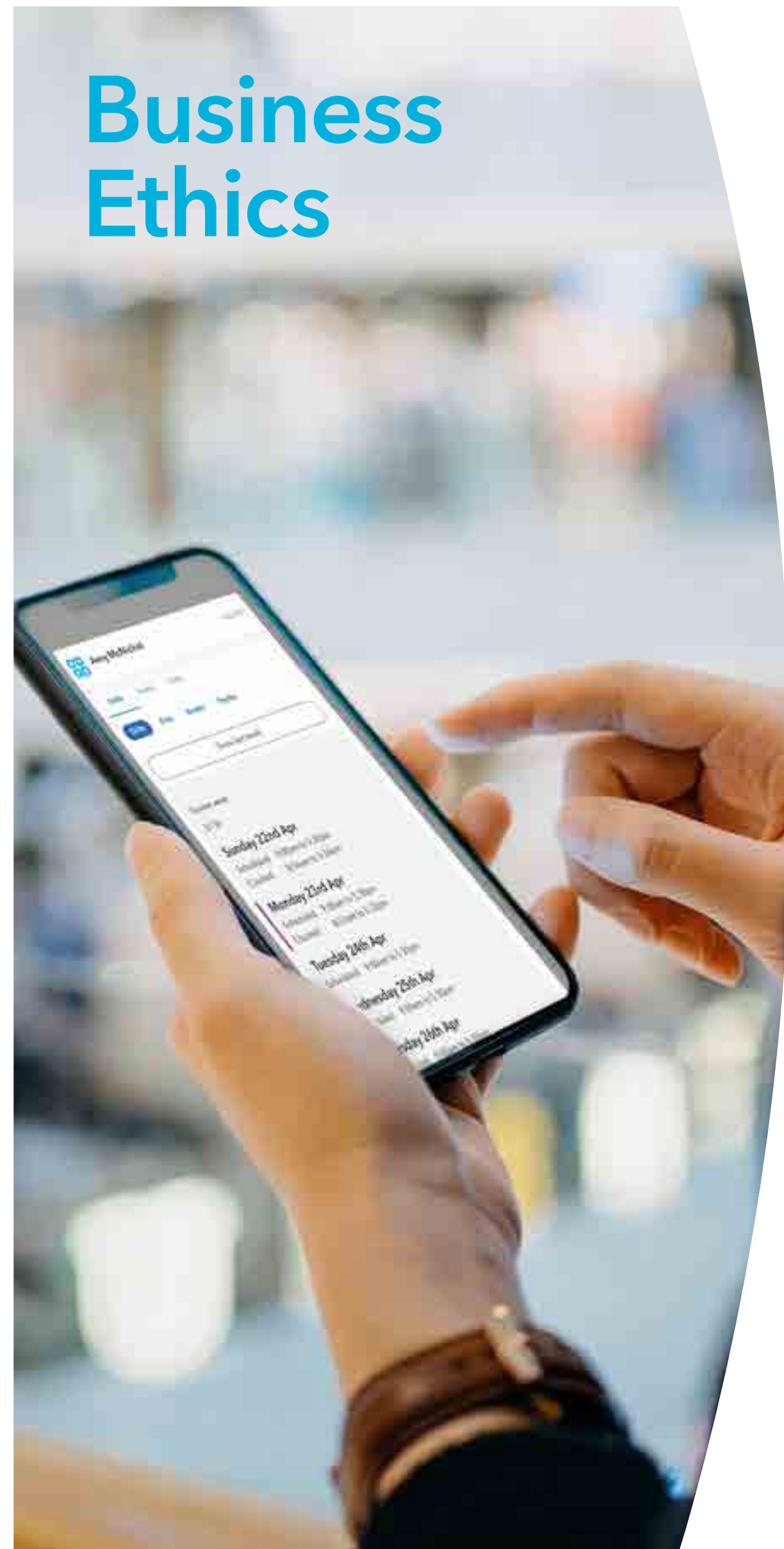
'Something for you, Something for your community'.

See the **Community section** for more detail.

2020 Targets

- 35% of new members will be 35 and under at the point of recruitment
- We will increase the number of members participating in Join In activity to 200,000

Business Ethics



Our purpose is championing a better way of doing business for you and your communities. That means when we carry out our business operations, it's not just what we do that matters, but how we do it.

From addressing the challenges we face through use of technology and personal data to the impacts of our investment and financing decisions, we aim to thread the concept of "better business" through everything we do. Throughout 2019, we built on our foundations in many areas, including:

Finance and Investments

Sustainability bond

In 2018 we developed a Sustainability Bond Framework, which allows us to allocate funds from any future bonds to finance or refinance projects that support and enhance our social and environmental programmes in key areas; including promoting Fairtrade, alleviating water poverty, education via our Academies Trust, providing access to responsibly sourced products, and delivering energy-efficient technology to lower emissions.

The Framework reflects the extent to which these activities and programmes help deliver social and environmental benefits for members, communities, and wider society. It was reviewed by independent specialist assurance provider, Vigeo Eiris, who expressed their highest level of assurance on our commitments and the bond's overall contribution to sustainability. www.co-operative.coop/investors

At the end of May 2019, we issued our first bond against the Framework, becoming the first UK retailer to issue a Sterling-Denominated Sustainability Bond in the process. The 5-year bond raised £300m and we're using the funds to support and promote Fairtrade, Fairtrade producers, and their communities. This includes the costs of bringing Fairtrade products to our customers, as well as marketing and promoting Fairtrade products and the wider Fairtrade movement.

Read more in the [Fairtrade section](#).

At the end of 2019, we had allocated £240.3m of the bond proceeds to purchases of Fairtrade products. We'll report our progress in allocating the remaining bond proceeds during 2020 and explore ways of reporting on the impact this spending is having on our Fairtrade producers.

We'll seek to use the Sustainability Framework now in place for any future fund-raising requirements.

Sustainable Credit Facility loan

In September 2019, we agreed a three-year £400m sustainability-linked revolving credit facility (RCF), to replace an existing £355m facility that was due to mature in February 2021. Cash receipts from our sales and spending with our suppliers aren't always perfectly aligned, so this facility, supported by six banks, allows Co-op to draw down amounts as needed to bridge cash timing differences. Under the new RCF, the interest charged by our bank is linked to KPIs on our greenhouse gas (GHG) reduction programme - we benefit from lower interest rates for hitting our GHG targets but pay a penalty fee if we miss them. That additional fee would then be ringfenced to fund other sustainability projects.

Under our Green RCF agreement, our GHG emissions for 2019 should be no more than 420,318 tonnes of CO₂. In 2019 our CO₂ emissions were 396,842 tonnes of CO₂ (as reported on [page 62](#)).

Sustainable RCFs are relatively new in the UK, and we believe the way we've linked any penalty for not hitting our GHG targets to further sustainability projects is unique.

Socially Responsible investments: Pension Fund

In June 2019, the trustees of our pension scheme, Pace, made a change to the £360m default fund. Our new investment fund is better aligned with the scheme's responsible investment beliefs, which were developed by the trustees and the Co-op. This fund is used where members haven't made an active fund choice and makes up the majority of invested assets held on behalf of members.

The new strategy tilts investments towards companies with better environmental, social and corporate governance scores – those companies with lower greenhouse gas emissions, more diverse workforces and boards, and that have robust policies on bribery, discrimination and freedom of association. It also excludes investment in companies that fail to engage properly with the investment manager (in particular in relation to climate change). The new strategy means that the companies members are investing in have 60% lower carbon reserves compared to the index without this sustainability shift.

Aligned with this approach, in July 2019 the trustees of the Co-op's smaller defined benefit schemes also switched those schemes' equity investments into following similar policies (c. £185m of assets).

Within the Pace DB Section, the trustee continued to build out its investments in affordable housing, which were announced at the end of 2018. At the time of writing our affordable housing investments had grown to 170 houses and apartments across a number of sites in Scotland and Yorkshire, with a further 40 under construction. For more on our pension scheme see [page 44](#).

Screening of Co-op Insurance investment opportunities

Since 2011, all investments made by our insurance business in fixed-income bonds to underpin home and motor premiums have been screened against its Ethical Policy. The screening is carried out by the dedicated Responsible Investment team within Royal London Asset Management (CIS), which provides asset management services. Any potentially problematic investments are referred to our Ethics, Sustainability and Policy team for assessment and final recommendation.

In 2019, 6 new fixed-income investment opportunities were screened (2018: 11). No companies were referred for assessment and none were declined (2018: one referred as part of a review of the portfolio and none declined).

Responsible data and technology

Data ethics

During 2019 we expanded our approach to data ethics, becoming thought leaders on this topic and publishing material on Data Ethics [Top-Tips](#) & ['Trust is the new currency'](#). We've also contributed to articles on [how to use data ethically](#), validated [industry research](#), and supported partner organisations (like Chester Zoo) on their approach to handling data ethically.

To embed our approach, we published a data ethics policy outlining key principles for making decisions from our data, and trained colleagues to understand how to apply data ethics within their work. Thinking about data ethics at the beginning of our projects means we're well equipped to meet strong ethical principles from the start, reducing re-work and enabling swifter delivery.

We've also engaged our members in research to help us understand whether members trust Co-op with their data, and how we can improve our data policies and practices. Through this work, we've witnessed an increased level of trust (compared to 2017) amongst members.

We've used open data to build our Community Wellbeing Index to help understand the needs of communities and focus our Co-operate 2022 community plan (see community section). In turn, we've shared data from the index with local councils, charities, universities and research organisations – co-operating with other community wellbeing initiatives.



Responsible Technology

This year, our IT & Digital teams have agreed Architecture and Design Principles to describe the way we build and buy technology, ensuring we consider accessibility, cost and security in technological decisions. We've also sponsored initiatives like WISE, InnovateHER, GoDigitalMCR, Teen Tech, Code Your Future and Salesforce, who are helping to create diversity in the technology industry.

We've also supported and contributed to industry research undertaken by Lancaster University and their academic study into "Human Values in Software Production".

We're helping to create a movement of organisations who care about responsible technology through our partnership with Luminate and Co-op Foundation, and together we've established the "Greater Manchester Tech Collective". We also offer essential workspace, community and event space for the Manchester Digital Economy through our innovation hub, The Federation.

In 2020, we'll continue to build data literacy and develop our data skills. Using the data ethics approach as a platform, we'll explore how we can expand this approach so that technology decisions are tested against ethical and sustainability standards. This will help define how data and technology must be used responsibly in a way that benefits our members, colleagues and communities in a modern, data-driven society.

Embedding ethics in our decision-making

Embedding ethics in our decision-making ensures that we're living up to our purpose and values. Our ethical decision-making tool is used to support all decisions requiring Board and Executive approval and helps us to balance social, environmental and commercial issues. [\(see page 47\)](#)

We're also progressing work to quantify the social, environmental and economic value generated by our Co-op for our stakeholders [\(see page 49\)](#).

Our broader economic impact

We're open and transparent in our tax affairs and were awarded the Fair Tax Mark for the 5th consecutive year in 2019. We also measure our 'Economic value added' (the financial benefits that commercial organisations deliver to stakeholders).

The Fair Tax Mark sets a standard for responsible tax practice and reporting, and validates our openness and transparency about our tax affairs.

Public policy engagement

As a responsible business, we continue to use our influence to campaign for a fairer and more sustainable world and are open about our lobbying and its outcomes. We detail our engagement (instances where we've raised or supported a significant initiative relating to one of our material sustainability issues) on [page 54](#).

2020 Targets

- All material Board-level decisions are informed by our Ethical Decision-Making Tool
- As part of our aspiration for Co-op products and services to demonstrate our Co-op difference and ethical approach, we will report on progress annually
- As part of our ambition to be 'Trusted with Data', all our work to improve existing, and/or develop new, data-driven products and services will be assessed against the data ethics principles by the end of 2020
- We will retain Fair Tax Mark accreditation in 2020
- Where we raise additional finance, and where it is possible within financial markets, we will seek to align the structure or KPIs of the financing to our sustainability goals
- Our pension arrangements will operate leading Responsible Investment Policies and reporting
- In line with our Co-op Values of openness and honesty, we will deliver world class, open and honest reporting on our ethics and sustainability performance annually

Responsible Procurement

Following co-operative values and principles helps us pursue a better way of doing business – a way that allows us to balance commerciality with community.

That means that when buying the goods or services that we need to run our Co-op, we consider how we can increase the positive difference we can make.

Buying our Goods and Services

Through our Goods and Services Not for Resale (GNFR) buying processes, we have a real opportunity to work together with our suppliers to support our community plan, making our communities happier and healthier places to live.

In 2019, we launched our new GNFR Sustainability Strategy which builds on our Ethical Trade programme and is aligned to our central sustainability plans, with focus on environment, protecting workers and skills development. Also launched in 2019, our Shared Value Supplier Charter provides a call to action for suppliers to identify social value activities aligned with our Co-operate 2022 plan; protecting community spaces, supporting wellbeing and sharing skills. The charter is the first step in building a programme of shared value projects working in partnership with suppliers.

In 2018, we rolled out a programme to monitor and engage with suppliers in our higher-risk categories through Sedex¹. In 2019 we focused on ensuring our key suppliers in high ethical risk areas are sharing data on Sedex, and we have used this data to build an ethical audit programme launching in 2020.

One of our highest risk categories is construction. In July 2018 we became the first client signatory to the Gangmasters and Labour Abuse Authority's Construction Protocol, working in partnership to address slavery and labour exploitation in the building industry.

We continued this commitment throughout 2019 and have developed our work with other retailers as part of the Indirect Procurement Human Rights Forum (IPHR) -

¹ Sedex is a web-based database where suppliers upload labour standards information, including self-assessments and site audit reports.

a group of 12 UK retailers, brands and manufacturers with a common vision to protect and respect human rights in our supply chains.

In 2020 we will work with external partners and suppliers to assess uniform life cycles, map palm oil in cleaning products and build a plan to reduce single use, consumables plastic content in the goods we procure for our operations.

CASE STUDY: TECH IN A VAN

In 2019, we launched a dedicated, locally-based maintenance service to provide essential services to over 3,500 Co-op food stores and funeral homes.

Known as "Tech in a Van", not only does the model create business benefits, such as faster response rates, but it also demonstrates our commitment to social value through its support for local jobs – with a network of local tradespeople assigned through our three partners to stores in their area. In addition the service creates opportunities for a training and apprenticeship scheme, developing a pipeline of skilled talent and plans for skilled tradespeople to support local community projects.



Local sourcing

Our members are keen for us to build our innovation, range and choice of local products. They tell us that provenance, quality and trust are important to them. From a successful trial in Yorkshire in late 2015, our local sourcing programme has now rolled out to every county in the UK.

In 2019, we introduced 75 new local suppliers and 392 local products. We have a market-leading local and craft beer offer along with local ambient products in over 2,039 of our stores, bringing more than 500 local suppliers to our members, customers and communities.

This year, we've again partnered with the Quality Food Awards to search for the nation's Small Producer of the Year, a national competition to support and champion smaller suppliers and their locally loved products. We've also committed to supporting the winner towards gaining a listing at the Co-op. 2018 winner Luhv drinks will be listed in 33 Co-op stores from March.

Our investment in celebrating local producers helps us get closer to what our members and customers want, need and care about in the communities in which they live and work. Our approach builds deeper relationships with our smaller suppliers who tell us that our work with them helps to raise awareness of their brand and supports their business development.

We don't demand exclusivity, as we want to see local businesses grow and thrive in our communities, create jobs and benefit the local economy.

Supporting British Farmers

As part of our Future of Food commitments, we've continued to invest in British sourcing.

This helps us establish strong relationships with producers through our Farming Group farms, and to offer everyone products produced to good animal welfare standards, regardless of their budget.

In December 2018 we matched our 2017 commitment of 100% of our own brand Fresh meat range being British by also moving our own brand Frozen range to 100% British. This year we've expanded our commitment to British produce, for example 100% of our mushrooms are now sourced from the UK.

Co-op continues to invest in British Farming



- 100% of Co-op branded fresh meat has been British since May 2017
- 100% of Co-op branded frozen meat has been British since December 2018
- 100% of Co-op branded eggs, milk, farmed salmon and cream are **British** - we're the only UK retailer to offer this
- We were the first retailer to launch **100% British** grow-your-own cherry tomatoes, beef tomatoes and strawberries selling in pots



Developing our Farming Groups

More than 3,700 farmers and growers feed into our own-brand fresh supply chain, which includes just over 320 British farmers and growers in our Farming Groups. By working with our Farming Groups we can support British farmers to achieve profitable returns, strengthen supply chain relationships, provide our members and customers with high-quality fresh British products, and address challenges such as animal welfare, environmental sustainability, and supply chain transparency.

We monitor performance in our Farming Groups through independent audits against five pillars.

- Health, welfare and quality
- Community
- Responsible resources
- Environmental
- People and skills

Grading of Farms 2018/19



According to their performance, our farms are rated as Bronze, Silver or Gold¹. Regardless of their rating, farms are required to meet the standards of our Health, Welfare and Quality pillar as a minimum.

In 2019, 328 independent audits were conducted on our Farming Groups' compliance to our five-pillar model (2018: 348).

This is fewer audits than previous years, due to a decrease in the number of farmers we worked with. We are actively recruiting new farmers to work with us in 2020.

CASE STUDY: SHARING LEARNINGS IN CHICKEN FARMING

We partnered with FAI Farms and the University of Bristol to create an educational training video that identifies the positive behaviours that improve the wellbeing and welfare of chickens, and how farmers can encourage these behaviours. Not only have we made our educational video available to our farmers, we've also made it publicly available to support the whole industry.



In 2019 we completed a review of the Farming Pillars, so that in 2020 the pillars will be more relevant to each species. We've agreed targets with our farmers that will help improve the standards on-farm, encourage the farmer to seek further improvements, and reward farms showing improvement.

The platform we implemented last year to assist suppliers in regularly uploading data has improved data accuracy. We also collate key performance indicator (KPI) data from our Farming Group farms to monitor the impacts of our animal welfare standards. Data on input (e.g. stocking densities), outcome (e.g. lameness) and quality (e.g. level of bruising) are recorded for each species in our Farming Groups on a monthly basis.

We've seen a continuing increase in compliance to our KPIs from **91% in 2017** to **92.2% in 2018** and again in **2019 to 93.4%**.

Continuous improvement is key to the progression and development of our Farming Groups. We're always evolving the audit process to ensure the standards we set for our Farming Groups are fair and appropriate to each unique group.

¹No Grade Achieved 11.89%

We had ten farming groups in 2019



104
active members
of our Farming Pioneer
programme (2018: 54)

we sold
£206m
worth of locally sourced
products across the UK
(2018: £171m)

The total emissions **reduction**
between Year One and Year
Three of the Co-op **Enviro-Map**
project for all species equates to
124,591 tonnes of CO₂e.

This is the equivalent of: **75,464**
houses worth



Enviro-Map

We believe that taking a proactive approach to finding a more sustainable future for farmers will not only help to increase efficiency, but will also show our members and customers that we're taking their requirements seriously. That's why we invested in a 3-year project to map the environmental impact of producers across our ten Co-op Farming Groups. We've now completed the third and final year of our Co-op Farming Enviro-Map project, which measures carbon footprints and biodiversity across our Farming Groups. Our farmers will soon be able to use their individual reports to see how their carbon footprint has changed between Year 1 and Year 3. They can also benchmark themselves against the average performance for their group.

In 2020, we aim to reduce the GHG emission intensity of our Farming Groups aligned to the Co-op's science-based targets.

For more information on our Enviromap project, you can read our report [here](#)



First group
of Farming
pioneers
graduates.

Farming Pioneers

Now in its fifth year, our Farming Pioneers programme continues to champion the next generation of farmers and growers. We're teaching business skills like lean management and succession planning, as well as exploring salient issues like mental health. In 2019 we reached our target of 100 Pioneers progressing through the programme, and the first two cohorts have now graduated, enabling those Pioneers to make changes within their farming enterprise to create a more efficient, forward thinking business.

We aim to continue investing in and expanding the Farming Pioneers programme so more young people can benefit from the scheme.

2020 Targets

- › Our Shared Value Charter will be issued as part of all new tenders for goods not for resale over £100k in value in 2020, and where new contract value is over £5m, responses to our Shared Value Charter will form part of the decision-making process

Community





Community

Concern for Community is embedded in our values and principles. It's what sets us apart. We don't ask our customers or members to choose between great products and services and doing the right thing for their communities, we enable them to do both. This idea is embedded into our membership proposition - 'Something for you, something for your community'.

Co-operate 2022

Over the last few years we've been developing our community work to respond to the social and economic factors which have impacted our communities. We've used the insight we've gathered through talking to our members and through our Community Wellbeing Index to identify the challenges of today and think through what our response should be.

We're seeing communities that feel left out and left behind, growing divides in skills and education and a lack of individual and communal resilience to withstand a fast changing world.

We see each of these problems as overlapping and interconnected. A direct response to one of these areas will positively impact the others. So we've taken our understanding of community challenges and the strengths and assets of our business to determine our community priorities as:

- Creating and protecting public **spaces**
- Improving mental and physical **wellbeing**
- Developing and sharing **skills** with individuals and communities

Launched at our 2019 AGM, with support from our Members' Council our community plan, Co-operate 2022, is focused on delivering sustainable change across communities. By addressing these three areas (often simultaneously) we'll help to create stronger, more self-sufficient communities, that are better able to adapt to economic and social changes and remain resilient to future challenges.

We also want to encourage co-operative approaches and solutions at a local level which will empower local communities, giving them a voice and control over their lives.

We have fantastic assets which we're aligning behind our plan, including our colleagues, Member Pioneers, Academies and Local Community Fund. But we know we can't do it alone, so we're partnering with charities and organisations that share our vision to create real long-term change.

£17.3m
given to over
4,400
local community projects
in 2019



Community Wellbeing Index

Our Community Wellbeing Index is an online tool that gives insight into what's important to people in local communities. Over the last year, we've refreshed the data behind our Index to make sure it remains accurate, relevant and up to date. The new data has confirmed that the three focus areas of our Co-operate 2022 plan remain key issues for the wellbeing of communities across the UK. The data also continues to highlight the importance of participation in communities as a fundamental driver of wellbeing. We've shared Index data with many organisations throughout the UK - from local councils and charities to universities and research organisations - enabling others to inform their own community plans, campaigns and funding initiatives.

Through our Member Pioneer network, we're using the Index to support community planning at a local level, and to help colleagues identify causes that will best meet the needs of their community for our Local Community Fund.

We'll be bringing the Index to wider audiences throughout 2020, starting with a parliamentary launch event in March.

We'll also be working with Reach plc, who are featuring the Index on local and regional news websites across the UK, alongside examples of communities coming together to improve local wellbeing.

CAMPAIGN

Tackling Loneliness

Between 2015 and 2019, we worked with British Red Cross to tackle loneliness. Our focus in 2019 was to secure a lasting legacy for this work.

We added further insight on the experience of loneliness with our report, 'Barriers to Belonging; An exploration of loneliness among people from Black, Asian and Minority Ethnic (BAME) backgrounds'. The research was produced in collaboration with the Centre for Loneliness Studies at the University of Sheffield and the Runnymede Trust, a race equality think tank. The report examines risk factors and barriers to connections in BAME communities. We also continued to co-chair the Loneliness Action Group with the British Red Cross, which helped to hold the government to account through its report, 'A Connected Society?: Assessing Progress in Tackling Loneliness'. Finally, we supported the All-Party Parliamentary Group (APPG) on loneliness to provide parliamentarians with a forum to engage on the issue. The loneliness APPG will continue throughout 2020.

We've collaborated with a number of service delivery organisations to share learnings and identify how social prescribing can most effectively tackle loneliness. In total almost 12,000 people experiencing loneliness have been supported through our connecting communities services with the British Red Cross.

Our evaluation of the community connector services confirmed the effectiveness of a social prescribing style service for loneliness, with the majority of participants reporting a notable reduction in their loneliness. In addition, the social return on investment calculations for the programme revealed £2.48 of value for every £1 invested.

Insights from our loneliness campaign and wellbeing index, alongside member input have helped us to shape our current focus on mental wellbeing as part of our Co-operate 2022 plan.



Wellbeing

Our Wellbeing work focuses on three key areas of colleague wellbeing, mental wellbeing and the wellbeing conversation.

Colleague Wellbeing

We recognise that, to improve community mental wellbeing, we need to start at home and focus on our colleagues. Mental health is one of the biggest drivers of absence from work, so we know we need to support our colleagues who are facing challenges. You can read more on this on [page 41](#).

The Wellbeing Conversation

We plan to use our position as a national co-operative to get the nation talking about mental wellbeing, raising awareness of the issue and the support available. We'll be working with our colleagues, members and customers to spark a conversation, through strategic partnerships and community engagement.

We're already supporting more than 2,000 local causes focused on mental and physical wellbeing through our Local Community Fund.



Mental Wellbeing Charity Partnership

On World Mental Health Day, in October we launched our charity partnership to bring communities together to improve mental wellbeing with Mind, SAMH, and Inspire. We aim to raise £6m to fund new research, services, and advocacy activity over the next three years to build individual and community resilience and improve mental wellbeing. Co-op colleagues, members, customers, partners and suppliers are passionate about this topic and have already raised over £500,000.



Spaces

From libraries and community centres to parks and playgrounds, community spaces are vital for enabling people to come together. Our partners Locality estimate an average of 4,000 of these spaces are under threat each year.

Over
350

have been supported so far through our Locality advice service

In June 2019 we launched our Endangered Spaces campaign, partnering with Locality, Co-op Foundation and others to save, protect and support 2,000 spaces by 2022.

Through our Locality advice service, over 350 spaces have been supported so far - providing tailored guidance and signposting to groups who want to support spaces that are important to them.

In 2019, we supported more than 1,400 vital community spaces through the Co-op's Local Community Fund, including hundreds of community centres, youth clubs, village halls, parks, playgrounds and libraries. Research has been commissioned in partnership with Locality, the Plunkett Foundation and Fields in Trust, building the evidence base on the impact of loss of spaces and how communities can be empowered by the Government to come together to save and thrive in them.

Our charity, The Co-op Foundation has been tackling loneliness by supporting 58 community spaces through its 'Space to Connect' grants, in addition to enabling nine youth-led community space projects through the '#iwill' fund.

We've also partnered with Keep Britain Tidy on the [Great British Spring Clean](#); bringing Member Pioneers, colleagues, customers, members and Academies together with the aim of supporting people in making positive sustainable change in their communities.

Over the next year we'll be bringing together other organisations to identify the needs of communities and how they can be supported to have a say in how their spaces are provided and protected through to 2022 and beyond.

We aim to save or support

2,000
spaces by
2022

CASE STUDY: STEEL WARRIORS

STEEL WARRIORS



As part of our campaign to save and protect community spaces, we've partnered with Steel Warriors, a charity that takes confiscated knives and turns them into calisthenics gym equipment.

With an ambition to build 20 outdoor gyms across the UK, this innovative project, which resonates with our 'Safer Colleagues, Safer Communities' campaign, not only takes thousands of knives off the streets, but creates new spaces where communities can come together to learn new skills and improve their physical and mental wellbeing.

In 2019, we opened two gyms in London (Ruskin Park and Finsbury Park). The gyms are enabling all types of people, from individuals to community groups, to have a central meeting place where they can come together and improve their wellbeing through classes with Calisthenic pros.

Skills

In 2019, as part of Co-operate 2022, we've been exploring how we can help communities develop the skills they need to thrive.

We've commissioned research to build the evidence base and insight needed to create a programme which empowers people to develop and share their skills within their communities.

In 2019 our Local Community Fund supported 984 causes focused on skills, allowing communities to learn together.

Working with the Co-op Foundation, we've started to introduce volunteering opportunities that enable colleagues to share their skills with communities. We've been trialling E-mentoring for Co-op Academy students, a 'Massive Maths' programme for school children aged 7 to 14, and a community skill-sharing initiative, where colleagues share their skills with local charities and community organisations.

In 2019, we've seen 150 colleagues donate a total of 1,046 hours to their communities through our new skills sharing initiatives. In the coming years, we'll build on this; using the Co-operate platform to mobilise more colleagues and members on a national scale.

Academies

The Co-op Academies Trust provides an education based on co-operative values and principles for over 12,000 young people; it's our vision to inspire a new generation of high-achieving, ambitious, skilled and confident co-operators. As part of our commitment to the Trust, we provide governance expertise from our business, which includes over 70 Co-op governors. And with the introduction of Connell Sixth Form College into the Trust in 2019, we are now working to ensure that opportunities are made available for more students to move from a Co-op education into a Co-op apprenticeship and career.

See [page 42](#) for more on our apprenticeship programme.

We're proud that, by the end of 2019, Co-op Academies Trust ran 24 academy schools (2018: 18) in Greater Manchester, Yorkshire, Wirral and Staffordshire. By growing the Trust over the coming year, we aim to have 40 academies as part of the Trust by the end of 2021 and hope to employ almost 250 apprentices from Co-op Academies by 2022.

For more information on our Academies strategy, see [here](#)



24
academy schools
in the Co-op
Academies
Trust (2018: 18)



CAMPAIGN



Over the last three years, we have invested
£70m
in security, crime prevention and colleague safety measures

600
frontline colleagues shared their experience

Since the launch of our Local Community Fund, we have given over £5.5m to over 1,600 community groups that are tackling the causes of crime across the UK.

Safer Colleagues, Safer Communities

In December 2018, we launched our 'Safer Colleagues, Safer Communities' campaign. We're supporting shop workers' safety on a national scale, protecting our colleagues and others from violence, and tackling the root causes of crime.

At our 2019 AGM, our members overwhelmingly supported maintaining the current level of funding for the next three years, which will allow us to continue to invest in our colleague and store safety. 2020 will see us focusing on the stores that are most affected by crime.

Throughout 2019, we've been keen to show the Government our full support in tackling crime in the community. Our Chief Executive of Food, Jo Whitfield has written to the Home Secretary offering our support, explaining that as a community-based business, we see the impact of social issues in our shops and have seen the threat of weaponised attacks against our colleagues grow. We know that with collaboration across society, we could tackle the root causes of crime.

In April 2019 the Home Office published a call for evidence. This asked for the views of organisations and individuals to aid their understanding of violence and abuse towards shop staff in England and Wales. Senior leaders encouraged our colleagues to share their experiences - and over 600 did.

When submitting our business response to this call for evidence, Jo Whitfield appeared on BBC breakfast to call on the Government to prioritise retail crime, to better protect our colleagues through tougher sanctions for offenders, and for community investment to tackle the root causes of crime.

In 2019, we continued our support of Usdaw's Freedom from Fear campaign and we were able to launch their Respect for Shopworkers campaign with a joint summit.

This summit took place in London where we were joined by Mayor of London, Sadiq Khan.

On 10th September, we published academic research from Dr Emmeline Taylor, Associate Professor of Criminology at City University, on the impact of abuse and violence on shop workers. This research, for the first time ever, shows the impact and motivations of violence in the retail industry. It shows that this abuse is having lasting effects on the lives of workers, both mentally and physically, and that Dr. Taylor found that because of the frequency of such violence and abuse, shop workers were now suffering from Post-Traumatic Stress Disorder (PTSD).

We're investing in our stores, but we know that we need to help tackle the causes of crime as well, which is why we're supporting community action on crime.

We believe providing fair access to opportunities for training and gainful employment is the strongest enabler of productive participation and integration into society. In 2019, we announced partnerships with the Edge Theatre Group, the Archway Project and The Damilola Taylor Trust; a programme supporting young people who may be far from work, helping them develop the skills to realise their potential. Our funding and support for the Trust has enabled the delivery of a Career Search and Skills Development Programme, allowing 30 young people to participate in the 3-month course starting in November 2019.

In 2020 we will embark on a Year of Hope partnership, amplifying the voice of young people through poetry.

We'll also focus our direct support for colleagues on the 150 shops which account for 48% of all crimes committed against our estate.

Community programmes

Co-operate platform launched across **6 communities** during 2019

Over **600** member pioneers supporting their communities across the UK (2018: 300)

Co-operate Platform

Our research shows that people find it hard to connect and make things happen in their local community. Further exploration showed us that a combination of people and technology can make it easier for people to co-operate. In the shape of Member Pioneers, we already have a team of amazing people out in communities across the UK. But we know we could do more to make things easier in a digital way.

As a result of listening and observing, we've built Co-operate; an online platform that pulls together local events and activities to create one place for people to go to make things happen in their local community. It's a kind of digital noticeboard currently used in 6 communities¹, and helps us support national campaigns and communities at a local level. We know that Co-operate's impact can be maximised by having boots on the ground such as Member Pioneers, local colleagues, causes and members. Combined, they provide a system to power our community efforts digitally and physically. In 2020, we'll further develop the platform in line with the ambitions of our Co-operate 2022 plan.



Member Pioneers

Member Pioneers make great things happen in their communities. Championed by our Members Council, they connect with Co-op members, colleagues and causes to find new ways of co-operating, making it easier for communities to come together and make positive local impacts on behalf of our customers and members. They focus on our key areas - Spaces, Wellbeing and Skills - as well as promoting broader Co-op commitments such as Fairtrade.

2019 saw us introduce a brand-new role, the Member Pioneer Co-ordinator. This role gives further support and direction to our Member Pioneers, so that they can create long-lasting change in local communities.

Since launching in 2017, we now have over 600 Member Pioneers and Member Pioneer Co-ordinators across the UK.

For more information, or to get involved visit www.communityspirit.co.uk



SPACES

Member pioneer Caroline from Hebden Bridge organised a local campaign to save a historic bandstand by forming a local action group and getting 3,000 signatures in support



WELLBEING

Member Pioneers in Plymouth partnered with local group Andy's Man Club to run sessions in the depot and surrounding Co-op food stores, creating opportunities for colleagues and customers to talk about health and wellbeing



SKILLS

Member Pioneer Emily from Loughborough has established a community gardening initiative, running skill sharing workshops, exchanging seeds and bringing people in the community together.



¹ Altrincham, Stretford, Sale, Urmston, Bollington and Trafford



The Co-op Foundation

The Co-op Foundation is the Co-op's charity helping communities to work together and make things better. In 2019, The Foundation's Belong programme, which tackles youth loneliness, built on its £6.5million of grants awarded to release new resources for youth workers. It also launched the 'Lonely Not Alone campaign', helping everyone show young people they care. The Foundation has supported more than 200 community spaces, including through its £1.6million 'Space to Connect' partnership with the British government, the first year of a £3million extension to its #iwillFund, and grants for green spaces funded by Co-op's carrier bag levy in Wales. The Foundation plays a key role in working alongside the Co-op to deliver on our joint concerns.

See [here](#) for more information

Foundation Key Highlights 2019

- More than **200 community spaces** supported
- Launched **£1.6 million Space to Connect** partnership with Government
- **#iwillFund** extended by £3million



Colleagues involved in community activity

We encourage all colleagues to play an active role in the community, whether volunteering through the Co-op Foundation, running or participating in community projects, or taking part in civic duties. Colleagues are supported to volunteer in their communities to help maximise our impact in the communities we serve. In 2019, colleagues supported their communities in a variety of ways, from volunteering with local charities, organising fundraising events and serving as trustees or governors, to supporting causes participating in the Local Community Fund.

For more examples of our activity, see our Co-op blogs page [here](#)



Local Community Fund

We make it easy for our members to do good. By simply buying a Co-op product or service, our members can help a local cause of their choice through the Local Community Fund. We give 1% of what our members spend on selected Co-op branded products and services to local causes across the UK. Since we relaunched membership in 2016, £56m has been distributed to over 16,000 unique projects across the UK.

The Local Community Fund is key to the delivery of Co-op's community plan, Co-operate 2022, with all 4,500 current causes aligning to spaces, skills and wellbeing.

2020 Targets

- Our Local Community Fund and Co-op Foundation together will provide funding of at least £17m in 2020 to community spaces, skills and wellbeing projects
- By the end of 2020 we will have Member Pioneers active across all Co-op communities
- We will pilot a new skills share programme to enable co-operation in communities in 2020
- We will use our online community platform to drive impact and engagement for national Co-op campaigns in 2020, while continuing geographical roll-out to more communities across the UK
- We will increase the number of academies in the Co-op Academies Trust to at least 40 by the end of 2021
- 2,000 spaces will be saved or supported through our Endangered Spaces campaign by the end of 2022
- We will support >1 million people to take wellbeing actions resulting in happier, more resilient communities by the end of 2022

¹ Carrier bags excluding Wales and Northern Ireland

The Big Co-op Payout

In 2019 we celebrated The Big Co-op Payout, with members raising £17.3m for over 4,400 local community projects through the 1% scheme and money from the sale of our single-use carrier bags¹. (£56.3m since 2016)

This was our noisiest payout ever, with social engagement up 71% on the previous year.

The Big Co-op Payout Tour spent a week visiting causes across England, Scotland and Wales to see the impact these groups are having in their local communities.

From Glasgow's 'The Pyramid' and Liverpool's Women's Hospital to Birmingham's Martineau Gardens and Cardiff's Sherman Theatre, we celebrated our efforts and saw the difference our members are making.



£17.3 Million

Planet





Our changing climate is not a new problem. Governments, businesses and civil society have known for decades that greenhouse gas (GHG) emissions are trapping huge amounts of heat energy in the atmosphere and that, unchecked, this threatens communities across the world.

Direct emissions

Target



Progress



The science is clear and indisputable; temperature records are being broken and climate impacts are already beginning to be felt. Not least for the Co-op, a more volatile climate is already threatening the foods we all rely on and the people who produce them.

In May 2019, 99% of members voted at our AGM to recognise the climate emergency and accelerate Co-op's leadership on this global issue. We've responded to this challenge, and this year we reach a turning point in our approach to this growing crisis.

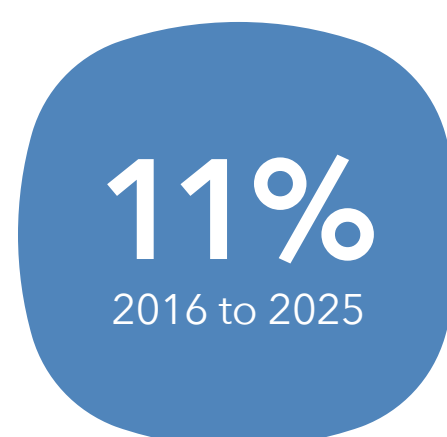
For the last two decades we've been addressing our own GHG emissions whilst actively campaigning for systemic change, including a clean energy system, binding GHG reduction targets and mandatory reporting. However, climate change is now widely considered an emergency because, collectively, we've not done enough.

From now on, we're not just going to address the direct impacts of running our business, i.e. our stores, our trucks, our fridges. We're going further, taking responsibility for our complete carbon footprint on the world. This will include all the products we sell, from field to fork, from plate to bin.

We're starting by making a public commitment to do everything we can to reduce our complete impact. We'll do it transparently and in line with the latest advice and guidance from the international scientific community.

Product-related emissions

Target



Progress



What we've done: the last 20 years

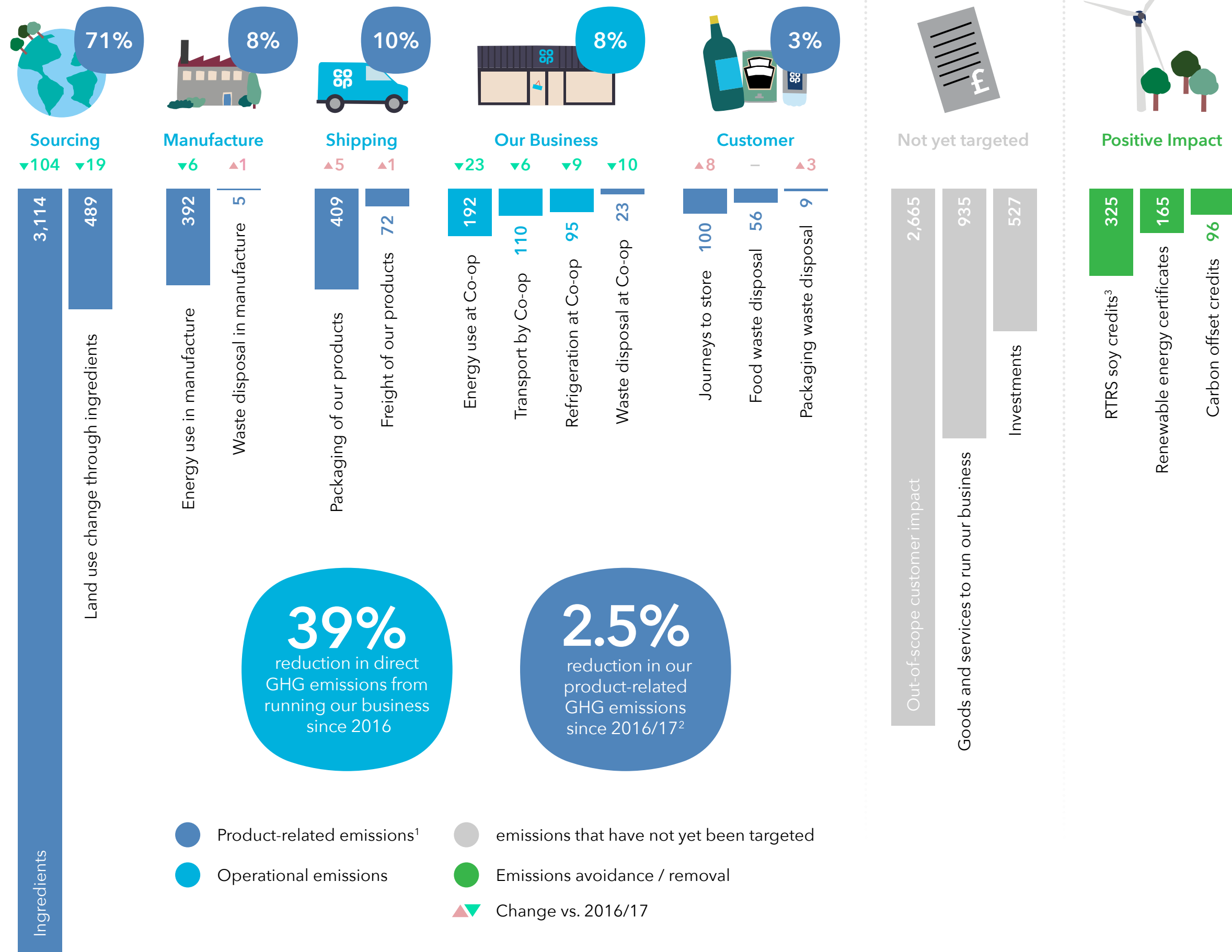
- Reported our direct GHG footprint since 2004
- Used 100% renewable electricity since 2005
- Reduced GHG emissions from running our business by 39% vs 2016 (67% vs 2006)
- Supported new renewable energy, helping fund five new wind farms across the UK
- Consistently campaigned and lobbied government for:
 - a halt on UK fracking
 - support for community renewable energy
 - support for solar energy subsidies
 - mandatory GHG reporting
 - legally binding UK climate targets
- Funded carbon offset projects across the world totalling 1.4m tonnes CO₂-equivalent avoided since 2006
- Science-based GHG reduction targets approved by environmental NGO coalition in 2019¹

What we're doing

- Full transparent footprint
 - We'll show you the whole climate impact of the Co-op, even the things we don't control, which are 'baked in' to the products we sell
- Science-based targets
 - We've set targets to reduce both the direct GHG impact of running our business, and the indirect product-related impact, in line with the latest scientific guidance
- Co-operation and transparent plans
 - We'll work with peers, suppliers and experts to set and publish clear, practical plans to address this emergency

¹ Operational target pathway is aligned with the scientific basis to limit global warming to 1.5 degrees above pre-industrial temperatures. Our product-related target is aligned to 'ambitious best practice' as defined by the Science Based Targets Initiative (SBTi).

Co-op's full GHG footprint 2018/19 (ktCO₂e)



¹ product-related emissions for the Co-op cover the most significant value chain impacts of the products we sell, specifically this includes Scope 3 emissions from purchased goods and services for resale, upstream transportation and distribution, food waste generated in our operations and end-of-life treatment of sold products. A more detailed breakdown of these categories is set out in the data tables on page 62.

² Best practice from the Science Based Targets initiative is to set a GHG reduction target which covers the most significant categories of indirect (Scope 3) GHG emissions over which we may exert influence; for the Co-op these are the products we sell and their associated impact as defined here. In-scope product impacts covers everything sold by Co-op either directly through our stores or indirectly through wholesale (whether through independent co-operatives or NISA). GHG footprint for this includes elements of data which span two calendar years so it is reported as such.

Out-of-scope customer impact includes home cooking and chilling of food products sold, energy use for laundry and cleaning products sold and customer vehicle travel using fuel sold at Co-op forecourts. Out-of-scope investments covers cash holdings with financial institutions, insurance premiums and funeral plan payments held in investments. Out-of-scope goods and services to run our business covers the financial spend we make each year which is not for products sold directly or indirectly to customers, such as marketing, payroll, property management etc.

³ We now cover 100% of our soy footprint with Round Table on Responsible Soy (RTRS) credits (the majority of this is embedded in animal feed for protein). The relative benefit of this in GHG emission terms has been included here on the basis of total deforestation / land-use change emissions which we calculate would have occurred if the soy were to be sourced with no deforestation controls.

Full transparent footprint

Over the past few years, we've carried out research, assessments and site visits to model our full end-to-end GHG footprint and are publishing it for the first time. This is based on detailed reviews of the hundreds of product categories that we sell.

Our complete GHG footprint

The GHG emissions from running our business (see graph, left) have continued to reduce at pace, driven by a combination of using less energy, less impactful refrigerant gases and more renewable energy in the UK grid. Our product-related emissions (see graph, left) have reduced 2.5% over the same period, driven in large part by improved GHG efficiency from farmer practices in our farming groups and lower protein volumes.

Science-based targets

Our targets have been set and approved by the Science Based Targets Initiative (SBTi), a coalition of leading environmental NGOs including WWF, CDP, WRI and the UN Global Compact. This coalition endorses targets in line with the action needed to avoid the most dangerous impacts of climate change.

Co-operation and transparent plans

In 2020 we'll be working closely with our peers, suppliers, and environmental experts to develop practical plans to reduce our complete GHG footprint as quickly as the scientific evidence tells us we now must.

We commit to publish and share the full details of our approach by the end of 2020.

Performance Benchmark

In 2019 we became the **first UK retailer** to back the United Nations' call for leading businesses to reach **zero GHG emissions** across their complete footprint by **2050** at the very latest.

CASE STUDY: CO-OP POWER



In 2020 we'll be relaunching Co-op Power, a consortium of 40 organisations and over 10,000 sites. We provide access to renewable electricity, primarily produced by on-shore wind with some solar and small-scale hydro. Our scale means we can make this more affordable to smaller energy customers, and we currently provide to 9 cooperatives and 6 charities. We're also able to offer other businesses and organisations consultancy based on our knowledge and experience as a pioneer in using renewable energy.

Around 15% of the energy we purchase comes via Power Purchase Agreements (PPA) directly with the wind projects that we helped to develop and we're actively looking at new renewable project opportunities.

2020 Targets

- Approved science-based target: We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5C above pre-industrial temperatures.
- Approved science-based target: We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition
- Long term goal: We will reach net zero GHG emissions from both operations and products by 2050 at the latest
- We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power

Resource Use

99%

of our total operational
waste was reused,
recycled or recovered
(2018: 97%)

76%

of our plastic packaging
is easy to recycle
(by line)

While much of our direct waste impact comes from our own operations, we also pay particular attention to the packaging of our food products, which is ultimately disposed of by our customers. We recognise that plastics are a priority for our members and wider society.

We know plastics and packaging are as much of a concern for our members and customers as they are for our business, which is why we launched our Action on Plastics plan as part of [Future of Food](#) in 2018.

Packaging has a place, it protects our food and keeps it fresher and safe for longer. But we want to keep it in the economy and out of the oceans by using less and making our products easy to recycle. Our approach to recycling is about looking at the entire chain, from manufacture to waste management, taking into account the impact on shelf-life, to minimise the impact overall. This includes consultation with local councils and leading waste management companies.

We're reducing our use of plastic in our own-brand packaging. And where we do use it, we're making it possible to recycle.

Collaboration is key and we haven't worked alone. Our suppliers have been integral to driving innovation on plastic packaging and Co-op members have provided valuable insight and ideas through our Member Join In activity on reducing plastic waste.

Our commitments include:

- All Co-op own-brand packaging will be possible to recycle at home or through the collection of plastic film in selected Co-op stores. We aimed to achieve this by June 2020, but will achieve this as soon as we can
- We'll use a minimum of 50% recycled plastic in PET bottles, pots, tubs, trays and HPDE bottles by 2021
- We've eliminated all dark and black plastic packaging from our own brand products and are working to eliminate CPET and replace it with a widely recycled material

- We'll eliminate Co-op own-brand plastic products not designed to be recycled or reused from June 2023
- We'll work with partners to improve recycling rates and help customers reuse and recycle products designed for that purpose easily.

CASE STUDY: PLASTIC FILM RECYCLING

Our goal: All Co-op own-brand packaging will be possible to recycle.

When it comes to achieving our goals, one of our biggest challenges is our use of flexible film, which is included in over 20% of our Co-op own-brand products by line and cannot be recycled at kerbside. To help customers recycle all their packaging, we're committed to collecting clean film packaging through collection points in selected Co-op stores, across every Co-op community.

What is plastic film? Plastic film is plastic packaging that is easily flexible and includes items like carrier bags, pasta and rice and sliced bread packaging, plastic bags used for fruit and vegetables, ready-meal film, and plastic microwave pouches.



CASE STUDY: AWARD-WINNING SUSHI INNOVATION

We won a Grocer Own-Label award for supplier innovation in November 2019, for a packaging project with supplier Greencore to reduce non-recyclable plastic in all Co-op sushi packaging.

Sushi is a product where the subliminal impact of black packaging on sales behaviour is very high - it's an impulse food-to-go purchase, and it needs to look appealing. However, with the goal around removing black plastic by 2020 in mind, we found an innovative solution to use a clear PET base with a reverse-printed adhesive label, and for premium, a clear PET base with a reverse-printed card sleeve. The solution is factory-friendly, the shelf-life is unaffected, and the new sleeve gave more opportunities to inform the customer about the product.

Our work won the innovation award for its demonstration of supplier collaboration and creative thinking around recyclability.



How we're doing

Since setting our targets in 2018 we've made great progress and are committed to accelerating our plans in partnership with our suppliers.

By November 2019, we'd already made 76% of all the weight of plastic packaging easy to recycle by line. Where packaging can't be made recyclable, we've been removing or replacing it with a recyclable alternative.

Since 2016, we've moved 565 tonnes of our plastic to recycled PET, including all Co-op water, soft drink and oil bottles.

We've removed all black and dark plastic from Co-op own-brand packaging and we're working to eliminate CPET, even when it's not black or dark in colour, replacing it with widely recycled material.

Throughout 2019, we've been involved in 25 projects alongside universities, NGOs, charities, packaging and product suppliers, and industry groups to encourage new behaviours in regard to plastic use and recycling.

We trialled deposit return scheme machines at summer festivals, helping festival-goers to recycle plastic bottles. We also trialled compostable sandwich packaging at Glastonbury.

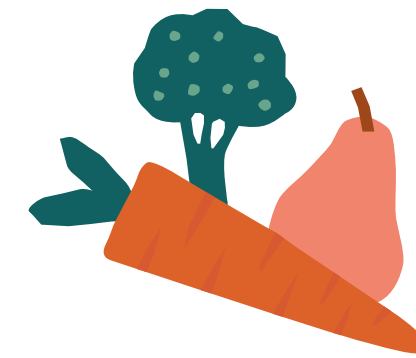
Operational waste

The amount of operational waste we produce has decreased by 42% since 2006 and remained broadly steady since 2018.

We're working to reduce our technology footprint across the business. When we dispose of hardware we do it through our value chain, looking to reuse before recycling. And we'll be introducing new gap reporting software to stores in early 2020 to manage shelf availability; also helping us save up to 23.7 million sheets of paper a year. We're also reducing our operational plastic waste, removing plastics in cleaning products and in catering in our major occupancies.

Food waste

We follow the food waste hierarchy and take the best step for the environment:



- To prevent food waste in the first place, we record our food waste in detail and forecast and manage our stock to make sure we don't have too much.
- When food's about to go past its 'use by' or 'best before' date, we reduce the prices of our products, making sure it gets sold and eaten instead of wasted.
- We've rolled out Co-op Food Share to donate unsold food to local causes across the country, partnering 67% of Co-op stores with local causes to date.
- If we get incorrect deliveries to our depots, we donate what our stores can't use to FareShare, who distribute to local charities.
- Finally, if we can't avoid excess food, sell it, or donate it to a charity or cause, then we use it to make green energy.

We've reduced food waste by 27% since 2015, as a result of significant work at all levels of our business to make sure we follow the food waste hierarchy.

This has included our [Foodshare](#) surplus food redistribution to local community groups. We've now reached active engagement through 67% of our stores, which has resulted in the donation of the equivalent of 4.6 million meals.

Water

Water scarcity is a global concern with serious environmental, social and economic consequences.

We're working to reduce the amount of water we use across our own operations, however, we also recognise that we use more water in our supply chains, particularly in agriculture. More detail on our work in supply chains can be found on [page 31](#).

CASE STUDY: COMPOSTABLE CARRIER BAGS

Compostable carrier bags reduce plastic contamination and also the amount of food waste going to landfill. Following their roll out in 2018 to 1,069 Co-op stores in communities where local authorities collect food waste, they're saving 311 tonnes of single-use plastic a year.

In order to further the positive impact of the bags, we've been working hard to lobby local authorities that don't collect food waste to change their position and accept the bags where they can.

Our customers have also been taking action by asking their local councils to reconsider their food waste collection.

We've made the information needed to bring these bags to market available to anyone who wants it, free of charge.

2020 Targets

- We will reduce food waste generated in our stores and depots by 50% by 2030, compared to 2015
- As part of our ambitious Action on Plastics Plan:
 - All Co-op own-brand packaging will be possible to recycle at home or through the collection of plastic film in selected Co-op stores
 - We will reduce our plastic packaging by 6% by 2021, compared to 2018, and set a long-term plastic reduction target
- We will move all our sites onto an electronic database for water consumption tracking in 2020, to allow us to report water consumption data in our 2020 Sustainability Report
- We will reduce water consumption across our properties by 10% by 2025 compared to 2020

Sustainable sourcing

79%
of our wild capture seafood
products are MSC certified
(2018: 70%)



Performance Benchmark

Tier 2 achieved in the
Business Benchmark on Farm
Animal Welfare (BBFAW)
in 2019, for the sixth year
running¹

We're committed to retaining
Tier 2 in 2020.

BBFAW
Business Benchmark
on Farm Animal Welfare

¹ (1-6 scale, where 1 is the highest). BBFAW classes businesses that reach Tier 2 as having 'farm animal welfare as an integral part of business strategy'.

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

As set out in our Future of Food ambition, we're committed to caring for the environments our ingredients are sourced from. Where it drives change, we support credible certification and work with key partners to take a restorative approach to nature. As part of our commitment to responsible sourcing we've worked with stakeholders to identify our 30 key ingredients, ([see page 69 for full list](#)) allowing us to focus actions on those areas with the greatest sourcing risk.

Aquaculture and fisheries

We work to conserve our oceans, fish and the livelihoods of our suppliers. We apply a risk assessment process to all our fish products, which ensures we continue to source seafood responsibly. We're members of the [Sustainable Seafood Coalition](#) and we use the voluntary codes of conduct for the responsible sourcing and labelling of fish and seafood products.

We increased our proportion of Marine Stewardship Council (MSC) certified products to 79% of our wild capture fish range (2018: 70%). This increase puts us joint leader of UK retailers on this measure, and ensures we're meeting our commitment to continue to improve our seafood sustainability through our healthy oceans strategy.

We've made good progress in sourcing MSC certified seafood, and also making sure MSC certified products are clearly labelled, so our customers know which products contain sustainable seafood. Customers can now find 63 MSC labelled products in Co-op stores (2018: 55).

We've joined the [Global Ghost Gear Initiative](#) to help tackle challenges with discarded fishing gear in our oceans around the world. We've also co-funded a PhD into the effects of discarded fishing gear on the marine ecosystem.



All of our wild capture seafood source fisheries can be found on the [Ocean Disclosure Project](#) website.

Livestock

Respecting animal welfare is an important part of our work in agriculture. For all our Co-op branded fresh, frozen and prepared meat and poultry products, our minimum welfare standard, and our main focus is [Red Tractor](#). For higher welfare, we use [RSPCA Assured](#) certifications or equivalent.

Since 2008, all shell-eggs sold (Co-op brand and branded) have been free range as a minimum, and we only use free-range eggs as ingredients in Co-op brand products. In 2019, 94% of Co-op brand shell-egg sales were RSPCA assured and the remainder were certified organic.

Monitoring animal welfare

More than 3,700 farmers and growers feed into our own-brand fresh supply chain, supplying us with meat, dairy, poultry, fresh produce and prepared products for our Co-op brand products. All farms, whether they're part of our Farming Groups ([page 14](#)) or not, may be subject to announced and unannounced visits or audits by us or an appointed independent audit body to check compliance with our animal welfare requirements.



£171m
sales of higher welfare fresh, frozen and prepared products (2018: £114m)



Performance Benchmark

Ranked 2nd highest UK retailer on the 2020 WWF Palm Oil Scorecard for our progress and commitments (18/22 points achieved)

5/6 received in the 2019 WWF Retailer Scorecard on Soy Commitments

Antibiotics

Antimicrobial Resistance is an increasing global challenge and threat. Food retailers have a responsibility to take action. We're a member of the food industry initiative on antimicrobials and have signed a code of conduct to work pre-competitively as an industry to reduce antibiotic use. We therefore no longer publish our antibiotics usage data in compliance with this agreement. The initiative agrees a common set of principles and commitments and has developed joint initiatives to support responsible use at farm level. We're also supporting research, through membership of RUMA and farm antibiotics, that helps identify alternatives to antibiotics, and our Farming Group performance annually.

Read more about our animal welfare and antibiotics policies [here](#).

Animal testing

All Co-op branded toiletry and household products are approved cruelty free under the Leaping Bunny programme. Leaping Bunny is the only internationally recognised programme that requires approved businesses to implement a supplier monitoring system, checking for animal testing right down to ingredient level, and ongoing independent auditing to ensure and safeguard compliance. Cruelty Free International (CFI) conduct audits every three years. Due to a change in their criteria in January 2019, our audit that was scheduled for 2019 has been postponed. In agreement with CFI we will complete the audit in 2020.



Forests and peatlands

We take a restorative approach to the forests where our ingredients come from, and in 2020 we'll develop our business-wide commitment to zero deforestation in our supply chains.

Palm oil and soy

Palm oil and soy production can impact communities, deforestation, climate change and habitat loss. We believe a sustainable approach to sourcing is the right one. To achieve this, we engage across the industry and with environmental NGOs to understand the best approach and set clear

policies. The advice from NGOs is to source responsibly, as this is the most effective way to drive change. Furthermore, alternatives to crops such as palm oil are often more environmentally damaging with regards to their land use.

All our palm oil is certified by one of the [Roundtable on Sustainable Palm Oil \(RSPO\)](#) schemes. We're working on achieving 100% segregated RSPO certified palm oil by the end of 2020.

You can read more about our approach to palm oil [here](#).

Our most significant use of soy is in feed for livestock for our meat, dairy, egg and farmed fish products. As members of the [Round Table on Responsible Soy \(RTRS\)](#) and the [Retailers' Soy Group](#), we continue our support of RTRS through credit purchases. We currently cover our entire soy footprint (83,000 tonnes) with RTRS credits. In 2017, we became signatories of the [Cerrado Manifesto](#), a group of businesses committed to protecting this area of Brazil. In 2018, we joined the [UK Round Table on Soy](#).

In 2019 we announced our commitment to reach 100% physical sustainable and deforestation-free soy across our supply chain by 2025 - you can read this commitment and the steps we will take to achieve it in full [here](#).

Peat

Peat is an important natural resource, providing carbon storage and natural flood defences - we've been working on phasing this out of our products. In 2019 we offered a peat-free compost and two products that contained 20% peat. In 2020 we will no longer be selling own-brand compost. Of the branded products we will sell there will be two peat-free options within a range of five.

CASE STUDY: CHESTER ZOO

As part of our restorative approach we've been working with Chester Zoo to support a conservation project in Borneo. We've funded the planting of 5,000 trees aiming to reverse deforestation and restore wildlife (including orangutans) in a former palm oil plantation devastated by overproduction.

The trees are being planted on land claimed back from plantations around the Kinabatangan River, which is home to over a thousand different species. Once the trees have grown, they'll help local animals (including orangutans, proboscis monkeys, and Bornean pygmy elephants) thrive with more space to live in.

You can read more about this project [here](#).





Performance Benchmark


We received
'Three Trees'
(the highest score) in the WWF UK Timber 2019 Scorecard Benchmark for our commitments to FSC and recycled timber, timber products and reporting.

97%

of wood and paper used in products for Co-op Food comes from FSC or recycled sources (2018: 97%)

Wood and paper

We ensure that the wood and paper used in products for Co-op Food comes from a responsible source and is of known origin. 97% comes from Forest Stewardship Council (FSC) or recycled sources (2018: 97%).

97% of coffins manufactured by our funeral business were made from FSC®-certified wood¹ (2018: 97% ).

Fields and orchards

We work with producers and growers, focusing on protecting our precious natural resources, water, soil and biodiversity and building resilience in the changing climate. We also understand that whilst doing this, we must also consider impacts on people and their livelihoods. See our commitments on Fairtrade ([page 36](#)) and Ethical Trade ([page 33](#)).

Water stewardship

Water represents an ongoing risk in our supply chains - both locally, where 86% of English rivers don't hold 'good' ecological status, and internationally, with 8 of the top 10 countries for food sourced to the UK prone to drought.

This year saw us support a call for collaborative action regarding water in key sourcing areas, bringing our Co-op and other retailers and suppliers together under the Courtauld Commitment 2025 Water Ambition. By co-chairing the WRAP working group, we've played an important role in bringing this commitment to life, and have started work with WWF and The Rivers Trust on projects committed to reducing risks and improving water stewardship.

¹ FSC® C008811



Pesticides

Pesticides protect crops from pests, weeds and diseases, preserve stored produce and improve farm productivity. However, they can impact biodiversity and have been linked to health problems. We're committed to the safe and responsible use of pesticides. Since the 1980s, we've adopted a precautionary approach towards their use. We monitor and manage how and where they are used, restricting and banning pesticides that have the most harmful effects on human, animal and environmental health.

2020 Targets

- › We will source all our 30 key ingredients sustainably:
 - 100% of palm oil in Co-op products will be segregated RSPO certified by the end of 2020
 - 100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025
- › We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2021
- › We will develop action plans for our restorative approach to nature by the end of 2022





People

Ethical trade and human rights



We've shared on our [website](#) the most significant human rights risks in our supply chain and our plans to mitigate them.

Around the world, growers and producers face everyday challenges caused by low wages, irregular income and an uncertain future. We want to protect the most vulnerable and champion resilient livelihoods for everyone in our supply chain.

Our Future of Food ambition commits us to ensuring the people in our supply chains are secure from end to end. We focus on labour rights, including fair reward, safe and decent working conditions, protection from forced labour, modern slavery and harsh or inhumane treatment. Our main responsibility is towards our Co-op brand suppliers and supply chains, where we can create positive change and influence. We have a long-standing commitment to Fairtrade, supporting better prices, working conditions and terms of trade. We also recognise there are exceptional circumstances under which we would withdraw trade from a state or region.

Supply chain transparency and human rights risks

We source the Co-op branded products sold in our stores from 2,026 sites¹ across the world, where complex supply chains include half a million workers in total.

Our Co-op Food ethical trade programme works to protect these workers and has been in place for over 20 years.

For our defined high-risk categories², we look beyond Tier 1 suppliers, and collect data on our growers due to the known risk³ of high levels of casual labour and seasonality in those supply chains.

Over the past year, we've expanded our programmes and we're committed to providing greater transparency on the steps we take to address modern slavery and human rights risks in our global supply chain.

In 2020, to deliver on our Future of Food human rights ambition, we'll continue to focus our work around four strategic priorities:

- Driving innovation in due diligence and transparency
- Embedding ethical trade into core business activities and winning hearts and minds
- Building capacity and resilience in our supply base to address the underlying causes of human rights issues
- Tackling modern slavery and mitigating human rights risks

Details of our campaigning to tackle modern slavery can be found on [page 35](#).

Monitoring labour standards for Co-op Food own-brand suppliers

We're founder-members of the Ethical Trading Initiative (ETI) and we adopt the ETI Base Code, which is founded on the conventions of the International Labour Organization and is an internationally recognised code of labour practice.

We require all Co-op brand suppliers⁴ in our food business to join Sedex (Supplier Ethical Data Exchange)⁵. We identify suppliers for audit using a risk-based approach determined by supplier responses to Sedex self-assessment questionnaires, worker profiles, use of temporary workers, country of origin and industry sector, and external intelligence from experts, Trades Unions and NGOs.

More detail on our Food ethical trade monitoring programme can be found on our [website](#).



We signed up to the [Environmental Justice Foundation](#) Charter for Transparency, joining their campaign for greater transparency in seafood supply chains to help stop illegal fishing and human rights abuses.

¹ 1,824 Tier 1, 1,202 Tier 2. A Tier 1 site is a production site where goods are finished, ready for supply to, or sale by, the end company. A Tier 2 site is a production site that supplies goods or materials to a Tier 1 site for incorporation into the finished product. Sites 'beyond Tier 1' include sites at Tier 2 and further down the supply chain, depending on the nature and complexity of the supply chain.

² Defined at the Co-op as bakery, beer, wine and spirits, dairy, food to go, grocery, prepared non-food, produce, and protein.

³ Using information from our suppliers, audits and self-assessment questionnaires (SAQs)

⁴ Suppliers 'in scope' include all Tier 1 and beyond Tier 1 sites in high-risk product categories. Sites 'beyond Tier 1' include sites at Tier 2 and further down the supply chain, depending on the nature and complexity of the supply chain.

⁵ Sedex is a web-based database where suppliers upload labour standards information, including self-assessments and site audit reports.

£11.4m
raised in partnership
with the One Foundation
from sales of Co-op bottled
water **over 13 years**
(£1.9m in 2019)

Over
£1.4m
raised for Water Unite
since 2017
(£622,328 in 2019)

**CASE STUDY: BUILDING CAPACITY
IN OUR SUPPLY CHAIN**

Effective Communication Toolkit

As part of National Inclusion Week, we held a joint event with M&S to launch a new toolkit created to spotlight issues of inclusion in multi-language workforces within food supply chains, providing practical guidance on how to manage this complex area.

Collaborative work on the Responsible Recruitment Toolkit

We've joined forces with Aldi, M&S, Tesco, Sainsbury's and Waitrose to sponsor the [Responsible Recruitment Toolkit](#), giving all suppliers access to free online and face-to-face training on responsible recruitment and eliminating recruitment fees, a key Future of Food commitment.

Supplier Strategic & Regional Forums

We delivered eight ethical trade events in the UK where we consulted on our long-term strategy and carried out listening sessions with senior commercial leaders on key challenges and trends in ensuring workers in our global supply chain are treated fairly. Interactive sessions with supplier case-studies covered gender equality, responsible recruitment, tackling modern slavery, labour shortages issues and Brexit and workplace communication.



Supplier capacity building in Co-op Food

Our Food business has a programme of supplier workshops in key sourcing countries designed to: raise awareness of our values, expectations and strategy; provide guidance on local labour law and our Sound Sourcing Code of Conduct requirements; and share best practice in addressing common labour standards issues. During 2019, 20 supplier events were carried out in the UK, Spain and Egypt (2018: 18 events).

Human Rights and Trade Policy

We continue to implement our [Human Rights and Trade Policy](#), which identifies the exceptional conditions under which we'll suspend trade with a nation state or designated region. One such condition is where there is broad international consensus that the status of a settlement is illegal. There are only two examples of such settlements: the Israeli settlements in the Occupied Territories and the Moroccan settlements in Western Sahara. As a result, we do not source any produce or Co-op brand products from the Israeli or Moroccan settlements. However, we remain committed to sourcing produce from Israel and Morocco and continue to use suppliers that do not source from the Occupied Territories and Moroccan settlements.

International development

The One Foundation

Our Future of Food commitment to Clean Water for all remains a core part of our international development work. We raise money through Co-op own-label bottled water sales to support projects bringing clean water, sanitation and hygiene solutions to some of the world's poorest communities, donating 11.4m over the past 13 years and £1.9m in 2019. In partnership with [The One Foundation](#), these funds are helping to deliver safe water and improved sanitation to over 178,000 people living and working in Kenya, Rwanda, Ghana and Malawi. (over 2.1m lives changed over the last 13 years⁶)

Our work so far includes the construction of piped water infrastructure and community toilets in 10 cocoa-producing towns.

⁶ Total projected number of beneficiaries on project completion as reported by field partners. These numbers can change as new updates from the field are received.

Water Unite

We were the first retailer in the world to help pioneer [Water Unite](#), an innovative finance fund addressing issues surrounding plastic waste pollution alongside lack of access to clean water and decent sanitation worldwide. This is funded in partnership with our branded water suppliers.

With our contribution of £1,450,000 since 2017, Water Unite's fund is currently being deployed to help projects in Africa and India, including: improved sanitation facilities for an estimated 200,000 students in Uganda; and in prioritising the needs of vulnerable women and girls refugee camps in Jordan & Pakistan. We're working with Water Unite to create global engagement around the programme.

Disasters Emergency Committee

We support the [Disasters Emergency Committee](#) (DEC), using our digital channels for colleagues, members and customers to donate. In March 2019, DEC launched the Cyclone Idai appeal. We raised £7k for the appeal and a donation of £50k was made via One Foundation with funds generated from the sales of our own lable bottled water, directly benefitting 5,000 people in Nsanje district.

Carbon offset projects

We provided £440,000 support for projects funded by carbon offsets ([page 62](#)) from our insurance and funeral businesses. These included fuel efficient stoves, reducing the amount of wood needed for cooking, in Ghana; a renewable energy wind farm providing energy and employment in India; and clean water provision by distributing water filters in our Fairtrade supply chain.



CAMPAIGN



Modern Slavery

For the past 3 years we have been raising awareness of modern slavery and campaigning for better support for survivors.

Our [Bright Future](#) programme, which offers survivors of modern slavery a paid work placement and the opportunity of a permanent job, has been central to our campaign. Since we launched Bright Future in 2017, our partnership with the charity City Hearts has grown into a multi-charity, multi-business partnership, co-ordinated through a 'National Matching System' with the needs of survivors at its heart.

Our focus in 2019 has been on:

- Creating new work placements within the Co-op and with our Bright Future Business Partners
- Supporting other businesses and charities to join us – **49 organisations** are now co-operating to support survivors into work throughout the UK
- Reviewing and refining Bright Future processes. In June a second Independent Evaluation of Bright Future, undertaken by the University of Liverpool, was [published](#)
- Supporting Bright Future to become an independent initiative. Our aim is that by the end of 2020 it will become an independent multi-partner organisation governed by a board of businesses and NGOs

Engaging with government and lobbying for change

We're proud of what we're achieving through Bright Future. But without changes to the wider support available to survivors from the government, thousands of individuals are at risk of homelessness, poverty and re-trafficking. During 2019 we continued to push for change through new partnerships, forums and targeted campaigns, including:

- Working with the 'Free for Good' coalition to support Lord McColl's 'Modern Slavery (Victim Support) Bill' to increase the quality of, and time period of, government support for victims
- Taking a [petition](#) of 64,121 actions to 10 Downing Street to call for better survivor support
- Collaborating with The Sun through its '[Stamp Out Slavery](#)' campaign

In June 2019 a Judicial Review resulted in the 45-day limit for survivor support being lifted and an acknowledgement by the government that a new need-based (rather than time-limited) system of support for survivors should be introduced.

See our [Modern Slavery Statement](#) for more on our awareness raising and other campaign activities.

Bright Future

21
businesses
engaged

- including 6 of
our suppliers

In November 2019 our Modern Slavery campaign won the PRCA (Public Relations Consultant Association) 'purpose' award and also the Corporate Comms Magazine award for 'Best Corporate Responsibility Initiative'. The Corporate Comms judging panel said the campaign was 'quite simply, brilliant', adding 'The initiative had...real impact in the community and drove legislative change.'





We're the UK's largest convenience seller of Fairtrade products



Fairtrade

We're committed to building on our Fairtrade leadership and strengthening producer communities around the world, as set out in our Future of Food ambition.

We are proud to support Fairtrade and the difference a fair price, premium and empowerment makes for the lives of farmers across the world.

2019 was a milestone year; it was the 25th anniversary of the Fairtrade Mark, and we're proud to have been there every step of the way. We've pioneered fair trade goods since even before the Fairtrade Mark was introduced and we've championed the movement ever since. In a space that has become more crowded with different certifications, we have continued to grow our support, and at our 2019 AGM our members overwhelmingly voted in favour (98.43%) of increasing our commitment to Fairtrade even further.

Our UK Market share of Fairtrade stands at 19% (21% in 2018), which represents an overtrade index of 360 when compared to our grocery market share (our share of the UK grocery market is 5.2%). In 2019 we've seen a drop in sales. We're investigating the data behind this and have plans in place to increase our sales in 2020.

In 2017, we were the first retailer to commit to sourcing all of the cocoa in our own label products on Fairtrade terms. In 2019, to help customers more easily choose products with Fairtrade ingredients, we committed to labeling Fairtrade cocoa ingredient products with the Fairtrade Sourced Ingredient (FSI) mark. We'll start the process of developing our labelling in 2020.

Deepening impact for producers

As a co-operative, we believe in going beyond just sourcing products and instead aim to build strong, direct relationships with producers, making sure we factor in their perspectives in the development of our strategy.

In 2019 we visited seven Fair Trade supply chain communities; including a visit by Co-op Food CEO, Jo Whitfield, to Fairtrade tea and flowers producers in Kenya, as part of our 25th anniversary celebration.

She visited Fintea Growers Co-operative Union Ltd, in Kenya - representing 15,000 smallholder farmers that we've supported since 2009 and from whom we've committed to source at least 10% of our iconic 99 tea blend since they became Fairtrade certified in 2012.

We've also invested in Future of Food Sourcing Projects to drive environmental stewardship and social development in producer communities. This has resulted in:

- Funding a Health in Fields program at our coffee co-operative in Brazil
- Funding a [Women's School of Leadership](#) to improve opportunities for women in Côte d'Ivoire
- The renovation of a school in the community of our rose producers in Kenya
- Supporting a cane cutter welfare project, addressing informal employment in Belize
- Funding a Productivity Increase Programme in Fairtrade Banana producers in Dominican Republic - improving soil health through organic production methods, improving fertility, soil biological diversity and banana farm productivity.



Food CEO, Jo Whitfield, picking Fairtrade tea with producers in Kenya

Our strategy is focussed on the categories where we can have the biggest impact on producers. This is in line with and beyond the Fairtrade Foundation's own focus.

Wine

World's largest retailer of Fairtrade wine



Cocoa

100% of Co-op branded chocolate confectionery is Fairtrade and all the cocoa used as an ingredient in Co-op branded products is sourced under Fairtrade terms



Tea

100% of Co-op branded tea is Fairtrade and Fairtrade producers benefit where tea is used as an ingredient



Bananas

100% of Fairtrade and Fairtrade producers benefit where bananas are used as an ingredient



Flowers

All our African rose bouquets and African single stem roses are Fairtrade



Sugar

All bags of Co-op branded sugar are Fairtrade



Coffee

100% of Co-op branded coffee is Fairtrade and Fairtrade producers benefit where coffee is used as an ingredient



3,000
Fairtrade packs
distributed for free to
Co-op stores, members
and customers

Our Fairtrade market
share among UK
convenience stores was
79.3% in 2019
(2018: 83 %)

Championing Fair Trade

To celebrate Fairtrade's 25th anniversary, we asked members, customers and colleagues to share their stories about Fairtrade. We celebrated in store and activated through our marketing channels and website pages. Co-op Members were also invited to make a Fairtrade pledge at the UK-wide [Member Join In event](#).

In 2019, we held events to support Fairtrade education at Co-op Academies and distributed over 3,000 Fairtrade packs to Co-op stores, members and customers to help them celebrate Fairtrade Fortnight. We also returned to speak at Westminster to continue our support for the All Party Parliamentary Group for Fairtrade.

We're also proud of our pioneering partnership with Traidcraft to bring new fair trade product categories into the market, such as charcoal, rubber gloves, and coffins.

As we look ahead to the challenges facing our global society, we need to co-operate more than ever to champion Fairtrade. Last year, we harnessed a new opportunity to do this; allocating the funds raised from our first sustainability bond to support and promote Fairtrade.



The Fairtrade Difference

Fairtrade changes lives. Fairtrade ensures producers get fair, independently set prices for their products, therefore they are protected if the market prices ever drop.

Over and above the Fairtrade minimum price, Fairtrade Premiums are an additional sum of money that provide a communal fund for workers and farmers to improve their economic, social and environmental conditions. In Belize, for example, Fairtrade Premiums are supporting our sugar producers and their communities. The premium lets farmers diversify their produce, helps vulnerable children with bursaries, develops community projects and provides technical support to farmers to help increase crop yields and reduce environmental impact.

CASE STUDY: CAMPAIGNING FOR CHANGE FOR COFFEE FARMERS

In 2003, when coffee prices were at a 30 year low we switched our entire own-brand coffee range to Fairtrade. A first in UK retail.

Coffee prices are currently at the lowest they have been since 2004 and coffee farmers face a crisis that affects more than 25 million smallholders worldwide. They are not only in effect subsidising the profits of a booming coffee market but also bearing the brunt of climate change, with increased pests, extreme weather and natural disasters.

Fairtrade certified farmers are protected - guaranteed an independently set minimum price and a premium to help towards protecting their livelihoods. A vital safety net for nearly 800,000 Fairtrade coffee farmers across 30 countries.

Just under 100 million cups of coffee are consumed in the UK each day⁷. If all coffee bought was certified Fairtrade, £40m in Fairtrade premiums (500% increase), could be going to help farming communities across the world per year. At a time when tackling inequalities and poverty is needed more than ever, we are calling others to choose Fairtrade with us.



2020 Targets

- › We will improve the lives of workers by carrying out independent human rights impact assessments in three high-risk supply chains by the end of 2021, using our findings to drive change
- › We will champion the role of women and vulnerable people in our supply chains and will develop and launch a gender strategy in 2020
- › As part of our work to tackle modern slavery we will eliminate illegal and unfair recruitment fees in our global supply chains by 2025
- › By the end of 2020 we'll embed training on effective workplace communication, grievance mechanisms and providing access to remedy in our supplier engagement programme
- › We will be the biggest supporter of Fairtrade through our work to empower communities through targeted projects, and campaigns and advocating on behalf of the Fairtrade movement

⁷ www.britishcoffeeassociation.org/coffee-in-the-uk/coffee-facts

Healthy living



98%

of Co-op branded products met their maximum Department of Health salt target (2018: 98%)

74m

teaspoons of sugar were removed from categories such as own brand breakfast cereals, cakes, desserts and ice-cream (based on annual sales) in 2019.

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.

We developed a Health and Wellbeing Programme 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'. Its based around 6 distinct areas: healthier products; accessibility; inspiration; colleagues (page 41), self-care and communities (page 18).

For more information on the programme, visit our [Co-op website](#).

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 veg as ingredients in Co-op own-brand products; and continue to take a responsible approach to reducing the amount of salt, sugar and saturated fat in own brand products.

Accessibility

We help to make sure our customers can identify and locate healthy products in store, make healthier and more informed choices and remove barriers to choosing healthy options. For example, 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-of-pack, colour-coded nutritional information at a glance. At the end of 2019, 46% of our Co-op branded food and drink products carried no red traffic light (2018: 45%). We've also focussed on our 'free from' offer to support customers who don't eat milk or gluten, either by choice or medical requirement, and we've increased our number of egg-free products.

Price Parity

One of our key commitments to our customers is that 100% of our own brand healthier choices¹ are no more expensive than their standard equivalent product (based on price/kg). Compliance is tracked through spot checks. In 2019, of 78 Co-op healthier products that were matched to their standard equivalent, one product was found to be in exception to this commitment, and will be corrected in 2020.



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 2019, 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, and regularly support Change4Life campaigns, most recently, their sugar swaps campaign in January 2020. We've also 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 [Peas Please](#) 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 from autumn 2019 five more products in our ready meals range display a 5-a-day claim. We've also started to add serving suggestions to the back of pack to encourage customers to eat more veg, for example, 'Try me with a side salad' on our pizza packaging.

In summer 2019, we worked with 22 of our London stores and the Consumer Goods Forum, to run a behaviour change trial to reduce sales of sugary soft drinks and encourage sugar-free choices, through point of sale materials. The results will be analysed by Oxford University. Further activity to encourage customers to choose healthier alternatives is planned for 2020.

Alcohol and tobacco

The health impacts of smoking and alcohol are well documented. 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 over £246,000 of funding to them in 2019, and we help to raise awareness of their campaigns.



Self-care

In 2019, we launched a new business venture, Co-op Health. In early 2019, we explored the use of Health Stations, offering customers in 6 of our Food stores a free Health check. The results were compelling, with over 9,000 health checks completed, over 1,500 people signposted to their GP following their test results, and an overwhelming trend of improved health across those that used the stations on a repeat basis.

At the end of 2019, we secured NHS funding to extend the pilot across 22 locations from March 2020. This is our first pilot with the NHS, helping them to assess the viability of health stations as a way to improve health check take up (and therefore early intervention) and for us to look at how further links can be established across our business to make the proposition financially sustainable.



CASE STUDY: MEAT FREE

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 a new sub brand, GRO which celebrates plant-based food. This range of approximately 40 products launched in 300 stores, and plans are in place to expand this over the next few years. These products have been developed across a range of categories such as Food to Go, meals for tonight and frozen.



2020 Targets

- › We will continue to drive positive behaviour change to help members and customers enjoy healthier lifestyles

¹ 'Reduced' or 'light' alternative to a standard equivalent product.

Our people



In 2019
our leadership
index was
79%
(2018 74%).



We want all colleagues to feel proud of our Co-op and recognised for the part they play in our success.

To help us achieve this in 2019, we focused on 5 priorities:

- **Leadership** - Developing our leaders to create an environment that enables colleagues to be their best selves whilst delivering our commercial plans
- **Wellbeing** - Providing tools, training and products to help colleagues manage their health and financial wellbeing whilst creating the culture where wellbeing becomes a part of all that we do
- **Inclusion & Diversity** - Creating an inclusive culture where all our colleagues can come to work to be their best selves
- **Apprenticeships** - Providing skills and development to build lifelong skills in our communities
- **Engagement & Recognition** - Creating an experience that enables colleagues to perform at their best and recognises them for their contribution

Leadership

Good leadership is crucial to helping us achieve our ambitions, both commercially and within our communities. To help us fulfil our distinct purpose, we need leaders who are:

- Connected to our vision
- Motivated by purpose and social impact as well as commercial performance
- Able to build strong internal and external relationships to create solutions for members, customers and communities

In January 2019, five Co-op leadership behaviours – Personal Growth, Developing Others, Forging Relationships, Endless Inclusion and Driving Innovation – were launched and integrated into goal setting, personal

growth, leadership development and coaching plans across the business.

Throughout the year, we delivered a number of programmes, such as Leadershift, to further embed our behavioural framework, which included an event focused on creating the right environment for our key behaviours to thrive. We also delivered Leadfest, a festival of learning and development open to all colleagues.

To help us measure the success of our programmes, we use questions in our TalkBack engagement survey to calculate our **Leadership Index**¹. In 2019, the **leadership index** was 79% (2018: 74%)

Looking to 2020, the priority area of focus will be engaging leaders in the Co-op purpose, vision and strategy.

¹ the external benchmark for the index is 64%

CASE STUDY: NIGHT CLUB

Over three million people across the UK work at night. At our Co-op, we rely on our 24/7 workforce in our Food depots, our 24-hour shops and our Funeralcare business.

Last year, we took part in a multi-partner project with The Wellcome Trust, Oxford University Creative Consultancy, and The Liminal Space to explore ways of increasing levels of job satisfaction and improve mental and physical health in our night-shift workers.

After conducting research, we created 'Night Club', a unique physical space where Co-op warehouse colleagues came together to learn, discuss and engage through innovative educational experiences. These experiences included expert clinics, light-based experiments, midnight feasts and an immersive sleep haven.

We toured the Night Club container across a number of sites, with 85% of attendees reporting that they'd learnt something new about their sleep health.¹



¹ <https://youtu.be/WaCr56G1w9k>

Wellbeing

Our colleagues told us they want support on health and financial wellbeing issues. In 2019, we extended the range of initiatives to increase the support colleagues receive in these areas, including:

- A campaign was piloted to raise awareness and understanding of mental health amongst our colleagues and encourage positive conversations. This included face-to-face training for managers. The campaign will be rolled out across Co-op in 2020.
- Our wellbeing platform, provided by Lifeworks has continued to grow in popularity. 33% of colleagues have registered and can now access a great range of wellbeing resources.
- This platform also offers colleagues free 24/7 support across a range of areas, including health and wellbeing, work and personal issues, legal, and financial wellbeing.
- The extension of our absence support service trial, which provides nurse-led support and 24/7 telephone and web access to GP consultations for colleagues and their immediate family. In 2020 we'll be completing a full review of how we support colleague absence.
- The introduction of a new partnership with [Stepchange](#) to ensure colleagues have access to the best possible support if they are struggling with their finances

We know issues around mental, physical and financial wellbeing will always be important to our colleagues. 2020 will see us do more to support financial wellbeing, launching a range of educational materials and products that will help our colleagues manage money in a way that's right for them.

Inclusion & Diversity

Creating an inclusive culture, where all our colleagues can come to work to be their best selves is key to the successful delivery of our 'Being a Co-op Colleague' strategy.

Our strategy focuses on designing and developing the foundations that enable us to create, sustain and embed an inclusive culture.

Our work in 2019 centred around three priorities:

1. Building a more inclusive culture

We've continued to use celebratory events, such as National Inclusion Week, International Women's Day and Pride, to build awareness of why diversity and inclusion is important in the Co-op and to include colleagues in the conversation.

We've grown our Diversity and Inclusion Pioneers across all business areas - from 85 to 106. Our pioneers are colleagues who support the implementation of the Diversity and Inclusion Strategy by leading the conversation.

We've also worked with our colleague networks¹, communities of colleagues who share similar aspirations and goals around issues on diversity, enabling them to align to the organisational strategy and to create a bigger impact for colleagues.

2. Focusing on respect at work

To ensure colleagues are treated fairly and respectfully we relaunched our Bullying, Harassment and Discrimination policy.

Our new e-learning module sets the baseline for colleague understanding of bullying, harassment and discrimination and how they report and manage it.



Our work so far has created a more balanced gender profile in terms of applications and hires and now we have balanced applications and offers to **50:50** male/female from 70:30 in 2018.



3. Attracting and engaging colleagues

Launched in 2019, our 'One Co-op' behavioural framework ensures our colleagues and leaders are clear on how we expect them to behave. This informed the development of new interview guides to support hiring managers in making the right decisions and creating a more consistent approach to recruitment. In 2020, we'll take this a step further by designing inclusive hiring training for all our hiring managers.

In 2019 we spent time reviewing our people processes and engaging colleagues through an inclusion lens, resulting in a clear plan for building inclusivity into our processes.

We also enhanced our performance and talent processes by:

- launching a talent development programme for future leaders using blind applications to reduce bias
- supplementing our manager guides to address potential bias when rating male and female colleagues
- ensuring part-time colleagues were set the right amount of goals, reflective of the hours they worked

¹ We have well established LGBT+, Youth, Black, Asian and minority ethnic, and womens' networks

Inclusive Leadership

Our new leadership behavioural framework includes a behaviour called 'endless inclusion', empowering leaders to be more inclusive in their approach. And for the first time in our Co-op's history, we measured leaders' behaviours in our Talkback About Your Leaders survey.

Gender Pay Gap

We're committed to being open and fair in how we pay our colleagues. Gender pay gap reporting shows the overall difference in the average pay for all men and women across our Co-op. We published our 3rd report in April 2020. The full report is available [here](#).

Building on our progress, in 2020 we will

- Build the skills and capability of our leaders and colleagues by providing them with the tools to become more inclusive
- Continue to celebrate and help colleagues understand the value of difference; how it contributes to a better working environment and greater commercial returns
- Strengthen our diversity data strategy to enable us to better understand the shape and culture of our existing workforce and set our strategy, goals and priorities for 2021 - 2025

Apprenticeships

We want to create an environment where every colleague can thrive. Our apprenticeship programme provides access to build lifelong skills for our colleagues and communities.

Throughout 2019, we used our apprenticeship levy to launch several new programmes across the business.



We became the first retailer to launch a pre-apprenticeship programme enabling those without English and Maths at entry level to join our apprenticeship programmes. This widened our reach and demonstrated more inclusivity in our apprenticeship offer.

We're also working with our Academies to open up opportunities for students to move from a Co-op education into a Co-op apprenticeship and career. See our Academies on [page 20](#)

We have been recognised for our apprenticeship programme in 2019

- Shortlisted for apprenticeship awards in both the CIPD and HR Distinction awards
- Retained a place on the RateMyApprenticeship 'Top 100 Apprenticeship'
- Personnel Today Apprenticeship Employer of the Year award
- Princess Royal Training Award for our Food Apprenticeship Programme

40% of our Apprentices are male and **60%** are female (2018: 40% male and 60% female)



Performance Benchmark

In 2019, we ranked 45th in the Social Mobility Employer Index - which ranks Britain's employers on the actions they are taking to ensure they are open to accessing and progressing talent from all backgrounds. (2018: 33rd)

Engagement & Recognition

Having engaged colleagues who are fully enabled to perform at their best is fundamental to our ongoing success.

Engagement index scores, rates of absence and voluntary turnover are all important indicators of how we're doing, showing us where we're doing well and where we need to improve. In 2019, our engagement score remained high at 76%, which is ahead of the external benchmark (74%). Four in five colleagues say they enjoy working at the Co-op, 2% improvement on 2018.

We also measure colleague engagement and experience through our listening tools - Talkback, Pulse and Colleague Voice. These tools highlight where we need to focus ongoing effort to improve the everyday experience of our colleagues. Our 2019 survey highlighted that colleagues value team working, learning and development opportunities, and meeting customer needs. In particular, colleagues really value the impact our Co-op makes in their communities. The survey also revealed that colleague safety remains a clear priority (particularly in Stores) and our 'Safer Colleagues, Safer Communities' programme is underway to address these concerns.

Our Colleague Voice forum - a group of colleagues from across the Co-op providing insight on how colleagues are feeling - has continued to gain momentum. The monthly national forum highlights areas of success/risk and actively involves colleagues in shaping new and existing programmes like our long service award, wellbeing initiatives and even our approach to performance reviews.

Celebrating our colleagues

Our colleagues do amazing things for our members, customers and communities and we believe it's important to recognise and celebrate them.

All colleagues are encouraged to show appreciation for others using tools such as our digital thank you cards. In 2019 we introduced more categories such as 'Thank you for Being Inclusive' to recognise colleagues for their behaviours, as well as their work.

Following the success of 2018's 'Thank You for Being Co-op Awards', we rebranded the ceremony to #BeingCoop Awards, to continue celebrating the outstanding achievements of our colleagues in 2019 and beyond.

Nominations were open to both colleagues and Members and saw a 40% increase on the previous year. In 2020, we've laid plans to increase the number of awards and introduce a colleague vote, giving everyone the ability to choose their winners.

2019 also saw us revise our long-service scheme. To reflect cultural changes and act on colleague feedback, the scheme now recognises early career milestones between one and five years' service.



Reward

We've always believed that people should be paid a fair wage. Our Co-op has always supported the principle of a statutory floor for basic pay, and we campaigned for the introduction of the National Minimum Wage (NMW). We'll continue to invest in customer-facing colleague pay in 2020 and pay for all colleagues will remain ahead of the NMW rate for workers over age 25, which will continue to increase each year.

In 2019 we launched our One Co-op Reward Framework. The framework included new salary ranges, guidelines and education to support managers in making fair and consistent pay decisions.

The purpose of the framework is to bring greater transparency and consistency to how colleagues are rewarded across our Co-op.

By introducing a transparent and fair reward framework, we want to encourage open and honest discussions about pay and support an inclusive approach to career progression.

We know some members want to see pay ratios. Again we've published our figures, using the same methodology as we did last year. For further details, please refer to our Directors Remuneration Report in our 2019 [Annual Report](#).

Pensions

Our pension scheme is available to all our colleagues from day one of joining Co-op, including those who do not meet automatic enrolment criteria. Contributions are paid on all base pay and overtime and are matched by the Co-op up to 10% of salary and, therefore, exceeds the minimum required under automatic enrolment. In 2019, 42,000 colleagues were in the scheme, which equates to 68% of all colleagues, together with members who've left the business comprising 47,000 pensioners (2018; 47,500) and 58,000 deferred pensioners (2018; 61,000).

For more on socially responsible investments in our pension fund, see [page 11](#).

Engagement with trades unions

We have formal recognition agreements with trades unions (UNITE and USDAW) across all areas of our business. We actively encourage colleagues to become union members, but also respect the right of colleagues not to join a union. We communicate and consult with each union regularly to maintain positive and constructive relationships.



Whistleblowing

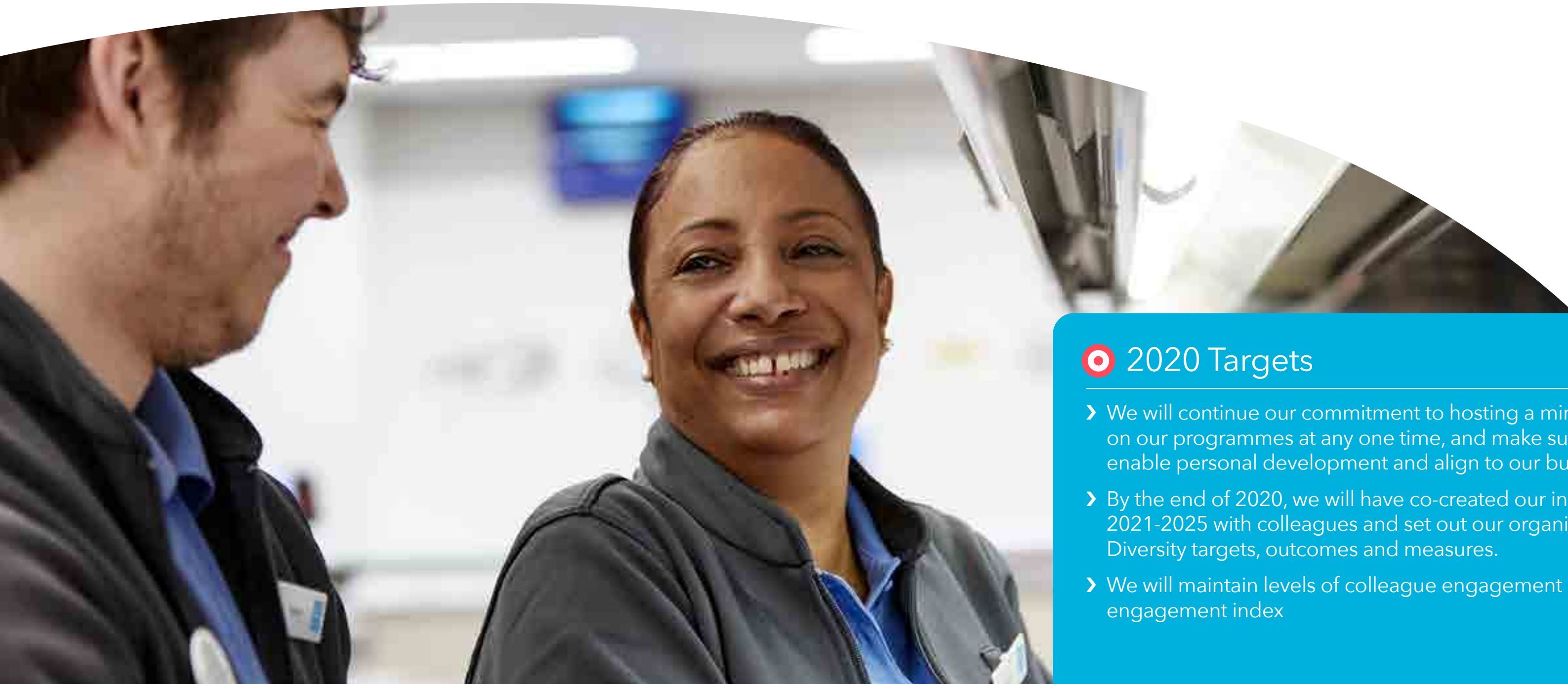
In line with best practice and to ensure we do the right thing by our values and principles, a whistleblowing procedure has again been in operation during the year. The whistleblowing policy is included in the [Code of Business Conduct](#) and is available on the colleague intranet and our website.

An external independent company operates a hotline and weblink known as "Speak Up", that allows colleagues to raise concerns about business practices confidentially should they not wish to talk to someone within the Co-op. It also allows suppliers to report on any wrongdoing in relation to the Co-op. In 2019 we received 199 whistleblowing reports through this process (2018: 173). In total the external provider was contacted 327 times in 2019 (2018: 319). As well as whistleblowing reports this included the provision of additional information, requests for feedback and the seeking of advice. The increase in reports reflects the efforts we've made in the last couple of years to increase awareness of whistleblowing and this service.

In addition to the whistleblowing reports made via the external provider, 34 whistleblowing reports were made direct to colleagues at the Co-op (2018: 43). We have a procedure for recording and investigating whistleblowing reports, a summary of which is presented to our Risk and Audit Committee.

2020 Targets

- › We will continue our commitment to hosting a minimum of 1,000 apprentices on our programmes at any one time, and make sure these programmes enable personal development and align to our business priorities
- › By the end of 2020, we will have co-created our inclusion strategy for 2021-2025 with colleagues and set out our organisational Inclusion and Diversity targets, outcomes and measures.
- › We will maintain levels of colleague engagement as measured by our engagement index





Health and safety

The safety of our colleagues, members and everyone who visits our premises is a priority for our business.

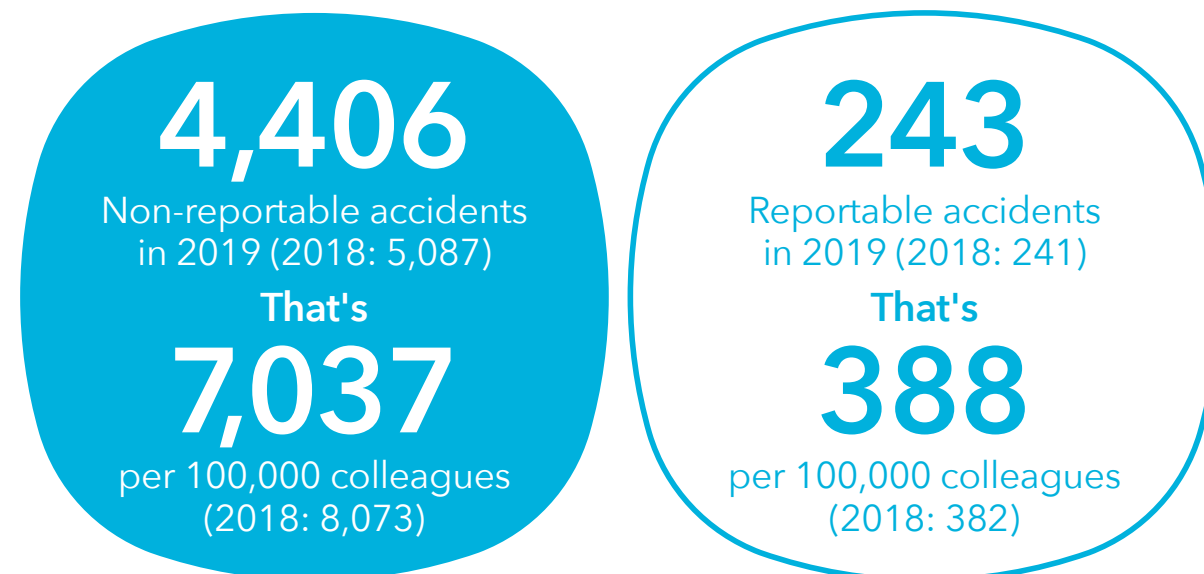
We're committed to creating a positive safety culture and our minimum safety standards, together with new safety training to support continuous improvement across our Co-op. We're also using our accident data to understand how we can better support colleagues to return to work after an accident.

Our incident management system 'MySafety', has made it easier for colleagues to report health and safety incidents and near misses, as well as helping assess risks.

MySafety also allows colleagues to report crimes and, thanks also to a strong leadership message on the importance of reporting incidents, the reporting of crime-related injuries continued to increase this year. Now, we have a much more detailed view of how crime is affecting our colleagues.

The increase in frequency and severity of violent incidents that we're seeing is reflected in the retail sector across England and Wales¹. Our Safer Colleagues Safer Communities campaign (page 21) describes how we're looking to protect our colleagues against these trends.

We've continued to build collaborative relationships with the Police, including seconding a senior Police leader to the business. This has allowed us to understand the demands on our Police service and consider different ways of working to support colleague safety.



¹ Data source - Dr Emmeline Taylor. 'It's not part of the job': Violence and verbal abuse towards shop workers. A review of evidence and policy September 2019



How we manage safety

We report on colleague accidents as it's a key indicator of how effectively we're managing workplace safety. Our accident data enables us to review trends and take more proactive steps to avoid accidents. Using more mobile technology, such as tablets in stores, has also made it easier for colleagues to report accidents, increasing our reporting rates.

We're also looking at continuously improving our ways of working. Launched in 2019, our new risk assessment process is informing how we better manage safety in the future and we've introduced innovative new training to help colleagues understand the part they play in working safely.

We also record customer accidents. We've seen a decrease in both reportable and non-reportable accidents this year, reflecting our work to provide a safe environment for members and visitors to our sites.

We measure progress on how we're driving improvements using a 'Balanced Scorecard' approach, using a number of indicators such as how our colleagues are trained. This is reported to the Board on a monthly basis.



Looking ahead

Our focus will be on continuous improvement through embedding our new Co-op minimum safety standards across our Businesses, and using MySafety data measures to ensure we have the right processes in place.

In 2020, we're committed to putting the "health" back into Health and Safety by working with our safety network and our key stakeholders across the Co-op to share best practice with a focus on health and wellbeing.

2020 Targets

- › We will engage with external partners and statutory bodies, including the Police and Home Office, to support the development of collaborative problem-solving partnerships to make our colleagues feel safer at work

Our approach



How we manage ethics, sustainability and community

Our governance of ethics and sustainability

Our governance of ethics and sustainability is structured as follows:

- Our Board determines the strategy for our Co-op, consistent with our purpose, values and principles and is responsible for final approval of our sustainability reporting.
- Our Members' Council holds the Board to account. This includes reviewing and commenting on our sustainability reporting as part of its 'holding to account' role. Its approvals role includes approving how values and principles are embedded within Co-op based on recommendations submitted by the Executive.
- The framework that supports the Council in its role of holding the Board to account is called the Co-op Compass, a shared way to monitor and measure business performance against four key co-operative lenses - Member Value, Member Voice, Co-operative Leadership and Ethical and Sustainable Leadership. The Council has formed a number of sub-committees to aid it in this work, including the Ethical and Sustainable Leadership Committee.
- Our ethical decision-making tool is used to support decisions requiring Board and Executive approval. The tool prompts users to consider the following when making a decision: what our members would think of the decision, whether it creates commercial and social value for members, the potential impact on our communities, and whether members could understand what we have done and why.
- The development of policies and programmes relating to ethics, sustainability and community is delivered by forums, for example our Food Policy Group which oversees progress on issues relating to food ethics such as healthy lifestyles, animal welfare and Fairtrade and our Member and Customer Proposition Committee which oversees issues relating to community and membership.

- Ethics and sustainability are also embedded in our risk framework. Oversight of the risk categories sits with our Business Risk and Audit Committee, which reports directly to the Board.

In addition to our formal governance framework, our colleagues and Executive have regular informal dialogue with members of our Council on our approach to ethics, sustainability and community.

As part of broader governance and business planning, a review of sustainability, ethics and community governance started in 2019 and will continue into 2020.

Our material issues

We're a diverse group of businesses which means that our impacts are extensive and varied, and we know that we can't lead on every aspect of sustainable development. That's why we focus on our most significant social, environmental and economic impacts and the issues that matter most to our stakeholders, in particular our members, and our business.

We take an evidence-based approach to decision-making when it comes to deciding on our material issues. We're influenced by a range of stakeholder, business and society interests including:

- Our values and principles
- Our co-operative model and approach
- Member participation
- Other stakeholder views
- Our purpose and business strategy
- Our risk management framework
- Legislation and the regulatory landscape
- External standards and benchmarks
- Societal norms and emerging issues

We engaged leaders from across the business, along with elected members from our National Members' Council, to review our existing policies and the issues that were most material for our business during 2016. The results of this work provided the basis for our Co-op Way Policy Framework through which we articulate our approach, develop and review policy and set future targets. Our Co-op Way Policy Framework sets out the issues that matter most to us, and to our stakeholders, and on which we want to make clear our Co-op difference: business ethics, ethical trade and human rights, health and safety, colleague wellbeing, environment and resource use, healthy living, diversity and inclusion, community and food and farming.

Developing our material issues

Whilst we believe the results of the materiality process set out above remain relevant and valid, during 2019, we engaged a broad variety of stakeholders to check this, and to identify emerging material issues. As a result, issues that have been given greater prominence in this Report, include:

- Our full greenhouse gas footprint, including scope 3 impacts
- Resource use (with a focus on plastics and packaging)
- Sustainable sourcing
- Co-operate 2022
- Data Ethics
- Shared Value
- Responsible Procurement

Compliance in our Food business

Food safety and quality control

We're working continuously with our suppliers to simplify our supply chains and strengthen our risk management, traceability and quality assurance processes. The vast majority of Co-op own-label suppliers are audited against British Retail Consortium (BRC) Global Standards. Food safety, legality and product quality requirements are delivered by working with our suppliers to ensure all products are compliant with relevant legislation and our own Co-op standards.

Our approach is one of collaboration. Working with our suppliers and an independent testing laboratory, we've established a comprehensive testing programme which covers origin, production system, species, variety, composition and adulteration. This ensures our Co-op branded products deliver against all aspects of authenticity and protect our customers and the Co-op brand.

Compliance with the Groceries Supply Code of Practice ('the Code')

We want our suppliers to feel that they have effective, collaborative and fair relationships with us. Our Food business's trading relationships with groceries suppliers are regulated by the Groceries Supply Code of Practice. Our Co-op is one of 13 designated retailers in the UK that the Code applies to. The Groceries Code Adjudicator (GCA) is Christine Tacon and the regulator responsible for the Code.

On 25 March 2019, the GCA completed an investigation and published her report into the Co-op. The GCA set down five recommendations for the Co-op to follow and in January 2020 she published her view on the progress made by the Co-op. She said that our detailed implementation plan had met her requirements, that our approach to following her recommendations was appropriate and that future monitoring would continue on the basis of business as usual.

We are committed to delivering long-term, sustained behavioural change to embed and sustain a culture of self-sufficiency and self-regulation. We have continued to improve and sustain the big changes we started to make in 2018 and we are pleased that the GCA recognises the significant work that the Co-op has undertaken.

You can read more about our response to the GCA report in our [Annual Report](#).

Anti-corruption

Our commitment to comply with all relevant anti-corruption laws is outlined in our Financial Crime Policy, Anti-Bribery Policy and also in our Anti-Corruption control standard for our Insurance business. Our Code of Business Conduct details our Board and Management's commitment to the elimination of any fraud within the organisation and rigorous investigation of any such cases, and we have an Anti-Fraud Policy and guidelines to support this commitment. Our Gifts and Hospitality Policy sets out our zero tolerance approach to bribery.

Engaging our stakeholders

A Co-operative, in its essence, relies upon strong relationships. We know how to bring people together, how to give people a voice and how small actions can bring about lasting change. But we also know that we can't fix everything by ourselves, and that working with others is key.

To help us develop the strategies and capabilities to achieve our vision of co-operating for a fairer world, we've continued to build and nurture strong, reciprocal relationships with our stakeholders.

The table (right) provides some examples of how we've worked with our stakeholders over the past year to help us inform strategies and deliver the right products and services in the right way. This is not an exhaustive list but gives an idea of the scale and scope of our approach.

The stakeholders we engage	The channels we use	The issues we explore	The outcome
Members	Annual General Meeting (AGM) Our Annual General Meeting took place on 18 May 2019 and is one of the ways members can get involved in our democracy	Members voted on the following sustainability-related motions (full motion wording can be found here): <ul style="list-style-type: none"> – Joint Board and Council Motion – Safer Colleagues, Safer Communities (98.89% voted FOR) – Motion from Council – Increasing our Commitment to Fairtrade (98.43% voted FOR) – Motion from Council – Responsible Sourcing (99.08% voted FOR) 	The outcome of the motions has supported the development of science-based targets and ambitious actions on carbon reduction and sustainable sourcing; helped strengthen our support for Fairtrade; and added weight to our campaign to protect our colleagues and others from violence and tackle the root causes of crime. A detailed response on actions we're taking will be published here in April.
	Join In Join In provides opportunities for member participation, both at events, and online	The scope of Join In covers everything from the next flavour of crisps to Fairtrade pledges. Here are some examples from 2019: <p>Fairtrade Members were invited to share their Fairtrade memories and make their pledges to ensure the success of Fairtrade over the next 25 years</p> <p>Food waste Members suggested over 1,400 ideas to save food waste at home, and later in the year more members helped us to score them against a set criteria, helping us shortlist ideas for development.</p> <p>Spaces campaign Members were also engaged on our Endangered Spaces campaign and were asked questions to help us better understand motivations and challenges in relation to getting involved in community activity and the kind of support they'd like to see from Co-op.</p>	Through these participation activities, members have been working with us to shape our priorities for 2020 and beyond, whilst reflecting on what they can be doing to promote more sustainable outcomes in their lives and communities. <p>Some Join In opportunities, like our work on plastic packaging reduction, involve members over several stages – from idea creation to implementation.</p> See here for more
Communities	Community engagement Stakeholders have been involved at every stage of development of our Co-operate platform , working closely with the community of Stretford, including volunteers, community members, charities and social enterprises	The Co-operate Platform Engagement has helped us to understand what is needed for a platform that promotes social cohesion and that is specific to individual communities and not a 'one size fits all' approach.	The development of the platform has been an iterative process, with feedback from stakeholders being used to enhance the functionality and user experience at every opportunity. See here for more
Colleagues	Colleague Hackathon In 2019, we spent time auditing our people processes and colleague experience through an inclusion lens. We engaged with colleagues in a different way by holding a hackathon to ensure the right issues were prioritised and addressed	Diversity and Inclusion We listened to our colleagues across the business to understand how included they felt and how they experienced life at the Co-op to help inform our people processes such as access to training and development, making our promotion processes fairer and how we improve how people feel when they are working here.	The output of the hackathon has helped us understand priorities for colleagues, which in turn has informed our initiatives for 2020. We'll continue to use this format to engage with colleagues to ensure our plans are addressing real colleague priorities.
Partners	Collaborative industry groups We've engaged with NGOs, suppliers and peers through collaborative industry groups (e.g. Palm Oil Transparency Coalition, Retail Palm Oil Group, Round Table on Responsible Soy, Retail Soy Group)	Soy and palm oil Engagement has helped us to understand the issues of deforestation, community impact and habitat loss that can be associated with sourcing these ingredients, and the most effective approaches for addressing these risks.	We used insights from these groups to help us develop and launch our soy ambition and continue to progress our palm oil strategy
	Roundtables and workshops We held three '6 months on' Future of Food workshops, one on each chapter of the ambition, involving NGOs, Academics, Suppliers and Industry experts in addition to council members and colleagues	Future of Food We hosted the workshops as round tables, providing an update on Future of Food goals, but also a discussion around our priorities for 2020 onwards. Workshops focused on 4 key areas: <ul style="list-style-type: none"> • Climate Change • Dietary shift • Plastics & Packaging • Transparency 	We used these discussions to inform the evolution of our Future of Food ambition, revisiting roadmaps and building in new targets to reflect the outcomes of the workshops

Shared Value in our Co-op

Our Co-op creates value for members, customers, colleagues, communities and wider society in many ways.

Like other businesses, we generate economic value through the wages and taxes we pay. We also contribute more by being socially and environmentally responsible in the way we manage our business and the products and services that we sell. As a co-operative, we invest in the communities where we buy and trade and we campaign on issues that matter to our members.

Since 2017, we've been exploring how we can better articulate and evidence the extent to which our activities and programmes create value for members, communities and wider society (see [previous Co-op Way reports](#)). In 2019, we engaged a specialist external partner ([Route2](#)) and are working with them to develop our approach.

Shared value framework

We use the following working definition of Shared Value, which captures the importance to our Co-op of the preferences and concerns of a wide range of stakeholders – both internal and external:

“The shared social, economic and environmental value that our Co-op generates for colleagues, customers, members, suppliers, communities and co-operatives.”

Unlike plcs, we're not owned by conventional shareholders who invest for a financial return; instead we are owned by our members, and they're our most important stakeholder group. As a co-operative, and with the support of our members, we consider the needs of all the stakeholder groups set out above in how we run our business and fulfil our purpose.

Our shared value framework aims to help us better understand how our business activity, and the way we do business, generates value for us and our stakeholders which in turn helps us maximise that value.

Capitals-based approach

To help us understand how our Co-op generates value for stakeholders, we're quantifying our non-financial impacts and considering these alongside financial assessments and metrics.

To develop our approach, we're building on Route2's Total Capital Accounting framework – which helps organisations understand their direct (e.g. operation of our stores) and indirect (e.g. supply chain and the products we provide) dependencies and impacts on 6 types of capital stocks (natural, human, intellectual, social, manufactured and financial).

We're currently identifying appropriate indicators - from greenhouse gas emissions to community investment and colleague engagement - to capture the impacts of our Co-op across these capital stocks.

We believe that by doing this we will be able to:

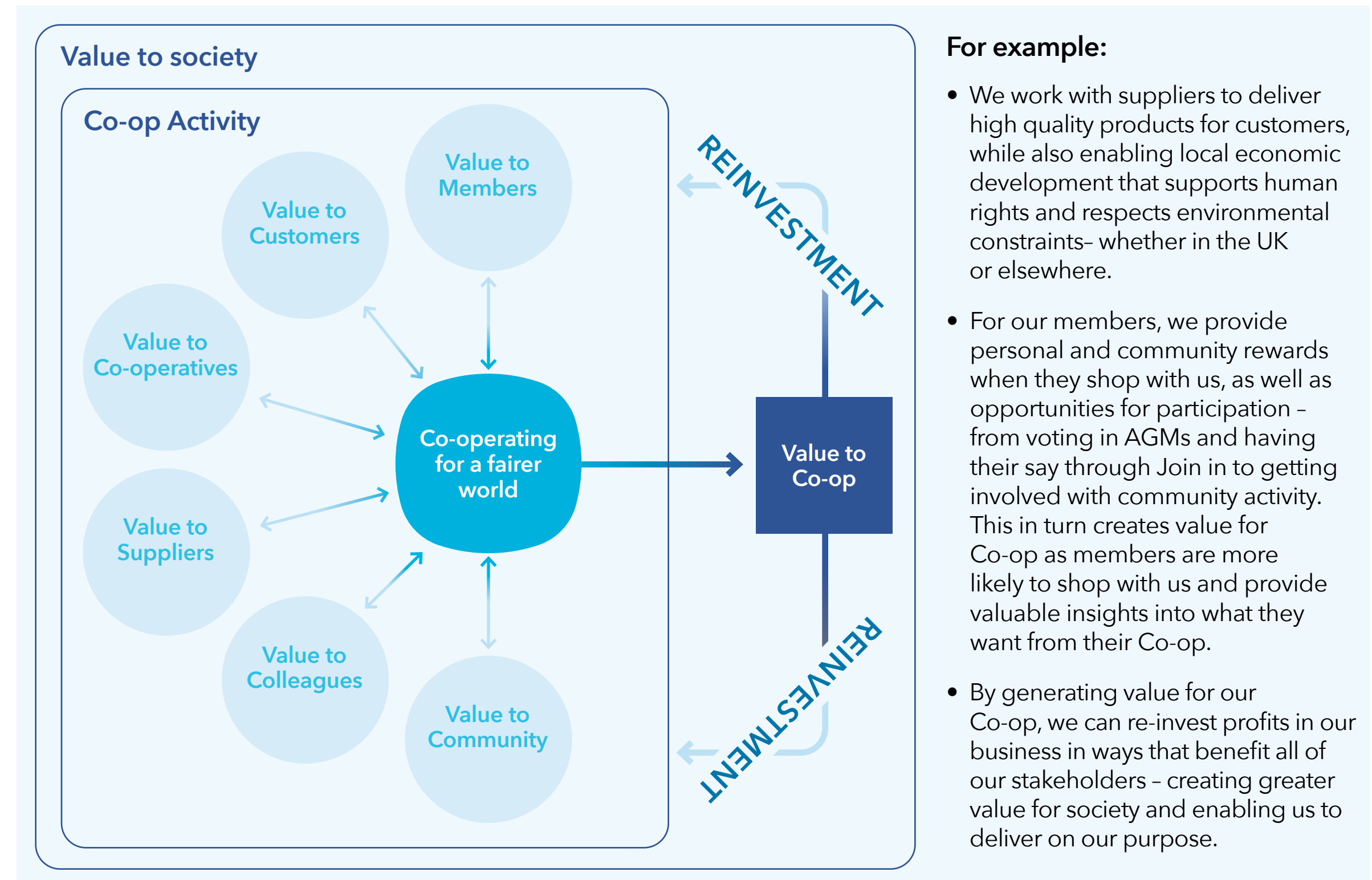
- understand the value created by our Co-op in new and insightful ways
- Develop tools to support decisions that will enhance the value created
- Tell the story of our Co-op in a more joined up and compelling way

We are intending to apply this approach across our business to give us a comprehensive picture of both positive and negative impacts generated either directly (e.g. operation of our stores) or indirectly (e.g. supply chain and the products we provide).

Embedding shared value

During 2020 we'll continue to develop our Shared Value framework, calculating a baseline using 2018 and 2019 data. This will help identify drivers of Shared Value creation and erosion, to support decision-making in our business. We'll consider how we can share the insight that our Shared Value work provides with members and other stakeholders, e.g. through future Co-operate: It's What We Do reports.

We're also committed to transparency in developing our approach – and will share our learning with others who want to explore new ways of increasing the value that they generate for communities, colleagues and other stakeholders.



For example:

- We work with suppliers to deliver high quality products for customers, while also enabling local economic development that supports human rights and respects environmental constraints- whether in the UK or elsewhere.
- For our members, we provide personal and community rewards when they shop with us, as well as opportunities for participation – from voting in AGMs and having their say through Join in to getting involved with community activity. This in turn creates value for Co-op as members are more likely to shop with us and provide valuable insights into what they want from their Co-op.
- By generating value for our Co-op, we can re-invest profits in our business in ways that benefit all of our stakeholders – creating greater value for society and enabling us to deliver on our purpose.

Total Capital Descriptions

Natural capital

The store of ecosystem goods and services produced by the environment



Human capital

The capacity of individuals to undertake employment & pursue wider aspirations



Intellectual capital

The store of knowledge orchestrating the production of economic goods & services



Social capital

The store of trust between people and organisations facilitating human exchanges



Manufactured capital

The property, plant, equipment & other manufactured goods



Financial capital

The cash & cash equivalents that provide a store of market value



Our reporting

For over a decade now, our sustainability reporting has set out how we are addressing sustainability and ethics.

The process of accounting, assurance and reporting is important to drive performance and it provides crucial information to our stakeholders.

Openness and honesty

We're committed to reporting transparently on our performance, be it good or bad. As well as tracking progress against targets, we believe it's easier to get a sense of how we're doing if we compare our performance to our peers so we include relevant performance benchmarks throughout this report, showing not only where we lead, but also where we can improve. And, where possible, we include four years of performance data to give year-on-year comparisons.

We set ourselves 33 targets for 2019, 28 of which have been achieved or are 'on track'. As part of the further development of our strategies, including Future of Food and Co-operate 2022, we set ourselves longer term targets, in addition to annual targets. We've set 37 targets for 2020 and beyond.

These targets reflect the issues that are strategically important for the business, align with our priority SDGs, and are important to our members, and other stakeholders.

As part of this process, we also included a formal target to reflect our commitment to transparent reporting "In line with our Co-op Values of openness and honesty, we will deliver world class, open and honest reporting on our ethics and sustainability performance annually".

For more information on how we measure success against our targets, see our basis of reporting document [here](#).

Assurance

We engaged DNV GL to carry out assurance of our sustainability performance in this report. Using their assurance methodology, VeriSustain, DNV GL evaluated how our reporting adhered to the principles of stakeholder inclusiveness, materiality, sustainability context,

completeness, reliability and quality. Their Assurance Statement gives an overview of the areas of performance data in scope.

External frameworks

We report in accordance with the GRI Standards core requirements and this will be published online.

The United Nations (UN) has set clear sustainable development objectives for 2030. The UN Sustainable Development Goals (SDGs) are designed to focus government, civil society and business on addressing the world's biggest challenges such as ending poverty and hunger, protecting the environment and improving living standards of people everywhere. Details of the SDGs we've prioritised and how we've aligned our strategies to these commitments can be found on [page 6](#) of this report.

In 2018, we became a signatory to the UN Global Compact (UNGC). Further details of the work we've done in support can be found throughout this Report.

Scope of reporting

Performance relates to the 52-week year ending 4 January 2020 (unless otherwise stated) and to our operations and stakeholders. It covers those businesses wholly owned by the Co-operative Group Limited as at 4 January 2020.

This Report relates to the performance of the business as a whole unless otherwise stated (in some instances we refer to a particular business unit, and this is stated clearly). Reporting on sourcing impacts of products sold by Co-op Food focuses on Co-op branded products, with the exception of indirect GHG emission reporting which (following best practice around Scope 3 accounting) covers all products sold. Co-op branded product sales accounted for 46.9% of total Co-op Food turnover in 2019 (2018: 47.1%). Like other retailers, we have greater influence over Co-op branded than we do other branded products, and our priority continues to be to improve the sustainability of these products.

We are the exclusive wholesale supplier to Costcutter Supermarkets Group (CSG) and the 2,200 Costcutter, Mace, Simply Fresh, Supershop and Kwiksave convenience stores across its network. These stores are not under Co-op's operational control and are out of

scope of our reporting, with the only exception being a small number of stores newly covered by direct logistics and distribution, the impact of which is included in our 'Scope 1' greenhouse gas data.

We operate only in the UK and our main offices are in Manchester.

Business change

In spring we marked the first year of our Wholesale expansion through the acquisition of Nisa. We've set up a single buying operation for all of the stores we supply, with Nisa partners able to select from 2,000 Co-op own-brand products. The ownership of a warehouse and head office come within scope of our reporting.

Franchising has long been a feature of consumer retail co-operatives on the continent and now we're beginning to use this way of reaching new markets in the UK. By the end of 2019 we had opened five new franchise stores including four on university campuses and our first Nisa franchise in Somerton, Somerset, bringing the total to eight.

In 2019 we were proud to launch Co-op Health; our first new business venture for many years. We're using our digital capability and our physical presence in communities to give our members and customers more control of their health needs.

In March, we launched our online delivery service shop.coop.co.uk, using electric-powered cargo bikes from our Co-op Kings Road store in Chelsea, London. It's the first time that we've offered online delivery sales via a dedicated Co-op website. In August we expanded into a further 13 stores in the capital. We also extended our partnership with Deliveroo in London and Manchester to reach Edinburgh, Milton Keynes and Brighton.

At the beginning of 2019 we announced the sale of our insurance underwriting business to Markerstudy, which is awaiting regulatory approval. Part of the agreement will put in place a new long-term arrangement for Co-op to distribute Co-op branded motor and home insurance products underwritten through Markerstudy. Our accounts for 2019 show our insurance underwriting business as a discontinued operation.



Performance data

We aim to be open and honest in all that we do, including our reporting.

Each issue explored in the first part of our Report has a supporting data report in this section, to help readers understand more about our performance.

Our [Basis of Reporting](#) documents provide further detail on how our key data is calculated and targets measured.

Performance Data

Performance data icons



Target Achieved



On Track



Close to Target



Behind Schedule





Target not Achieved



Restatement



Membership and co-operation

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Targets
Membership numbers	Maintain our active membership base of 4.6m members	 We maintained 4.6m active members	Number of active members (m) (those who have traded with us in the last year in Co-op Food, Electrical, Funeral and Life Planning, Insurance and Legal Services)	4.0	4.6	4.6	4.6		35% of new members will be aged 35 and under at the point of recruitment
			Number of new members (m)	0.5	1.0	0.6	0.5		
			Number of active (see definition above) young members, aged 25 and under	94,100	158,441	157,134	149,542		
Membership scheme			Amount earned by members for themselves through our membership scheme (£m) (amount redeemed in brackets). See Community section for data on the amount earned by members for their communities	n/a	61 (50.6)	60.4 (55.4)	54.4 (50.9)	£54.4m was earned by members through our Food business. In addition, member discounts amounting to £5m were provided through our Funeral business during 2019	
Member engagement	Build and trial a new online 'Join In Community' forum to provide a platform for safe, secure engagement between members and Member Pioneers in their local area, by the end of 2019	 Our trial of a new online 'Join In Community' forum was held April-June 2019. The impact of this trial was evaluated and a series of recommendations created. We'll be rolling-out a new platform in 2020	Number of members voting at our AGM and elections (number voting in person in brackets)	99,000 (750)	76,883 (800)	94,725 (730)	60,549 (620)	We're currently exploring ways to increase participation in our AGM and elections by improving the member journey and how we raise awareness of our democracy	We will increase the number of members participating in 'Join In' activity to 200,000
			AGM and election voter turnout among eligible members (%)	4.7	3.5	3.5	2.2		
			Members participating in Join In live events in communities across the UK	-	1,100	1,395	1,276		
			Members participating in our Join In programme online (number of opportunities to join in in brackets)	-	20,800 (93)	97,403 (69)	147,637 (75)		
			Young members participating in our Join In programme online	-	1,169	5,283	7,240		
Financial support for co-operatives			Financial support for representative and affiliated bodies of the co-operative movement (£m)	1.77	1.97	2.35	3.12		



Breakdown of financial support for the co-operative movement (£)

Organisation	Amount (£)
Co-operative Academies Trust	1,381,000
Co-operatives UK	724,000
Co-operative Party	625,000
Co-operative Press	119,000
Co-operative College	102,000

Organisation	Amount (£)
International Co-operative Alliance	69,000
Social Enterprise UK	40,000
Woodcraft Folk	25,000
Co-operative Heritage Trust	18,000
Peoples' History Museum	8,000

Organisation	Amount (£)
Robert Owen Museum	3,900
New Lanark Museum	3,000
Scottish Co-op Womens' Guild	3,400
Society for Co-op Studies	2,000
Plunkett Foundation	1,000
Total	3,124,300

Business ethics

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 target
Economic impact	Retain Fair Tax Mark accreditation in 2019	 We retained Fair Tax mark accreditation	Fair Tax Mark accreditation	yes	yes	yes	yes	We recognise the need to pay the right amount of tax, in the right place at the right time and, irrespective of external accreditation, we're committed to doing the right thing	We will retain Fair Tax Mark accreditation in 2020
Responsible data and technology	We will publish a Data Ethics policy, and work to expand our data ethics approach across our busiess	 We published a Data Ethics policy internally outlining key principles for making decisions from our data, and trained colleagues to understand how to apply Data Ethics within their work	Number of colleagues trained on Data Ethics	-	-	-	12		As part of our ambition to be 'Trusted with Data', all our work to improve existing and/or develop new data driven products and services will be assessed against the Data Ethics principles by the end of 2020
			Number of activities (including project & BAU) that have been assessed against Data Ethics principles	-	-	-	7		
Responsible finance			Insurance business: number of fixed income investment opportunities screened against Ethical Policy	11	16	11	6		Our pension arrangements will operate leading Responsible Investment Policies and reporting Where we raise additional finance, and where it is possible within financial markets, we will seek to align the structure or KPIs of the financing to our sustainability goals All material Board-level decisions are informed by our Ethical Decision-Making Tool
Embedding ethics and sustainability									As part of our aspiration for Co-op products to demonstrate our ethical approach and Co-op difference, we will report on progress annually In line with our Co-op Values of openness and honesty, we will deliver world class, open and honest reporting on our ethics and sustainability performance annually

Public policy engagement

For reporting purposes, 'engagement' is restricted to instances where we've raised or supported a significant initiative relating to one of our material sustainability issues.

Issue	Audience	Engagement	Policy Position
Community	Government Home Office	The Co-op is a long-standing member of the National Retail Crime Steering Group	
	Government Home Office	The Co-op responded to the Home Office Call for evidence into abuse on Retail workers	Call on Government to prioritise retail crime, to better protect our colleagues through tougher sanctions for offenders and community investment to tackle the root causes of crime.
	Government Home Office	Over 600 Co-op colleagues shared their personal accounts of abuse in response to the Home Office call for evidence into abuse on Retail Workers	
	Members of the House of Commons	Briefings to MPs in advance of Westminster Hall debate on Retail Crime (April 2019)	The Co-op supports greater legislative protection for retail workers who take responsibility for the process of age-restricted sales.
	Members of the House of Commons	Launch of Dr Emmeline Taylor's research into the motivations of offenders, and the impact of crime on our shopworkers took place in the House of Commons. This was hosted by Rt Hon David Hanson MP. All members of the House of Commons were invited.	
	Members of the House of Lords	Briefings to Peers in advance of Committee stage of the Offensive Weapons Bill (January 2019)	
	Members of the House of Commons, Scottish Parliament and National Assembly for Wales	Summit to launch Respect for Shopworkers week, in Partnership with Usdaw. Mayor of London, Sadiq Khan launched the summit. Regular engagement with Parliamentarians to raise awareness of verbal and physical abuse towards colleagues	Attacks on retail workers who are simply doing their job are unacceptable. We want to find solutions that will make a difference to how our colleagues feel at work so that violent incidents against them are taken seriously and are deterred.
Safer Colleagues, Safer Communities			

Business ethics: public policy engagement

Ethical trade and human rights			
Modern Slavery Support for victims	Government Home Office and Department for Work and Pensions (DWP) Members of the House of Commons and House of Lords, NGOs	A series of Westminster interventions in the course of 2019 reflecting the significance of this national Co-op campaign, including: Participated in the 'Free for Good' coalition to support Lord McColl's Bill (H1 2019), Submission of petition of 64,121 signatures calling for better victims support to Downing Street (April 2019), Partnership with The Sun 'Stamp out slavery' campaign (H1 2019)	Call on businesses and government to do more to support victims of slavery in the UK. Explicit support for provision in Lord McColl's PMB for extension of government support for victims up from 45 days to one year.
Modern Slavery Project Bright Future: employment opportunities for victims	NGOs	Two Bright Future summits held in 2019 (February and June) involving 49 charity and business partners.	Call on businesses and government to do more to support victims of slavery in the UK.
Modern Slavery Business reporting under the Modern Slavery Act	NGOs, Members of the House of Commons and House of Lords, Independent Anti- Slavery Commissioner	Bright Future highlighted by government as a positive example of business support by Home Office Ministers in Parliament and in Home Office and IASC Annual Reports. Victim support established as one of three areas of focus for Business Against Slavery Forum.	Call on government to promote business compliance with the MSA.
Modern slavery The response of the UK business community	Government Home Office, NGOs	Modern Slavery Statement for 2018 published (April 2019) and widely distributed to stakeholders, including Home Office and IASC. Provided case study on best practice reporting for Home Office reporting tool and in IASC Annual Report in October 2019	Call on businesses in the UK to work together to combat modern slavery and to provide support for victims.
	Members of the House of Commons and House of Lords	Briefings led to positive mentions in Parliament and in correspondence with Ministers throughout 2019 including BEIS questions on 12/02, Westminster Hall debate on Modern Slavery and Victim Support 28/03	
	Government Home Office, Business community, Independent Anti-Slavery Commissioner	Leading approach of Co-op cited by Home Office Minister in Modern Slavery Act debate in June 2019 Winner of the best corporate responsibility initiative at CorpComms Awards in November 2019 Winner of PRCA 'Impact' Award for Modern slavery campaign - November 2019	
	Government Home Office, Business community	Membership of Home Office CEO Business Against Slavery Forum led by the Home Secretary.	

Business ethics: public policy engagement

Procurement / British food and farming			
Support for British food and farming	Government Department for Environment, Food and Rural Affairs	Jo Whitfield, Chief Executive of Co-op Food, is a member of the Food and Drink Sector Council which is a formal industry partnership with government to create a more productive and sustainable food and drink sector.	We welcomed the opportunity to contribute to the National Food Strategy Independent Review, calling for engagement with citizens across the country about the issues which we know from our members and customers are so important for the future of the global food system of which we are a part
	Government Department for Environment, Food and Rural Affairs	Submission of a written response to the call for evidence issued as part of the Government's National Food Strategy Independent Review (October 2019)	
Resource use			
Plastics	Government Department HM Treasury	Submission of a written response to the Government's consultation on the introduction of a Plastics Tax (May 2019)	Call on Government to ensure the proposed Plastics Tax is developed with input from industry to ensure it achieves its aim to be beneficial for the environment
	Government Department for Environment, Food and Rural Affairs	Submission of a written response to the Government's consultation on the introduction of a Deposit Return Scheme in England and Wales (May 2019)	Support for the introduction of the Deposit Return Scheme, and call for closer engagement with industry in the design of the scheme
	Government Department for Environment, Food and Rural Affairs	Submission of a written response to the Government's consultation on policy proposals to introduce Extended Producer Responsibility (May 2019)	Support for the principle that the producer should pay, and a call to ensure that the proposals on EPR, DRS and consistent kerbside collections are developed holistically
	Government Department for Environment, Food and Rural Affairs	Submission of a written response to the Government's consultation on the introduction of consistency of household waste collections across England (May 2019)	Support for the introduction of consistent kerbside collections across England, and a call to speed up the implementation of this approach
	Government Departments for Environment, Food and Rural Affairs and Business, Energy and Industrial Strategy	Submission of a written response to the Government's consultation on standards for bio-based, biodegradable and compostable plastics (October 2019)	Having rolled out our compostable carrier bags to over 1,000 stores where they will be accepted as food waste caddy liners by the relevant local authority, we noted the need for the Government to take a strategic approach to using compostable materials, in a way that fits with the existing waste management system

Business ethics: public policy engagement

Business ethics / Funeralcare			
Funeral costs/affordability	Government Department for Work and Pensions (DWP)	Engagement with Parliamentarians to brief on steps to promote affordability. Co-op steps referenced by Minister and MPs in Westminster Hall debate on 11 September 2018.	Call on government to improve Funeral Expenses scheme, making it easier for those in need to claim.
Funeral Plans Regulation	Government HM Treasury and DWP, Members of the House of Commons, NGOs	Engagement to discuss regulation of funeral plans prior to HM Treasury consultation (June 2019) and submission of evidence to HM Treasury consultation (August 2019).	Better regulation of funeral plan market to protect consumers and promote consumer confidence.
Funeral costs/affordability	Government Department for Work and Pensions (DWP), Work & Pensions Select Committee	Submitted Written and Oral Evidence to W&P Select Committee in June 2019. Participated in joint DWP/MOJ industry roundtable on affordability in June 2019	Call on government to improve Funeral Expenses scheme, making it easier for those in need to claim.
Funeral Plans Regulation	Government HM Treasury and DWP, Members of the House of Commons, NGOs	Submission of evidence to HM Treasury consultation (August 2019).	Better regulation of funeral plan market to protect consumers and promote consumer confidence.
Children's Funeral Fund	Government Department for Work & Pensions and Ministry of Justice, Members of the House of Commons, NGOs	Participation in Government roundtable in June 2019. Co-op position referenced in Adjournment Debate on 1 May 2019. Organised joint letter of 50 NGOs and MPs to Prime Minister on 1 May	Call on Government to establish a fund to cover burial and cremation costs for children's funerals

Trade and business association membership fees

We disclose all of our principal memberships, subscription fees and donations to trade and business associations that engage in public policy activities. We report those with a value of £5,000 or greater.

Donations and subscriptions, 2019 (£)		Donations and subscriptions, 2019 (£)		Donations and subscriptions, 2019 (£)	
Co-operatives UK	738,500	Ethical Trading Initiative	39,448	Business In The Community (BITC)	25,300
Drinkaware Trust	246,000	Waste and Resource Action Programme (WRAP)	34,583	Scottish Grocers Federation	9,072
National Association of Funeral Directors	241,939	Incorporated Society of British Advertisers	31,263	Marine Stewardship Council	9,000
British Retail Consortium	166,509	The Wine and Spirit Trade Association	23,433	Business Disability Forum	8,140
Association of British Insurers	113,373 ¹	Inclusive Employers	22,400	RECYcling Of Used Plastics Limited (RECOUP)	8,000
Funeral Planning Authority	82,400	The Association of Convenience Stores	14,610	Retail Palm Oil Group	5,000
International Co-operative Alliance ²	72,000	British Institute of Embalmers	13,920		
Institute of Grocery Distribution Services	55,000	The Law Society	11,377		
Downstream Fuel Association	40,482				

Distribution of economic value added (£m)

	2016	2017	2018	2019
Colleague wages and pension benefits	1,323	1,353	1,332	1,362 ³
Payments to government (mainly business rates, employers' National Insurance and irrecoverable VAT)	199	201	195	207
Distribution to members	23 (including 4.4 redeemed through members' 5% reward, 15.2 in promotional vouchers and 2.9 from Swipe and Win payments)	61 (members' 5% reward)	60 (members' 5% reward)	54 (members' 5% reward)
Community investment	11	30	32	35
Payments to providers of capital (interest paid to bankers or bondholders for loans)	82	64	64	64
Set aside for capital maintenance and future growth (ie after accounting for other payments, including payments to government, members and community investment)	207	95	94 ^R	122
Total	1,845	1,804	1,777	1,808

Sustainability Bond Allocation Report 2019

Total value of bond	Investments and expenditure in Eligible Sustainability Projects Portfolio			Unallocated proceeds
	Cost value of Fairtrade Purchases			
	2018	2019	Total 2018-19	
£300m	£120.6m	£119.7m	£240.3m	£59.7m




¹ 2018 data.

² Federal Retail and Trading Services Limited (FRTS) is a member and pays the subscription.



³ The Co-operative Group has initially applied IFRS 16 (Leases) at 6 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative impact of applying the new standard is recognised in retained earnings at the date of initial application. To allow a meaningful comparison with prior year figures then the impact of adopting IFRS 16 has not been reflected in the table above as it is an accounting change and doesn't actually reflect a fundamental change in the Value Added calculation. If IFRS 16 was reflected then the main impact on the Value Added Statement is that £110m of depreciation on right-of-use assets, impairment charges of £25m against right-of-use assets and net interest on lease liabilities of £74m would be included within the value added total whereas previously this would not have been the case (as equivalent property rental charges were not included in the value added calculation in previous years). More details on the impact of the IFRS 16 (Leases) can be found in the general accounting policies of the Co-operative Group's Financial Statements for the period ended 4th January 2020. To further help the reader we've also included additional tables in 'Our financial performance' section of our Financial Statements showing 2019 results on both a reported basis (prepared under IFRS 16) and a like-for-like with 2018 (excluding IFRS 16).

^R During 2019 management identified a number of balance sheet items in our Wholesale business which contained historical errors. These have been corrected in our 2019 statutory accounts as a prior year adjustment and have accordingly been restated in the table above. Full details of the restatement and the impact on the Co-operative Group's 2018 financial statements are outlined in Note 38 (Restatements) of the 2019 Annual Report and Accounts of the Co-operative Group.




Responsible Procurement

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary
Buying our goods and services	We will develop a Social Value Charter and communicate it to our strategic suppliers of goods and services not for resale	 Our Shared Value Charter was completed in 2019 and distributed to strategic suppliers in early Q1 2020	Shared Value Charter Launched				Yes	In 2020, we are focusing on working with our larger contracts over to pilot our approach with our suppliers, enabling us to 'test & learn' before expanding to the wider supply chain. We will also be making other suppliers aware of our aspirations by issuing the charter as part of all new GNFR tenders with a value of £100,000 or more
Supporting British Farmers			% Co-op branded fresh and frozen meat is British	100	100	100	100	100% fresh meat British in 2016 & 2017.
			% Co-op branded eggs, milk, farmed salmon and cream is British	100	100	100	100	100% frozen also from 2018
Developing our farming groups	Publish three years of data on our carbon footprint of our Farming Groups	 We have published 3 years data of our farming groups in this report	Number of British farmers and growers in our Farming Groups	-	-	400	328	Reduction due to supplier change on Pork, 10% removal in Dairy Group and Farmers leaving. We are recruiting more in Dairy.
			Independent audits across Farming Groups	198	199	348	328	
			% farms achieving gold	35	60	29	55	
			% farms not receiving rating	35	29	27	12	
			% compliance with animal welfare KPI data from our Farming Groups (tables for more detail)	90	91	92.2	93.4	
			% producers completing enviromap	-	94	95	100	More farms completed Enviromap this year. Number of farms completing enviromap = 333, farmers left in farming group = 328
			Farming group carbon footprint					
Farming Pioneers	Have 100 young farmers in our Farming Pioneers programme by the end of 2019	 We had 104 young farmers on our farming pioneers programme by the end of 2019, with 40 having graduated by the end of the year.	Number of active members of farming pioneer programme	-	-	54	104	40 now completed
Local Sourcing			Number of new local suppliers	-	-	97	75	
			Number of new local products	-	250	436	392	
			UK wide sales of locally sourced products (£m)	-	164	171	206	


Community

Issue	2019 Target	Performance against target (Commentary)	KPIs	2016	2017	2018	2019	Commentary	2020 Target
	Set out long-term targets as part of a new Community Plan	 <p>Our Community plan; Co-operate 2022 sets out our long term targets and commitments on issues that matter most to our members and communities. We launched our plan in 2019.</p>	Strategy published				Yes		We will use our online community platform to drive impact and engagement for national Co-op campaigns in 2020, while continuing geographical roll out to more communities across the UK
Community Investment	Give back at least £15m in 2019 to local causes through our Local Community Fund	 <p>In 2019, we gave £17.3m to over 4,400 community causes through our local community fund.</p>	Total investment in UK and international communities (£m)	11.8	29.7	31.7	35.0	Overall Community Investment up £3.3m on 2018	Our Local Community Fund and Co-op Foundation together will provide funding of at least £17m in 2020 to community spaces, skills and wellbeing projects
			Total investment in UK communities (£m)	10.8	27.6	28.8	32.0	UK Community Investment grew by £3.2m	
			Total UK community investment (£m) Cash	1.5	14.5	14	15.9	Growth in the number of Co-op Academies, investment in our "Co-operate 2022" Community plan and the expansion of the Member Pioneer programme meant UK community cash investment grew in 2019	
			Total UK community investment (£m) Colleague Time	1.5	2	2.2	4.3	Hours invested in UK communities in work time increased significantly in 2019 due in part to the rapid growth of our Member Pioneer network and the increased contribution of Co-op colleagues to their local areas.	
			Total UK community investment (£m) Gifts in Kind	0.9	0.5	0.5	0.7		
			Total UK community investment (£m) Management Costs	N/A	N/A	N/A	N/A		
			Total UK Leverage (donations by members, customers, partners and suppliers)	6.9	10.6	12.1	11.1		
			£ given back through LCF (member contribution + carrier bag levy) (£m)	–	20	19	17.3	The introduction of compostable bags in more than 1,000 stores in 2018 led to a reduction in funding for Local Community Fund from carrier bag sales, as the proceeds from sales of these bags are used to cover the costs of manufacture	
£ raised through carrier bag levy (£m)	7.0	7.0	7.2	5.6	Overall UK Community Investment through leverage reduced by £1m, however the reduction in funding through the Carrier Bag Levy (see above) was balanced in part thanks by significant additional match funding secured by the Co-op Foundation for their programme of grants and loans.				
Local Community Fund			Number of causes supported by LCF	–	8,015	4,400	4,495		
			Number of Cause selections made	–	–	670,000	709,000		
			Skills projects joining the LCF, including schools, clubs & youth projects	–	–	–	984		
			Wellbeing initiatives joining the LCF	–	–	–	2,109		
			Projects supporting community spaces welcomed into the LCF	–	–	–	1,466		

Community


Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Member Pioneers	By end 2020 have a Member Pioneer across all 1,500 Co-op communities.	 We already have over 600 Member Pioneers around the country and are constantly adding to them - by 2020 we aim to have a Member Pioneer in every community.	Number of member pioneers (total since launch 2017)	–	200	300	600	We introduced the role of member pioneer coordinator in 2019 to give further support and direction to our members pioneers and have adjusted the overall target to reflect this. We will have 100 member pioneer co-ordinators and 1,000 member pioneers covering all communities	By the end of 2020 we will have Member Pioneers active across all Co-op communities
Foundation			£ awarded since 2016 (£m)	–	–	6.2	6.5	Increase in number of young people engaged due to phasing of programmes and scaling up of activity throughout 2018/19.	
			Number of young people engaged in Belong projects since 2016	–	–	2,631	18,734		
Colleagues involved in community activity during work time			Number of colleagues involved in community activity	14,601	9,543	7,129	10,106	2019 saw increased community activity during work time by Co-op colleagues and growing numbers of Member Pioneers	
			Number of days (hrs)	14,180 (106,355)	17,757 (133,180)	16,348 (122,613)	31,297 (234,724)	The number of hours spent on community activity in work time almost doubled in 2019	
			Value of colleague time (£m)	1.5	2.0	2.2	4.3		
Wellbeing	Using insight from the Community Wellbeing Index, launch a new national charity partnership to respond to a national issue affecting our local communities in 2019	 On World Mental Health Day, we launched our charity partnership to bring communities together to improve mental wellbeing with Mind, SAMH, and Inspire.	£ raised in support of national Loneliness campaign (total since start) (£m)	5.0	6.5	6.7	6.7	Fundraising ceased in 2018 in anticipation of the launch of the Mind, SAMH and Inspire Partnership in 2019	We will support >1 million people to take wellbeing actions resulting in happier, more resilient communities by end 2022
			Number of people supported by campaigning work	–	800	7,029	11,830		
			£ raised in support of national Wellbeing campaign (total since start) (£)	–	–	–	500,000	Figures calculated from launch of Mind, SAMH and Inspire Partnership in November 2019	
Spaces			Individuals/ organisations supported with advice to protect and improve spaces	–	–	–	350		2,000 spaces will be saved or supported through our Endangered Spaces campaign by the end of 2022
			Steel warrior gyms opened	–	–	–	2		
Skills	Increase the number of academies in the Co-op Academies Trust to at least 40 by 2021.	 The growth of the Co-op Academies Trust continued in 2019, with 6 academies joining the Trust through the year. This included the first sixth form college located in Manchester and two special schools in Bradford.	Number of Academies	8	11	18	24	Relates to number of Co-op colleague governors	We will increase the number of academies in the Co-op Academies Trust to at least 40 by the end of 2021
			Number of governors	–	–	50	74		
			Contribution to Co-op Academies (£)	110,000	334,000	600,000	1,481,000	We will pilot new skills share programme to enable co-operation in communities in 2020	

Climate change

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 target	
Direct emissions	Reduce our scope 1 and 2 GHG emissions by a further 50% by 2025 compared to 2016	 39% reduction in scope 1 and 2 GHG emissions in 2019 compared to 2016	Scope 1 GHG emissions: Refrigeration (ktCO _{2e})	181	151	104	95	The GHG emissions from running our business have continued to reduce at pace, driven by a combination of using less energy, less impactful refrigerant gases and more renewable energy in the UK grid.	Approved science-based target We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures	
			Scope 1 GHG emissions: Transport (ktCO _{2e})	130	119	116	110			
			Scope 1 GHG emissions: Energy: Fuel (ktCO _{2e})	31	26	27	27			
			Scope 2 GHG emissions: Energy: Electricity, Location-based accounting (ktCO _{2e})	310	246	188	165			
			Total direct emissions from running our business: Scope 1 and 2 GHG emissions (ktCO _{2e})	653	542	435	397			
				Total energy use (GWh)	921	840	811	790	Our energy use has reduced significantly. We report and target without counting for renewable energy sourced, to drive energy efficiency and demonstrate the importance of UK grid decarbonisation.	
				% of electricity from renewable sources ¹	99%	100%	100%	100%		
				Scope 2 GHG emissions accounting for renewables: Energy: Electricity, Market-based accounting (tCO _{2e})	0	0	0	0		
				Carbon emissions offset for our insurance customers since 2006 (mtonnes)	-	1.17	1.32	1.4	Our carbon offset offer covers all new home and motor policies purchased through Co-op Insurance at no extra cost to our customers, funding carbon reduction projects in the developing world (page 34)	

¹ Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the minority of sites for which we cannot source a renewable supply. We changed to report this as 100% renewable from 2017 onwards, purchasing excess renewable energy guarantee of origin certificates (REGOs) in alignment with the GHG Protocol (and other initiatives such as RE100).

Climate change




Issue	2019 Target	Performance against target	KPIs	Sept 2016 - Oct 2017	Sept 2018 - Oct 2019	Commentary	2020 target
Indirect emissions	Reduce our product-related emissions by 11% by 2025, compared to 2016	 2.5% reduction in product-related scope 3 GHG emissions in 2018/2019 compared to 2016/17	Scope 3 GHG emissions: Purchased Goods, Sourcing, Ingredient production (ktCO ₂ e)	3,218	3,114	Following the best practice guidance of the SBTi we have set a target to reduce our most significant categories of indirect impact over which we have influence.	Approved science-based target We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition
			Scope 3 GHG emissions: Purchased Goods, Sourcing, Land use change (ktCO ₂ e)	508	489		
			Scope 3 GHG emissions: Purchased Goods, Manufacture, Energy use (ktCO ₂ e)	398	392		
			Scope 3 GHG emissions: Purchased Goods, Manufacture, Waste disposal (ktCO ₂ e)	4	5		
			Scope 3 GHG emissions: Purchased Goods, Shipping, Primary and secondary packaging materials (ktCO ₂ e)	404	409		
			Scope 3 GHG emissions: Upstream Transport, Shipping, UK HGV freight (ktCO ₂ e)	71	72		
			Scope 3 GHG emissions: Waste generated, Running our business, Food waste disposal (ktCO ₂ e)	33	23		
			Scope 3 GHG emissions: Downstream transport, Customer impact, journeys to store (ktCO ₂ e)	92	100		
			Scope 3 GHG emissions: End-of-life, Customer impact, Food waste disposal (ktCO ₂ e)	56	56		
			Scope 3 GHG emissions: End-of-life, Customer impact, Packaging disposal (ktCO ₂ e)	6	9		
			Total product-related emissions in target scope: Priority Scope 3 GHG emissions (ktCO ₂ e)	4,790	4,669		

¹ Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the minority of sites for which we cannot source a renewable supply. We changed to report this as 100% renewable from 2017 onwards, purchasing excess renewable energy guarantee of origin certificates (REGOs) in alignment with the GHG Protocol (and other initiatives such as RE100).

Climate change, continued

Issue	2019 Target	Performance against target	KPIs	Sept 2016 - Oct 2017	Sept 2018 - Oct 2019	Commentary	2020 target
			Positive GHG impact: RTRS soy credits, theoretical benefit of avoided deforestation (ktCO ₂ e)	-	325	As the policy conversation around 'net zero' develops we are reporting these impacts to be clear on our present mechanisms and approaches to mitigating GHG emissions.	<p>Long term goal: We will reach net zero GHG emissions from both operations and products by 2050 at the latest</p> <p>We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power</p>
			Positive GHG impact: Renewable energy, GHG emissions of Scope 2 energy backed by REGOs in 2019 (ktCO ₂ e)	-	165		
			Positive GHG impact: Carbon offsets, total VER credits purchased in 2019 (ktCO ₂ e)	-	96		
			Scope 3 GHG emissions: Use of sold products, Not targeted, Customer cooking, chilling, laundry, fuel use (ktCO ₂ e)	-	2,665	As noted above, the best practice defined by SBTi is to target the categories of most significant impact and over which we have influence.	
			Scope 3 GHG emissions: Purchased Goods, Not targeted, Goods and services to run our business (ktCO ₂ e)	-	935		
			Scope 3 GHG emissions: Purchased Goods, Not targeted, Investments (ktCO ₂ e)	-	527		

Resource use




Issue	2019 Target	Performance against target	KPIs	Baseline	2016	2017	2018	2019	Commentary	2020 Targets			
Operational waste			Total waste from running our business (kt)	156.6 (2006)	104	98	92	92	Operational waste has remained stable over the past year. We've increased our landfill diversion rate, largely through moving more of our Funeralcare properties onto a consistent waste contract rather than local arrangements.				
			% of total waste diverted from landfill (including energy-from-waste, anaerobic digestion, recycling or reuse)	-	96%	96%	97%	99%					
Food Waste	Reduce food waste generated in our stores and depots by 50% by 2030 compared to 2015	 We've reduced food waste by 27% to date	Food waste (tonnes) ¹	26,925 (2015)	26,625	23,689	19,665	19,679	Food waste that is not redistributed through our Food Waste schemes goes to anaerobic digestion	We will reduce food waste generated in our stores and depots by 50% by 2030 compared to 2015			
			% reduction in food waste (y/y)	-	1%	11%	17%	0%					
			% reduction in food waste (from 2015)	-	1%	12%	27%	27%	We're disappointed that our food waste hasn't reduced in 2019. We're working to address this with new systems and looking for new interventions				
			Food surplus redistributed total (tonnes)	-	512	442	840	2,532					
			Food surplus redistributed through FareShare (tonnes)	-	494	426	449	581					
			Food surplus redistributed through Co-op Food Share (tonnes)	-	-	-	391	1,951					
Plastics and packaging	100% of our packaging (by product line) will be easy to recycle by 2023 (80% by 2020)	 We're on track to achieve this target	% own brand packaging easy to recycle	-	46	71	72	76	As part of our ambitious Action on Plastics Plan: <ul style="list-style-type: none"> All Co-op own-brand packaging will be possible to recycle at home or through the collection of plastic film in selected Co-op stores We will reduce our plastic packaging by 6% by 2021, compared to 2018, and set a long-term plastic reduction target 				
			% reduction in plastic packaging per 1% market share (from 2018)	-	-	-	-	4.4					
			Total Packaging handled (tonnes)	284,979 (2006)	178,268	174,485	174,956	175,520					
			Packaging handled by material (tonnes)										
			Glass	128,027 (2006)	93,990	91,746	94,283	95,063					
			Plastic	78,492 (2006)	43,495	42,886	42,325	41,222					
			Paper	42,794 (2006)	26,193	26,069	25,301	25,782					
			Steel	27,381 (2006)	8,261	7,575	6,310	6,351					
			Aluminium	8,285 (2006)	6,331	6,209	6,738	7,102					
Water	Reduce water consumption across our properties by 10% by 2025 compared to 2016	 Behind target (see commentary box)	Average water used per site (m ³)	-	341	330	320	329	Measuring water consumption across our properties is still reliant on a significant proportion of estimated or irregular bills, although in 2019 we made good progress in increasing actual meter read data. Our 2019 data shows an increase in water use and our immediate goal for 2020 is to move water consumption data into an electronic reporting system to enable us to monitor our consumption and target improvements	We will move all our sites onto an electronic database for water consumption tracking in 2020, to allow us to report water consumption data in our 2020 Sustainability Report			
			% water reduction (since 2016)	-	-	3	6	3					
			% water reduction (y/y)	-	5 (increase)	3	3	3 (increase)					
				% Farms in our farming groups that have water pollution controls in place	-	94	100	100	99	We will reduce water consumption across our properties by 10% by 2025 compared to 2020			
				% Farms in our farming groups that have active plans in place to reduce water consumption	-	-	-	84	96				

¹ For 2017 onwards, we have put in place new systems to allow us to accurately track food waste based on the weight of products from all of our stores scanned out as being binned. This is a 'product only' weight and doesn't include packaging. For our 2015 baseline we have used 'whole bin' food waste data from our waste contractor, with a proportion removed for packaging based on our new accurate product weights.

Sustainable Sourcing

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Aquaculture and fisheries	Maintain our position as one of the UK's most responsible retailers of fish, and increase the number of MSC-label products we sell	 <p>We apply a risk assessment process to all our fish products, which ensures we continue to source as responsibly as possible. We're members of the Sustainable Seafood coalition and work with the Sustainable Fisheries partnership. We also take part in industry roundtables (e.g. Global Tuna Alliance) and directly support Fisheries Improvement Projects (e.g. Project UK)</p>	% fish used in Co-op branded food products from farmed sources	39	43	48	53		
			% fish used in Co-op branded food products wild caught	61	57	52	47		
			Number of Marine Stewardship Council (MSC)-certified Co-op branded food products	40	49	55	63		
			% wild-captured seafood is sourced from MSC fisheries (by volume)	39	67	70 (70% of wild-capture seafood products)	68 (79% of wild-capture seafood products)		
			% fish used to supply wild fish and seafood products from low-risk, medium-risk and high-risk fisheries	Low-risk: 66% Medium-risk: 30% High-risk and data-deficient: 4%	Low-risk: 67% Medium-risk: 32% High-risk and data-deficient: 1%	Low-risk: 70% Medium-risk: 29% High-risk and data-deficient: 1%	Low-risk: 68% Medium-risk: 31% High-risk: <1%		
Livestock	Maintain Tier 2 in the Business Benchmark on Farm Animal Welfare (BBFAW)	 <p>We maintained tier 2 in the BBFAW</p>	Tier 2 maintained	yes	yes	yes	yes		
			Number of combined visits by our Farming & Fisheries Team and the Technical Team to monitor animal welfare at Hatcheries, Farms, Abattoirs and Factories	338	377	500	341		
			2019 welfare assurance standard						
			Higher welfare sales (£m)	88	76	114	171	Excluding milk. Increase in 2019 mainly due to move to RSPCA pork and inclusion of branded RSPCA eggs. Also due to an overall increase in ham sales, e.g. Co-op British No added water Breaded Ham 120G saw a sales increase of over £2 million by itself.	
			% Co-op branded fresh, frozen and prepared meat and poultry products produced to Red Tractor Farm Assurance Scheme standards or higher	100	100	100	100		
			% Co-op branded shell-egg sales RSPCA Assured	96	94	94	94	The remainder is classified organic	
			% Co-op milk Red Tractor Dairy Scheme assured	93	94	94	94	The remainder is classified organic	
2019 % fresh protein sales, by welfare standard									

Sustainable Sourcing

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Palm and soy	Ensure palm oil used in all Co-op branded products comes from a sustainable, segregated Certified Sustainable Palm Oil source by the end of 2020 by reducing reliance on credits	 <p>We've made significant progress with an increase to 73% segregated and decrease to 2% covered by credits. We'll continue to work towards our 100% target for the end of the year</p>	% Palm oil in food and non-food products certified by the Roundtable on Sustainable Palm Oil	100	100	100	100		
			Palm oil used in Co-op branded food and non-food products (tonnes)	4,434 (in 937 products)	6,654 (in 1038 products)	6,206 (in 793 products)	7,135 (in 753 products)		
			% Segregated and Identity Preserved	45	59	57	73		
			% Mass Balance	45	35	34	25		
			% GreenPalm/ RSPO credits	10	6	9	2		
	Develop our Responsible Soy roadmap reviewing usage directly in products and in animal feed and publish in 2019 in line with the UK Round Table on Soy	 <p>In April 2019 we published our commitment to reach 100% physical sustainable and deforestation-free soy across our supply chain by 2025</p>	Soy used in our food products (directly and indirectly through animal feed) (tonnes)	58,909	70,360 (June 2016-May 2017)	80,000	83,000	2018 and 2019 have more comprehensive reporting processes than previous years which has captured a more complete picture of our soy footprint. Fluctuation between 2018 and 2019 reflects sales within product categories and variance in feed composition	<p>We will source all our 30 key ingredients sustainably:</p> <ul style="list-style-type: none"> • 100% of palm oil in Co-op products will be segregated RSPO certified by the end of 2020; • 100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025 <p>We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2021</p>
Forests and peatlands			% Peat making up Co-op branded bagged growing media sold	50	50	20	1 peat-free product; 2 products containing 20% peat		We will develop action plans for our restorative approach to nature by the end of 2022
			Wood and paper products purchased by Co-op Food (m ³)	27,040	28,361	40,415	52,559		
			Co-op Food: sourcing of wood and paper, by origin						
			% Post and pre-consumer recycled waste	15	13	2	2		
			% Known legal source virgin material such as PEFC	3	5	3	3		
			% Wood and paper purchased for Co-op Food that was (FSC certified) or recycled	(82 FSC)	(82 FSC)	97 (95 FSC) 	97 (95 FSC)		
			% Wood and paper used in products for Co-op Food is of known origin	100	100	100	100		
% Coffins manufactured by our funeral business made from FSC®-certified ¹ wood	96	95	96	97					

¹FSC® C008811

Sustainable Sourcing

Issue	2019 Target	Performance against target (Commentary)	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Fields and orchards			Number of pesticide residues detected at levels that exceeded the Maximum Residue Limit (European Food Safety Authority)	4	8	9	11		
			% of samples where no pesticide residues were detected (number of samples tested in brackets)	28 (396)	28 (443)	29 (470)	35 (480)		

Own brand sourcing standards




Ingredient	Sourcing standard
Oceans and aquaculture	
Wild fish	Preferred standard - MSC
Farmed fish	Preferred standards - Global Aquaculture Alliance Best Aquaculture Practice(GAA/BAP) 4*, GLOBALG.A.P. Aquaculture Standard, Aquaculture Stewardship Council Standards, Marine Stewardship Council certification
Salmon	All Co-op 'Irresistible' own-brand farmed, fresh and smoked Atlantic Salmon sourced from farms accredited to RSPCA Assured higher welfare standards. This does not include salmon used as an ingredient All farmed Atlantic Salmon used as an ingredient sourced from Scottish farms
Prawns	Cold Water prawns - MSC Warm Water prawns - either ASC certified or GAA BAP4*
Tuna	Skipjack tuna, including as an ingredient, sourced from fisheries employing pole and line or hand fishing method which are either MSC certified or in a formalised Fishery Improvement Project which is demonstrating measurable progress towards MSC certification

Ingredient	Sourcing standard
Livestock	
Chicken and poultry	Red Tractor or equivalent (Irresistible range RSPCA Assured) British (Fresh, frozen and ready meals)
Beef	Red Tractor or equivalent, British
Milk and dairy	Red Tractor, British
Lamb	Red Tractor, British
Pork	RSPCA Assured, Outdoor bred, British As an ingredient - Red Tractor
Eggs	100% free range, British, Shell eggs RSPCA Assured

Ingredient	Sourcing standard
Forests and peatlands	
Cocoa	100% Fairtrade, including where used as an ingredient within our Fairtrade Sourcing programme
Coffee	100% Fairtrade Where used as an ingredient Fairtrade producers benefit
Sugar	100% Fairtrade in bagged sugar
Wood, paper and pulp	FSC or recycled content (by exception PEFC accepted)
Palm oil	Certified as sustainable under one of the Roundtable for Sustainable Palm Oil certification schemes
Soy	All the soy we source is covered by Round Table on Responsible Soy (RTRS) through credits
Peat	Own-brand growing media is certified to FSC (we will be moving away from own-brand in 2020)

Ingredient	Sourcing standard
Fields and orchards	
Tea	100% Fairtrade Where used as an ingredient Fairtrade producers benefit
Bananas	100% Fairtrade Where used as an ingredient Fairtrade producers benefit GLOBALG.A.P.
Grapes and wine	Entry level South African wines are Fairtrade Grapes - GLOBALG.A.P.
Flowers	100% Fairtrade African rose bouquets and African single stem roses
Lettuce	UK - Red Tractor Other - GLOBALG.A.P.
Carrots	Red Tractor
Tomatoes	UK - Red Tractor Other - GLOBALG.A.P.
Citrus	GLOBALG.A.P.
Potatoes	Red Tractor
Berries	UK - Red Tractor Other - GLOBALG.A.P.

Ethical trade and human rights

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Targets
Supply Chain Transparency			Number of supplier sites globally (Tier 1 and tier 2)	1,773 (848 Tier 1 925 beyond)	1,873 (891 Tier 1 982 beyond)	1,984 (862 Tier 1 1,122 beyond)	2,026 (824 Tier, 1,202 beyond)		We will improve the lives of workers by carrying out independent human rights impact assessments in three high-risk supply chains by the end of 2021, using our findings to drive change
			% high-risk Tier 1 suppliers completing self assessment in sedex	100	100	100	100		
			% high-risk Tier 1 sites audited	100	98	100	100		
Supplier Capacity Building	By the end of 2020 we'll embed training on effective workplace communication, grievance mechanisms and providing access to remedy in our supplier engagement programme	 20 training events held over the year	Number of supplier engagement events	23	27	18	20		We will champion the role of women and vulnerable people in our supply chains and will develop and launch a gender strategy in 2020 By the end of 2020 we'll embed training on effective workplace communication, grievance mechanisms and providing access to remedy in our supplier engagement programme As part of our work to tackle modern slavery we will eliminate illegal and unfair recruitment fees in our global supply chains by 2025
			Number of individuals engaged	908	1005	903	1,296		
			Hrs. engagement	6,063	7,000	5,900	8,517		
			Number of sites	531	621	624	844		
Fairtrade	Continue our commitment to Fairtrade producers with our ingredient sourcing work	 In 2019, to help customers more easily choose products with Fairtrade ingredients, we committed to labeling Fairtrade cocoa ingredient products with the Fairtrade Sourced Ingredient (FSI) mark. We'll start the process of developing our labeling in 2020.	Fairtrade market share among UK convenience stores (%)	78	80	83	79	Our UK Market share of Fairtrade stands at 19% (21% in 2018), which represents an overtrade index of 360 when compared to our grocery market share (5.2%). In 2019 we've seen a drop in sales - we are investigating the data behind this and have plans in place to increase our sales in 2020	We will be the biggest supporter of Fairtrade through our work to empower Fairtrade communities through targeted projects, and campaigns and advocating on behalf of the Fairtrade movement
	Report on the impacts of projects undertaken with Fairtrade producers	 In 2019 we developed a new framework for how we run and report on Co-op Future of Food Sourcing Projects. This year we've invested in Future of Food Sourcing Projects to drive environmental stewardship and social development in producer communities. The impact of these projects has been highlighted on page 36 and will be reported on our website in future.	Year-on-year increase in Fairtrade sales (%)	18.4	15.1	6.3	-8.6		
International development and clean water			£ raised for One Foundation (since 2007) (£m)	7.0	8.0	9.3	11.4		
			£ raised for Water Unite (since 2017)				1.5		
			£ raised for Disasters Emergency Committee (DEC)	69,000	50,000	65,000	7,000		
			International community investment (£m) Cash	0.88	2.07	2.86	2.98		
			International community investment (£m) Colleague time	0.05	0.02	0.004	0.004		
			International community investment (£m) Leverage (donations by members, customers and suppliers)	0.06	0.05	0.01	0.0001		


Number of sites and workers on Sedex and location of audits in 2018/19

	Sites	Workers	Audits	Issues
Africa	297	121,853	181	1,078
Asia	91	44,043	80	339
Europe	1,396	277,887	565	1,715
North & Central America	64	18,749	30	279
Oceania	27	3,485	1	6
South America	151	85,154	61	404
Total	2,026	551,171	918	3,821


Ethical Trade - Status of improvement actions identified in valid audits in 2018/19

Status of improvement actions identified in valid audits in 2017/18	Total improvement (Actions raised)		Improvement (Actions completed and verified)		Improvement (Actions completed by supplier; verification due in 2019)		Improvement (Actions due for completion in 2020)		Overdue improvement actions			
	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Tier 1		Beyond Tier 1	
									Critical/Major	Minor	Critical/Major	Minor
Exploitation of labour	15	16	12	12	1	3	2	1	0	0	0	0
Freedom of association	29	44	23	33	3	7	3	2	0	0	0	0
A safe and hygienic working environment	1,081	967	868	794	85	68	114	96	3	0	11	8
Child labour	16	20	12	17	2	3	1	0	0	0	1	0
Living wages to be paid	225	187	122	101	36	25	57	50	5	9	2	1
Working hours are not excessive	302	91	155	62	48	11	87	16	8	1	6	0
No discrimination	24	10	11	7	3	2	8	0	2	0	0	1
Regular employment	225	75	170	49	19	6	33	18	3	2	0	0
No harsh or inhumane treatment	55	17	41	15	6	0	7	2	1	0	0	0
Other issue types	196	226	128	172	28	17	33	30	2	1	5	6
Sub Total	2,168	1,653	1,542	1,262	231	142	345	215	37		41	
Total	3,821		2,804		373		560		78			



Healthy Living

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 targets
Healthy Living	Launch our Co-op health and wellbeing strategy which will set out the ways that we will make healthier choices easier for our customers	 <p>We developed a Health and Wellbeing Programme based around 6 distinct areas: healthier products; accessibility; inspiration; colleagues; self-care; and communities.</p>	% Co-op branded processed products carrying traffic light labelling that are healthy (i.e. carry no red traffic lights)	44	44	45	46	<p>In 2019, we removed sugar from categories such as own-brand breakfast cereals, cakes, desserts and ice-cream. Figures are based on annual sales data. Data fluctuates year on year depending on categories targeted. 656 million teaspoons of sugar have been removed in total from customers' baskets since 2014.</p>	We will continue to drive positive behaviour change to help members and customers enjoy healthier lifestyles
			teaspoons of sugar removed from own-brand categories (based on annual sales) (m)	26	63	253	74		
			% Co-op branded products met their maximum Department of Health salt target	93	97	98	98		


Our people

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Leadership			Number of Leadfest sessions delivered (colleagues trained)	-	-	-	346 (2,087)		
Wellbeing	Increase the number of colleagues who have downloaded our wellbeing app from 20% to 50%	 <p>We set our target at 50% to be ambitious and stretching. We know that the average take-up for companies our size who use this app is around 1/3 but we wanted to go beyond this. We led a large campaign to increase awareness in 2019 which saw us increase take-up from 20% to 33%. We'll run more campaigns through 2020 to help us reach our 50% target.</p>	% colleagues downloaded wellbeing app	-	-	20	33	2019 figure taken from beginning of Jan 2020.	
			Calls received to colleague assistance programme	2,190	2,427	3,166	2,300	Total number of calls into LifeWorks service from Co-op employees.	
			Cases covered through colleague assistance programme	1,041	1,250	1,188	1,099	Total number of cases created for Co-op employees	
			Number of cases referred for follow-up counselling with a trained counsellor	118	193	398	478	Total number of cases where employees have been referred for either In-Person, Tele-Counselling, or Video Counselling sessions.	
			Absence rate (%)	4.1	4.1	4.1	4.0		



Our people

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Inclusion and Diversity	Work with colleague networks to understand barriers to progression and colleague experience	 <p>We worked with our colleague networks to understand the experience of our women, BAME, LGBT, young colleagues and colleagues with a disability, and what their barriers are. We have built recommendations into our 2020 plans, to ensure that we create an inclusive culture for all colleagues</p>	% of colleagues who feel their leader creates an environment where they can be themselves	–	–	–	77	<p>2019 figure as at 2018. Due to some data collection issues relating to GDPR, we have been unable to provide an updated figure for this indicator for 2019. We are working to develop a new collection system that will allow us to collect information for next year</p> <p>By the end of 2020, we'll have co-created our inclusion strategy to 2025 with our colleagues and we will have set our organisational Inclusion and Diversity targets, outcomes and measures</p>	
			Number of Diversity and Inclusion pioneers across the organisation	–	50	85	106		
			Number of Colleague networks	2	2	4	4		
	Number of Members in networks	1,461	2,100	2,000	2,000				
	Social Mobility Index	–	50th	33rd	45th				
	Stonewall Index - Top 100	70th	70th	didn't rank	didn't rank				
Identify the methods and external partners to help us improve our work on inclusion	 <p>We worked with a number of external organisations - BITC, Stonewall, Frost Included and Clear Company to ensure that we are accessing the latest thinking. We also used the feedback from external benchmarks such as the social mobility index, stonewall and times top 50 employers for women to work to continuously improve our approach. We will continue to work with these partners in 2020</p>	BITC top 50 employers for women	–	ranked	didn't rank	didn't rank	Our position has moved in part due to the increasing number of companies taking part in the index each year		


Our people

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target	
Inclusion and Diversity	Roll out training and support tools for all colleagues and managers to further reduce the incidences of bullying, harassment and discrimination across the business.		e-learning module launched to ensure that colleagues and leaders have an understanding of what bullying and harassment is, and can report, address and manage it. Completed by 95% colleagues in scope in Funeralcare, Lifeplanning and support centre. Stores and logistics will complete it in the first quarter of 2020	% colleagues who feel that they have experienced bullying, harassment or discrimination	–	10	12	13		
			% colleagues in scope who have completed their training	–	–	–	95	This will be rolled out to the rest of our colleagues in 2020		
		Gender balance of applications and hires				70% men, 30% women	50% men, 50% women			
		% female colleagues	41	55	55	51				
		% female colleagues in leadership roles	–	41	32	34				
		% colleagues in each age group								
		24 and under	21	20	19	20	Age ranges reported changed between 2018 and 2019. Ages ranges in brackets relate to criteria used prior to 2019			
		25-34	23	23	24	23				
		35-44 (35- 49)	28	28	27	18				
		45-54	–	–	–	20				
		50-64	25	26	27	16				
		65 and over	3	3	3	3				
		% colleagues identify as Non-heterosexual	–	–	–	7				
		% colleagues identify as having a disability	4	4	4	6	In 2018, we changed our core HR system, and so during this year, we did not feel our data provided a true representation of our colleague base. Therefore in 2018, 2017 data was used for reporting purposes for disability, ethnicity and caring responsibility			
	% colleagues identify as belonging to an ethnic minority group	9	10	10	11					
	% colleagues have dependant or caring responsibilities	34	33	33	29					

Our people

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Target
Apprenticeships	Continue our commitment to having 1,000 apprentices on our programme at any one time	 We achieved our commitment for this year, and aim to maintain this commitment for 2020	Apprentice starts	721	742	572	936	Food: 450 Funeralcare: 817 Insurance: 12 Logistics: 38 Support centre: 59	We will continue our commitment to having a minimum of 1,000 apprentices on our programmes at any one time and that their programmes enable personal development and align to our business priorities
			Total apprentices on programme (at end of year)	-	-	1,034	1,376		
			% apprentices male and female	-	-	40% male 60% female	40% male 60% female		
			Number of apprentices and types from different parts of the business	-	-	-	-		
			Number of apprentices from Academies	-	-	4	1		
Engagement and Recognition	Maintain levels of colleague engagement as measured by our engagement index	 Engagement levels remain at 76%, as 2018, and we will aim to maintain these levels for 2020	Overall engagement score (%)	78	75	76	76	We will maintain levels of colleague engagement as measured by our engagement index	
			Total colleague headcount at year end	69,320	63,645	62,578	62,616		
			2019 Colleague headcount by business area (total and %)						
			Total voluntary turnover (%)	24.2	22.6	22.1	22		
			2019 Voluntary turnover by business area (%)						
Pension scheme			No. Pensioners	51,500	51,000	47,500	47,000	The increase in colleagues in a scheme is partly due to more colleagues earning over the automatic enrolment threshold of £10,000 p.a. which has remained unchanged since 2015.	
			No. deferred pensioners	64,000	64,000	61,000	58,000		
			% colleagues in a pension scheme	60	60	65	68		
Speak Up			Whistleblowing reports through Speak up	84	74	173	199		
			Number of times Speak up was contacted	187	170	319	327		
			Number of whistleblowing reports made direct to Co-op colleagues	-	28	43	34		

Health and Safety

Issue	2019 Target	Performance against target	KPIs	2016	2017	2018	2019	Commentary	2020 Targets
Health and Safety	Work with our businesses to look at ways to help our colleagues return to work sooner following an accident by using the data MySafety provides on lost working days.	 <p>This year we have been collaborating across the Co-op to understand how absence as a result of injury is monitored and how it impacts on our colleagues; we are working with occupational health and safety specialists across our businesses to share best practices and inform our policies and processes going forward.</p>	Reportable accidents (per 100,000 colleagues)	488	360	382	388	<p>Figures for all KPIs represent all incidents reported via our internal reporting system. This includes casualty accidents and crime-related injury. Our internal reporting system covers all Co-op colleagues as well as contractors, work-experience and agency staff.</p> <p>Total number of casualty RIDDOR incidents</p> <p>Total figure of non RIDDOR casualty incidents recorded against a colleague</p> <p>Total figure of non RIDDOR casualty incidents</p> <p>Total figure of casualty RIDDOR customer incidents</p> <p>Total number of non RIDDOR casualty incidents recorded against parties are not a colleague or unknown</p>	<p>We will engage with external partners and statutory bodies, including the Police and Home Office to support the development of collaborative problem-solving partnerships to make our colleagues feel safer at work</p>
			Reportable accidents (total)	338	229	241	243		
			Non-reportable accidents (per 100,000 colleagues)	8,360	8,229	8,073 ^R	7,037		
	Non-reportable accidents (total)	4,795	5,311	5,087 ^R	4,406				
	Reportable customer accidents	41	35	32	16				
	Non-reportable customer accidents	3,507	3,485	2,899	2,077				

Independent Assurance Statement

DNV·GL

The Co-operative Group Ltd ("the Co-op") commissioned DNV GL Business Assurance Services UK Limited ("DNV GL", "we", or "us") to undertake independent assurance of its Sustainability Report 2019 (the "Report") for the year ended 31st December 2019.



Our Opinion:

- On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe the Co-op's adherence to the Principles of stakeholder inclusiveness, sustainability context, completeness, materiality and reliability.
- In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Without affecting our Assurance Opinion, we also provide the following observations:

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

The Co-op's membership structure continues to provide a unique foundation for stakeholder engagement. The report includes several examples where member stakeholder engagement helped shape strategy, including the AGM motions relating to sustainability and through the Join In forum and events. Other notable stakeholder engagement this year has included the Future of Food workshops.

Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

The formal process to determine issues that are most material for the Co-op was last conducted in 2016. This Report also detailed emerging material issues identified through a variety of stakeholder engagement. Although this appears to have covered the key issues, there would be benefit in completing an overall review of materiality in light of the new Co-op vision and seeking approval of this from the relevant governance body, once established.

The Report includes a significant number of targets for 2020 and beyond which include commitments as well as specific outcomes. Having a broad range of targets and commitments is a strength. In the next report, it would be helpful to identify which targets are the key ones that will help to deliver the Co-op's new vision and show how they map to the Sustainable Development Goals. We recommend that the Co-op ensure all targets are specific and measurable.

Within the scope of our work, we found that the management approach for priority issues was well embedded within the business, and the Report format provided an accessible summary of this.

Sustainability context

The presentation of the organisation's performance in the wider context of sustainability.

The work to develop a shared value framework is a notable example of how the Co-op is seeking to quantify all its impacts.

The Co-op's sustainability-related strategies progressed this year with further development of the Future of Food ambition and the launch of the new community strategy, Co-operate 2022. The Co-op should ensure that the development and governance of the business-wide approach to ethics and sustainability is confirmed to provide oversight of the commitments and targets made in the different strategies, in both the food and non-food businesses.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

The Report was comprehensive, offering stakeholders confidence that the issues in scope are managed appropriately. This year the Co-op reformatted the Performance Data section of their report which added to the clarity and comparability of the data reported. The expansion of the GHG emissions reporting to cover an end-to-end GHG footprint including product related emissions, adds to the completeness of this reporting.

Reliability and quality

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

Overall, for the data in scope and based on the work we performed, we had confidence in the processes and systems to ensure the information presented in the Report was correct. The basis of reporting continued to add transparency to the Report by providing clarity for the definitions that are applied to the data in scope. Data collection processes were documented in some areas and, as recommend last year, this should be extended to cover all of the complex data sets, to help ensure continuity and consistency in reporting.

Scope and approach

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines. We evaluated the Report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We evaluated the performance data using the reliability principle together with [the Co-op's basis of reporting](#) for how the data are measured, recorded and reported. We understand that the reported financial data and information are based on data from the Co-op's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

Performance data

The scope of our work covers the following disclosures ("Performance data") from the Report:

- **Community:** Total investment in UK and international communities; total UK community investment split by cash, colleague time, gifts in kind, management costs, leverage (page 60); number of colleagues, days and value of staff time for colleagues involved in community activity during work time (page 61)
- **Ethical Trade and Human Rights:** Supply Chain Transparency KPIs; Supplier Capacity Building KPIs; Fairtrade KPIs (page 69); Number of sites and workers on Sedex and location of audits in 2018/19 (page 70);
- **Climate Change:** Energy Use; Direct emissions: Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions including emissions by source; % electricity from renewables; % reduction in GHG emissions (page 62)
- **Sustainable Sourcing:** Soy used in food products (tonnes) (page 67); Higher welfare sales (£m) (page 66); % fresh protein sales by welfare standard; % Co-op branded shell-egg sales RSPCA Assured; % Co-op milk National Dairy Farm Assured Scheme assured; (page 66)
- **Responsible procurement:** % British meat, eggs, milk, salmon, cream (page 59)
- **Resource Use:** Food Waste (tonnes); % reduction in food waste (Year on year and since 2015) (page 65)

This year we continued to rotate some data in scope. We continued to review key claims throughout the report including the outputs of data systems outside the Performance data, but didn't test these data systems in depth. The review of any data from prior years is not within the scope of our work (this includes any data in scope in previous years that has been re-stated).

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at head office. We undertook the following activities:

- Review of the current sustainability issues that could affect the Co-op and are of interest to stakeholders;
- Review of the Co-op's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by the Co-op on its reporting and management processes relating to the Principles;
- Interviews with nine selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered community, policy and campaigns, food policy, Co-op brand, strategy and two members of the board;
- Review of supporting evidence for selected claims in the Report, including reported performance against all 2019 targets. Selected claims were chosen based on their perceived importance and the materiality of issues at a consolidated group level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Given most reported data are calculated at group level, we undertook our testing at head office. For energy and food waste, where data is consolidated from site level, we tested a sample back to source sites remotely.

For and on behalf of DNV GL Business Assurance Services UK Limited, London, UK
17th April 2020



Kate Bruintjes
Principal Consultant and Lead Assuror
UK Sustainability, DNV GL – Business Assurance



Shaun Walden
Principal Consultant and Reviewer
UK Sustainability, DNV GL – Business Assurance

Responsibilities of the Directors of Co-op and of the assurance providers

The Directors of the Co-op have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Co-op; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Level of assurance

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion. We are providing a 'limited level' of assurance. A 'reasonable level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our Assurance Opinion.

Independence

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with the Co-op which would constitute a conflict of interest with this assurance work.

DNV GL Business Assurance

DNV GL Business Assurance Services UK Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.co.uk/BetterAssurance

Thank You



It's what we do

Co-operative Group Limited

Registered society, registered in England and Wales under the Co-operative and Community Benefit Societies Act

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