



Co-op GNFR Supplier Guide to Ethical Trade

Foreword

As the Co-op, we are one of the world's largest consumer co-operatives, owned by millions of members. We're founded on a set of [values and principles](#) describing a different, fairer and better way of doing business and it's important to our members that their business is run in an [ethical and sustainable manner](#).

It's really important to us that the people and communities involved in supplying the products and services we need to run our business are treated fairly, and that their fundamental human rights are protected and respected. We are also very aware of the potential environmental impact of our business operations, including from our supply chain, and we are committed to reducing that impact.

We therefore expect our Goods Not for Resale (GNFR) suppliers to share a commitment to meeting our principles and commitments on [ethics and sustainability](#), and to show continuous improvement in meeting the ethical and environmental standards which are set out in our Sustainable Procurement and Supplier Policy (SPSP) and the labour standards which are outlined in our Sound Sourcing Code of Conduct (included in the appendix).

This document sets out the following, which will guide you through the process of meeting our ethical trade requirements:

- Sedex requirements
- Ethical audit requirements
- Co-op Sustainable Procurement and Supplier Policy
- Co-op Sound Sourcing Code of Conduct

If you have any queries on anything included in this document please contact us at ethicaltrade_gnfr@coop.co.uk.

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Imran Rasul

Chief Procurement Officer



What do we expect?"

GNFR suppliers to the Co-op are expected to meet the following requirements:

- Co-op suppliers must ensure that they are familiar with and commit to meeting our expectations set out in our Sustainable Procurement and Supplier Policy (SPSP) and our Sound Sourcing Code of Conduct (included in the Appendix). Any concerns in complying with these documents should be raised with the Co-op as soon as possible.
- If requested by Co-op, our suppliers must be registered on Sedex with a completed Self-Assessment Questionnaire (SAQ) for relevant sites¹. Access must be given to the Co-op GNFR account to review this (company reference ZC402793252).
- Upon request, for suppliers that have been prioritised as part of our risk assessment process, a valid, third party ethical audit² must be uploaded onto Sedex for relevant sites and shared with the Co-op.
- Where issues are raised by audits or other means, suppliers must put in place a time-bound corrective action plan to address the issues that have been identified. We will seek to work in partnership with our suppliers to address issues on a continuous improvement basis wherever feasible, whilst protecting our brand and staying true to our members.

These requirements are outlined in further detail below.

How does it work in practice?"

[Sedex](#) is an online data sharing platform that allows organisations to store information about ethical practices and labour standards within their business and to share this with one or more of their customers. As the preferred system for many organisations, we believe that using Sedex reduces the burden on our supply base by providing a single common system to satisfy the requirements of multiple customers.

[We use Sedex](#) to collect information on ethical practices within our supply chain to ensure that we:

- Have traceability of the conditions in our supply chain.
- Understand and are able to address any issues that are present in our business and our supply chain.

¹ To be agreed with the Co-Op

² See ethical audit requirements below



- Work with suppliers towards a shared ethical goal to achieve positive results for people working to deliver the goods and service Co-op needs to operate.

We prioritise the suppliers that we ask to engage with us through Sedex based on a number of factors including industry sector, location, anticipated spend and the nature of their operations. If requested, suppliers should register their main site of operations on the Sedex system and complete an SAQ. Any additional sites that are directly involved in the delivery of the product or service to the Co-op may also need to be added and linked to Co-op GNFR (ZC402793252). These sites will be risk assessed by the Co-op and will be included in the scope of our GNFR ethical trade programme where it is deemed necessary.

The cost of B membership to Sedex is approximately £119 (+ VAT) per year for each site. This will enable you to upload, store and share your information with as many customers as you choose to select. Further information on Sedex membership and details of how to register can be found on the [Sedex website](#).

What is an Ethical Audit?

Based on our risk assessments and our ethical audit strategy, some suppliers will be asked to provide a valid ethical audit (less than 18 months old) via the Sedex system. Our criteria includes site location, industry sector, anticipated spend, the nature of site operations, SAQ and site profile information, commercial factors (e.g. strategic importance of supply).

Sites without a valid audit which can be shared through Sedex will be given a 3 month time-frame to commission and upload an ethical audit on to Sedex. The Co-op reserves the right to undertake unannounced audits if deemed necessary.

1. Acceptable audits

All audits provided to the Co-op must comply with the 'Sedex Members Ethical Trade Audit' ([SMETA](#)) guidance. SMETA is a standard protocol for audits which determines the minimum number of days that should be spent on-site, the minimum number of workers who will be interviewed and the reporting structure. Co-op will only accept audits that are uploaded onto Sedex by the audit body. Alternative third-party ethical audits such as SA8000, BSCI, or FLO Cert/Fairtrade Inspection audits may be accepted. The details of some audit companies are included for reference in Appendix C.

2. Management of issues

Where issues are raised by audits, sites must put in place a time-bound corrective action plan to address issues identified with the auditor. The Co-op seeks to work in partnership with its suppliers to address issues on a continuous improvement basis.

How Will My Performance be assessed?

Updates on supplier performance will be shared with relevant supplier management teams within the Co-op. This will include performance against requirements to link to “Co-op GNFR” on Sedex and complete an SAQ, sharing of audit reports, issues identified during any audits and progress in resolving audit issues (non-compliances).

We use the following framework to assess supplier performance:



It is essential that suppliers proactively update the Co-op with any challenges with meeting agreed timeframes for resolution of any issues. Poor management of issues will be reflected in supplier performance reviews and will be escalated within the business.



Appendix A. Co-op Sustainable Procurement and Supplier Policy

1. Introduction

At the Co-op, we seek to manage and develop our business in a sustainable manner. Which means that our business activities should meet our present needs without compromising the ability of future generations to meet their own needs³.

We recognise that there are physical limits to the Earth's resources, and that any business activity that exceeds these limits is unsustainable in the long term and will need to change.

There are also ethical and social aspects of sustainable development which businesses should be accountable for, and which go beyond legislative compliance.

Our Sustainable Procurement and Supplier Policy sets out:

- Our guiding principles on sustainability, ethics and human rights (Section 2).
- Our commitments on environmental sustainability, ethical trade and human rights, local communities and animal welfare (Section 3).
- How these relate to our procurement of Goods not for Resale (GNFR) and what this means for our suppliers and partners (Section 4).

2. Our guiding principles on sustainability, ethics and human rights

Our approach to running our business in an ethical and sustainable way is firmly rooted in our co-operative Values and Principles and articulated in our Purpose: 'Championing a better way of doing business for you and your communities'. Our Co-op approach to ethics and sustainability is set out in our Co-op Way Policy Framework, and our supporting Policy Position Statements.

We are guided by the following in our efforts to manage and develop our business in a sustainable way:

- The Co-operative Values and Principles⁴. The set of values shared by cooperatives throughout the world that give them their distinctive character, and the guidelines by which co-operatives put their values into practice.

³ As defined by the World Commission on Environment and Development in its report, 'Our Common Future', also known as The Brundtland Report (www.un-documents.net/our-common-future.pdf).

⁴ Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The co-operative principles are guidelines by which co-operatives put their values into practice: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among cooperatives; concern for community (<https://ica.coop/en/what-co-operative>).



- The Natural Step Sustainability Principles⁵. Science-based principles about the physical limits to the Earth's resources (both in terms of generating materials and absorbing wastes), and the fact that any business activity that exceeds these limits is unsustainable in the long term.
- The UN Sustainable Development Goals⁶. The 17 global goals that form the 2030 Agenda for Sustainable Development – including climate action, responsible consumption and production, affordable and clean energy, and life on land and below water.
- The Universal Declaration of Human Rights⁷. The international agreement on the basic principles of human rights, adopted by the United Nations, which sets out the rights and freedoms to which everyone, everywhere in the world is entitled.
- The Fundamental International Labour Organisation (ILO) Conventions⁸. Eight conventions covering the four 'fundamental' rights at work: freedom from forced labour, from child labour, and from discrimination at work, and freedom to form and join a union and to bargain collectively.
- The United Nations Guiding Principles on Business and Human Rights (UNGPs)⁹. Guidelines setting out companies' responsibilities to respect human rights associated with their business activities and relationships, by preventing and addressing any adverse human rights impacts.

3. Our commitments on sustainability, ethics and human rights

(i) Environmental sustainability

1. We are committed to reducing the environmental impact from both our direct and indirect operations, including from our supply chain and the products and services we use. We take an evidence-based approach to the way we do this – for example, by using findings from scientific research, or data and information from pilot studies.
2. In line with our Values and Principles and the expectations of our members, we aim to make positive environmental change through championing and campaigning on environmental issues and, in particular, we seek to promote and develop co-operative and collaborative solutions.
3. We work to understand and mitigate risk of environmental impacts on our business. In fulfilling our commitments we focus on the most significant environmental impacts from our business, which we group into three main areas:
 - Climate change

⁵ The Natural Step is a science-based approach to sustainability (www.thenaturalstep.org).

⁶ <https://sustainabledevelopment.un.org/?menu=1300>.

⁷ <https://www.un.org/en/universal-declaration-human-rights/index.html>.

⁸ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>.

⁹ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.



- Waste and pollution
- Natural resource use

(ii) Ethical trade and human rights

1. We are committed to ensuring that the people and communities providing the products and services we buy and sell are treated fairly, and that their fundamental human rights are protected and respected.
2. We champion and campaign on ethical trade and human rights as a 'better way of doing business'. This includes our support for Fairtrade – helping support better prices, decent working conditions, and fair terms of trade for farmers and workers.
3. Our commitments on human rights also include:
 - consideration of wider human rights issues associated with our suppliers and partners; and
 - recognition of the exceptional circumstances under which we may withdraw trade from a state or region, as set out in our Human Rights and Trade Policy¹⁰.

In putting these commitments into practice we focus mainly on protecting the fundamental rights of workers throughout our supply chains – such as fair reward, safe and decent working conditions, and protection from forced labour and modern slavery – as set out in our Sound Sourcing Code of Conduct (see Section 4).

(iii) Delivering value and supporting local communities

As a co-operative, one of our seven core principles is 'concern for community'. We are committed to putting community at the heart of what we do, and responding to what matters most to our members and their communities.

We seek to do business in a way that supports, empowers and enriches the communities in which we buy and trade.

We welcome suppliers and partners who operate in the local communities in which our operations are based and who strive to be inclusive of all parts of society. In particular, we seek to support co-operatives and other social enterprises.

(iv) Animal welfare

Animal welfare is important to our co-operative, our members and customers. We are committed to good animal welfare standards and to supporting British agriculture.

A supplier's core activities should recognise the necessity of maintaining good standards of animal welfare.

Furthermore, we seek to support companies and activities that protect animal welfare by:

¹⁰ <https://www.co-operative.coop/ethics/human-rights-and-trade-policy>



- supporting British farming;
- supporting the development of alternatives to animal experimentation; and
- reducing the reliance on animal testing of cosmetic and household products.

4. What this means for our procurement activities and our suppliers

Our principles and commitments on ethics, sustainability and human rights inform the way we carry out our business. We consider these issues in our selection of products and services, and in our choice of organisations providing us with those products and services.

4.1 Our expectations of suppliers

We expect our suppliers and partners to share our commitment to sustainable development, and to help us meet these commitments by carrying out their business in a sustainable way and through the products and services they provide.

We recognise that immediate compliance with the principles in our Sustainable Procurement and Supplier Policy will not always be feasible. However, suppliers should commit to continuous improvement towards compliance with the environmental, human rights and labour standards specified below.

(i) Environment and resource use

We expect our suppliers to share our commitments to reducing our direct and indirect environmental impacts and wherever possible, when responding to a requests for proposals, to make us aware of relevant products or services which could support our efforts to do so.

In particular, we expect suppliers to:

- Manage the environmental impacts of their own business and of their products and services.
- Meet the environmental specifications that we set for specific Goods , as set out in tenders¹¹.
- Provide us with relevant information as required, to allow us to assess the environmental performance of their business and the Goods to be provided.
- Where relevant, provide us with environmental data such as waste produced and energy used as part of our commitment to measure and reduce the environmental impact of key suppliers.

¹¹ Suppliers must ensure they meet environmental specifications to be eligible to tender for the provision of specific Goods .



(ii) Ethical trade and human rights

Our suppliers should recognise the need to protect and respect people's basic human rights and freedoms, as set out in the Universal Declaration of Human Rights, and our other Guiding Principles (Section 1).

In particular, our suppliers' core activities should respect The Fundamental International Labour Organisation (ILO) Conventions with regard to the following, and as set out in the Ethical Trading Initiative (ETI) Base Code and our Sound Sourcing Code of Conduct¹²:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhuman treatment is allowed

We expect our suppliers to demonstrate continual improvement in meeting these workplace and employment standards.

4.2 What suppliers can expect from us

Wherever feasible, we will work collaboratively with suppliers to support compliance with this policy.

We recognise that there will be instances where the pursuit of one sustainability principle may make it hard to achieve another. However, we seek to reach an optimal 'balance', placing particular weight on the impact of the product and/or service offered, to help support the development and position of more ethical and environmentally responsible products and services in the marketplace.

We will be transparent and accountable in our pursuit of sustainable development. We set clear priorities and targets for relevant activities, and report on progress in our Co-op Way Report¹³, which is independently verified.

We aim to operate to the highest professional standards in our procurement activities, and seek to:

¹² <https://www.co-operative.coop/ethics/ethical-policies>.

¹³ <https://www.co-operative.coop/ethics/sustainability-report>



- ensure fairness and consistency of approach in line with the Chartered Institute of Purchasing and Supply (CIPS) Corporate Code of Ethics¹⁴;
- pursue mutually beneficial long-term relationships with our suppliers;
- establish effective two-way communication with suppliers to achieve compliance with this policy; and
- pay our suppliers on time, according to agreed terms of trade.

¹⁴ <https://www.cips.org/CIPS-for-Business/supply-assurance/Corporate-Ethical-Procurement-and-Supply/Corporate-Code-of-Ethics>.



Appendix B: The Co-op's Sound Sourcing Code

Foreword

Ethical trade and respect for human rights are firmly rooted in our co-operative heritage and are as important to us now as they were back in 1844.

The Co-op was founded on the need to address social injustice, and our co-operative values and principles underpin not just why we value ethical trade and human rights, but also how we try to make them a reality.

We strongly support the Universal Declaration of Human Rights and our duty to respect human rights in the way we carry out our business. We are guided by the UN Guiding Principles on Business and Human Rights in how we try and do this.

We buy products and services from thousands of suppliers across the globe. These include fresh produce and own-brand products that we sell in our food stores, other branded products and services we sell, as well as a range of products and services we use in our own businesses and operations.

We are committed to ensuring that the people and communities providing the products and services we buy and sell are treated fairly, and that their fundamental human rights are protected and respected. These rights include international labour rights, such as the right to fair pay, safe and decent working conditions, and protection from forced labour, modern slavery and harsh or inhumane treatment.

We recognise the essential role that our suppliers play in helping us achieve these aims.

Our Sound Sourcing Code of Conduct sets out the workplace and employment standards that we expect of all our suppliers. This Code is based on the Ethical Trading Initiative (ETI) Base Code and International Labour Organisation (ILO) standards.

There are a number of ways we try to ensure that these standards are being met. We put particular emphasis on supply chains, products and services where we have the greatest responsibility and influence (in particular, our Co-op branded products), as well as those here there is a higher risk of workers being exploited or abused.

At a minimum, we expect our suppliers to share our commitment to ensuring fair treatment and respect for human rights of the people and communities in our supply chains, and to share our understanding of the fundamental rights they are entitled to. We also expect suppliers to demonstrate continual improvement in meeting these standards.

Shirine Khoury-Haq

CEO, Co-op Group



Sound Sourcing Standards – The ETI Base Code

1. Employment is freely chosen

- 1.1. There is no forced, bonded or involuntary prison labour.
- 1.2. Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. Freedom of association and the right to collective bargaining are respected

- 2.1. Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2. The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. Working conditions are safe and hygienic

- 3.1. A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5. The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. Child labour shall not be used

- 4.1. There shall be no new recruitment of child labour.
- 4.2. Companies shall develop or participate in and contribute to policies and programmes, which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.
- 4.3. Children and young persons under 18 shall not be employed at night or in hazardous conditions.



4.4. These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. Living wages are paid

- 5.1. Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2. All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3. Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. Working hours are not excessive

- 6.1. Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Subclauses 6.2 to 6.6 are based on international labour standards.
- 6.2. Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week¹⁵.
- 6.3. All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- 6.4. The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- 6.5. Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:
 - this is allowed by national law;
 - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
 - appropriate safeguards are taken to protect the workers' health and safety; and

¹⁵ International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.



- the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

6.6. Workers shall be provided with at least one day off in every seven day period or, where allowed by national law, two days off in every 14 day period.

7. No discrimination is practised

7.1. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. Regular employment is provided

8.1. To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. No harsh or inhumane treatment is allowed

9.1. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Notes and definitions

Legal requirements

The Co-op require that its suppliers, agents and anybody involved in the manufacture of goods or the provision of services to its businesses, shall meet all the legislation applicable to those activities. The Co-op's suppliers must comply fully with the labour, health and safety and other pertinent laws in the countries where these products are grown, harvested, manufactured, stored and distributed. Suppliers must also be able to demonstrate that compliance.

As part of this duty, suppliers must keep abreast of changes in legislation, identifying and implementing operational and management changes to maintain compliance.

The provisions of this Code constitute minimum and not maximum standards, and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable law and, where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection.



Any communication in respect of this Code of Conduct or any Co-op code, policy or standard will be treated in the strictest of confidence (unless there's a legal reason we have to disclose it).

Definitions

Child

Unless otherwise defined by local legislation, any person less than 15 years of age.

Explanatory note: Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. If however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention No. 138, the lower age will apply.

Child Labour

Any work by a child or young person younger than the age(s) specified in the definitions above/below, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

Code of Conduct

This Code, which defines the standards to which the Co-op expects its suppliers to operate and describes how the Co-operative Group Limited will work with its suppliers to achieve and maintain these standards.

Forced Labour

Work or service undertaken by a person under duress or menace of penalty in circumstances where the person has not offered him/herself voluntarily.

Supplier

A person, firm, factory or organisation who/which forms a commercial link with the Co-op to provide goods or services.

Young Person

Any worker over the age of a child as defined above and under the age of 18.



Appendix C: Co-op Approved Auditors

Co-op accepts audits from the providers listed, if you prefer to work with another provider please ensure the organisation is member of APSCA <https://www.theapsca.org/apsca-member-firms.html> and submit a request to the Co-op team at ethicaltrade_gnfr@coop.co.uk.

Bureau Veritas

[SMETA Social Audits | Bureau Veritas UK](#)

Intertek

[Sedex Members Ethical Trade Audits \(SMETA\) \(intertek.com\)](#)

SGS

[Sedex Members Ethical Trade Audit \(SMETA\) | SGS](#)

Partner Africa (Africa only)

[Social trade audit experts for Africa | Partner Africa](#)

BSI

[Sedex Members Ethical Trade Audit \(SMETA\) | BSI \(bsigroup.com\)](#)

Elevate

[SMETA – 2 Pillar & 4 Pillar Audits | Services - ELEVATE \(elevatelimited.com\)](#)

If you would like the Co-op to accept an audit carried out by an audit body not listed above or should you wish to use an alternative audit protocol that as minimum conforms to the requirements of SMETA please get in touch with the Co-op GNFR Governance and Ethical Sourcing team at ethicalsourcing_gnfr@coop.co.uk. The Co-op will consider these requests in an effort to reduce audit duplication, but reserves the right to decline any audits that do not meet our due diligence standards. All audits must be uploaded on to Sedex by Audit Bodies.