Co-operate:
It's what we do
Our Sustainability Report 2019
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

<table>
<thead>
<tr>
<th></th>
<th>Colleagues</th>
<th>Sales (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food retail</td>
<td>Over 53,000</td>
<td>7,505</td>
</tr>
<tr>
<td>Wholesale</td>
<td>1,423</td>
<td>2,611 stores</td>
</tr>
<tr>
<td>Funeral and Life Planning</td>
<td>Over 4,000</td>
<td>307</td>
</tr>
<tr>
<td></td>
<td>998 funeral branches</td>
<td></td>
</tr>
</tbody>
</table>

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

- 4.6m members (2018: 4.6m)
- 100% of Co-op branded fresh and frozen meat is British (2018: 100%)
- over 600 Member Pioneers (2018: 300)
- Co-op Academy Trust: We opened 6 new Academy schools, bringing the total to 24 (2018: 18)
- £17.3m to over 4,000 local causes (2018: £19m)
- We reduced our product-related greenhouse gas emissions by 2.5% and direct emissions by 39% compared to 2016
- 76% of our plastic packaging is easy to recycle (2018: 72%)
- The first UK retailer to issue a sustainability bond
- 25 years of supporting Fairtrade
- We removed 74m teaspoons of sugar from own brand products (2018: 253m)
- Continued to campaign against store crime, investing over £70m since 2017
- Ranked 2nd UK retailer in the WWF Palm Oil Scorecard for our progress and commitments and listed as ‘leading the way’
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.

Environmenta

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 fingers. 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
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’.

**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.
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.

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).

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).

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).

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.

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)
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 members (2018: 4.6 million)

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 Directors 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.

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.

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.
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.

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.

£3.12m paid to representative and affiliated bodies of the co-operative movement (2018: £2.35m)

£54.4m earned by members

£17.3m paid out to local causes

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
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](http://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 40% 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 Face 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).

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-op 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.

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.

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).
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). 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.

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

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 Gold. 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.

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

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.
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 CO$_2$e. 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.

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
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

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.
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.

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.

11,830 people experiencing loneliness have been supported through our connecting communities services with the British Red Cross.

£2.48 of value for every £1 invested

2,109 Local Community Fund causes focus on wellbeing

18
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.

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.

CASE STUDY: 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](#).
CAMPAIGN

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

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.

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

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

Co-operate platform launched across 6 communities during 2019

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.

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

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

Co-operate platform launched across 6 communities during 2019

Co-operate: It’s what we do
Our Sustainability Report 2019
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 cooperation 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

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 £6.5 million 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 £1.6 million ‘Space to Connect’ partnership with the British government, the first year of a £3 million 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

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.

Foundation Key Highlights 2019

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

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.

1 Carrier bags excluding Wales and Northern Ireland

The Big Co-op Payout £17.3 Million

Click this icon at any point to see the full data reports
Co-operate: It's what we do
Our Sustainability Report 2019

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.

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.

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.

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.

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.

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-operate: It’s what we do
Our Sustainability Report 2019

Co-op’s full GHG footprint 2018/19 (kTCO₂e)

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.

2020 Targets

\[ \text{Approved science-based target: We will reduce absolute GHG emissions from our own operations by 50% by 2050, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures.} \]

\[ \text{Approved science-based target: We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition.} \]

\[ \text{Long term goal: We will reach net zero GHG emissions from both operations and products by 2050 at the latest.} \]

\[ \text{We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power.} \]
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.
Our Sustainability Report
Co-operate: It’s what we do

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 656 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.

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 reached active engagement through 67% of our stores, which has resulted in the donation of the equivalent of 4.6 million meals.

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

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: 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.

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.
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).

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.

*Performance Benchmark*

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

We’re committed to retaining Tier 2 in 2020.

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.
Co-operate: It’s what we do
Our Sustainability Report 2019

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.
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.

**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

Co-operate: It's what we do
Our Sustainability Report 2019
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 sites 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 categories, we look beyond Tier 1 suppliers, and collect data on our growers due to the known risk 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 are 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 suppliers in our food business to join Sedex (Supplier Ethical Data Exchange). 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.

Ethical trade and human rights

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.

We’ve shared on our website the most significant human rights risks in our supply chain and our plans to mitigate them.
**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 years*).

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

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

**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 from distributing water filters in our Fairtrade supply chain.

**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 label bottled water, directly benefitting 5,000 people in Nsanje district.

**Co-operate: It’s what we do**

Our Sustainability Report 2019

Click this icon at any point to see the full data reports

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

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

Deepening impact for producers
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 day. 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.

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 day. 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

Co-operate: It’s what we do
Our Sustainability Report 2019

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 %)

37
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’. It’s 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.

Healthy 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.

98% of Co-op branded products met their maximum Department of Health salt target (2018: 78%)

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.
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.

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.
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 Index¹. 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.

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

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

Our people

Our Sustainability Report 2019
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

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 support colleague absence.
- 77% of colleagues feel their leader creates an environment where they can be themselves.

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 networks, 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 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 women’s networks

1 https://youtu.be/WaCr56GIw9k
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

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)

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

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We introduced the LGV Driver apprenticeship across our depots. The programme will be expanded into 2020. A second cohort of 28 Logistics Team Leaders apprentices also began their journey, and the majority of our first cohort have been promoted to Team manager roles within depots.

Our Chartered Manager degree apprenticeship programme expanded across the business, with Support Centre colleagues in Supply Chain and Logistics applying to join the programme. From the first cohort 23 successfully achieved their degree and passed their final assessment.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

In our People teams (HR), we developed and implemented a programme to upskill colleagues using the HR and Learning and Development apprenticeships, which incorporated the professional Chartered Institute of Personnel and Development (CIPD) qualifications. 18 colleagues started the programme.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.

We have been developing new apprenticeship standards aligned to the government’s apprenticeship reform agenda. This has led us to re-evaluate our delivery model so that our Co-op learning and development professionals deliver technical training, with support of third party providers. This allows us to utilise the knowledge and experience of our colleagues for the benefit of our 239 apprentices.

We have been retaining a place on the RateMyApprenticeship ‘Top 100 Apprenticeship’ Awards in both the CIPD and HR Distinction awards.
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.
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 (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.

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.

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.

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.

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.

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.
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.

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 Wales. 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.

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.

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.

Health and 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.

4,406
Non-reportable accidents in 2019 (2018: 4,078)
That’s
7,037
per 100,000 colleagues (2018: 8,073)

243
Reportable accidents in 2019 (2018: 241)
That’s
388
per 100,000 colleagues (2018: 8,073)

• 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
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 framework sets out the issues that matter most to us, and to identify emerging material issues. As a result, issues that have been given greater prominence in this Report, and to 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.

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 chain 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 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 has an Anti-Fraud Policy and guidelines to support this policy and also in our Anti-Corruption control standard for our Insurance business. Our Code of Business Conduct.

**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 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) and also in our 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:

1. **Communities**
   - **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** has helped us 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.

2. **Colleagues**
   - In 2017, 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** engagement has helped us 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.

3. **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 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.

4. **Partners**
   - **Roundtables and workshops** we held three 5-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:
     - Climate Change
     - Dietary shift
     - Plastics & Packaging
     - Transparency

5. **Members**
   - **Join In** provides opportunities for member participation, both at events, and online.
   - **The Co-operate Platform** has helped us 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.

6. **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):
     - 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 scope of Join In covers everything from the next flavour of crisps to Fairtrade pledges. Here are some examples from 2019:

- **Fairtrade** Members were invited to share their Fairtrade memories and make their pledges to ensure the success of Fairtrade over the next 25 years.
- **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.
- **Spaces campaign** Members were also engaged on our Endangered Spaces campaign and 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.

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.

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.

The stakeholders we engage

<table>
<thead>
<tr>
<th>The channels we use</th>
<th>The issues we explore</th>
<th>The outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual General Meeting (AGM)</td>
<td>Members voted on the following sustainability-related motions (full motion wording can be found here):</td>
<td>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.</td>
</tr>
<tr>
<td>Join In</td>
<td>The scope of Join In covers everything from the next flavour of crisps to Fairtrade pledges. Here are some examples from 2019:</td>
<td></td>
</tr>
</tbody>
</table>
**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. 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 plc’s, 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.
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 our priority continues to be to improve the sustainability of 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 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.

Our Sustainability Report

Co-operate: It’s what we do
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 icons
- Target achieved
- On track
- Close to Target
- Behind Schedule
- R - Restatement

Co-operate: It’s what we do
Our Sustainability Report 2019
## Membership and co-operation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Membership numbers</strong></td>
<td>Maintain our active membership base of 4.6m members</td>
<td>We maintained 4.6m active members</td>
<td>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)</td>
<td>4.0</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of new members (m)</td>
<td>0.5</td>
<td>1.0</td>
<td>0.6</td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of active (see definition above) young members, aged 25 and under</td>
<td>94,100</td>
<td>158,441</td>
<td>157,134</td>
<td>149,542</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Membership scheme</strong></td>
<td>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</td>
<td>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</td>
<td>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</td>
<td>n/a</td>
<td>61</td>
<td>60.4</td>
<td>54.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of members voting at our AGM and elections (number voting in person in brackets)</td>
<td>99,000</td>
<td>76,883</td>
<td>94,725</td>
<td>60,549</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>AGM and election voter turnout among eligible members (%)</td>
<td>4.7</td>
<td>3.5</td>
<td>3.5</td>
<td>2.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Members participating in Join In live events in communities across the UK</td>
<td>–</td>
<td>1,100</td>
<td>1,395</td>
<td>1,276</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Members participating in our Join In programme online (number of opportunities to join in in brackets)</td>
<td>–</td>
<td>20,800</td>
<td>97,403</td>
<td>147,637</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Young members participating in our Join In programme online</td>
<td>–</td>
<td>1,169</td>
<td>5,283</td>
<td>7,240</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Member engagement</strong></td>
<td></td>
<td></td>
<td>Financial support for representative and affiliated bodies of the co-operative movement (£m)</td>
<td>1.77</td>
<td>1.97</td>
<td>2.35</td>
<td>3.12</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Academies Trust</td>
<td>1,381,000</td>
</tr>
<tr>
<td>Co-operatives UK</td>
<td>724,000</td>
</tr>
<tr>
<td>Co-operative Party</td>
<td>635,000</td>
</tr>
<tr>
<td>Co-operative Press</td>
<td>119,000</td>
</tr>
<tr>
<td>Co-operative College</td>
<td>102,000</td>
</tr>
<tr>
<td>International Co-operative Alliance</td>
<td>69,000</td>
</tr>
<tr>
<td>Social Enterprise UK</td>
<td>40,000</td>
</tr>
<tr>
<td>Woodcraft Folk</td>
<td>25,000</td>
</tr>
<tr>
<td>Co-operative Heritage Trust</td>
<td>18,000</td>
</tr>
<tr>
<td>Peoples’ History Museum</td>
<td>8,000</td>
</tr>
<tr>
<td>Robert Owen Museum</td>
<td>3,900</td>
</tr>
<tr>
<td>New Lanark Museum</td>
<td>3,000</td>
</tr>
<tr>
<td>Scottish Co-op Women’s Guild</td>
<td>3,400</td>
</tr>
<tr>
<td>Society for Co-op Studies</td>
<td>2,000</td>
</tr>
<tr>
<td>Plunkett Foundation</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,124,300</strong></td>
</tr>
</tbody>
</table>
### Business ethics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic impact</strong></td>
<td>Retain Fair Tax Mark accreditation in 2019</td>
<td>Yes</td>
<td>Fair Tax Mark accreditation</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>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</td>
<td>We will retain Fair Tax Mark accreditation in 2020</td>
</tr>
<tr>
<td><strong>Responsible data and technology</strong></td>
<td>We will publish a Data Ethics policy, and work to expand our data ethics approach across our business</td>
<td>Yes</td>
<td>Number of colleagues trained on Data Ethics</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12</td>
<td>Number of activities (including project &amp; BAU) that have been assessed against Data Ethics principles</td>
<td>–</td>
</tr>
<tr>
<td><strong>Responsible finance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Embedding ethics and sustainability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Audience</th>
<th>Engagement</th>
<th>Policy Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>Government Home Office</td>
<td>The Co-op is a long-standing member of the National Retail Crime Steering Group.</td>
<td>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.</td>
</tr>
<tr>
<td>Safer Colleagues, Safer Communities</td>
<td>Government Home Office</td>
<td>The Co-op responded to the Home Office Call for evidence into abuse on Retail workers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government Home Office</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Members of the House of Commons</td>
<td>Briefings to MPs in advance of Westminster Hall debate on Retail Crime (April 2019).</td>
<td>The Co-op supports greater legislative protection for retail workers who take responsibility for the process of age-restricted sales.</td>
</tr>
<tr>
<td></td>
<td>Members of the House of Commons</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Members of the House of Lords</td>
<td>Briefings to Peers in advance of Committee stage of the Offensive Weapons Bill (January 2019).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Members of the House of Commons, Scottish Parliament and National Assembly for Wales</td>
<td>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</td>
<td>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.</td>
</tr>
</tbody>
</table>
## Business ethics: public policy engagement

### Ethical trade and human rights

<p>| <strong>Modern Slavery Support for victims</strong> | 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. |
| | NGOs | | |
| <strong>Modern Slavery Project Bright Future:</strong> employment opportunities for victims | 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 businesses and government to do more to support victims of slavery in the UK. |
| <strong>Modern Slavery Business reporting under the Modern Slavery Act</strong> | 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 government to promote business compliance with the MSA. |
| | 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 | |
| <strong>Modern slavery: The response of the UK business community</strong> | 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 | Call on businesses in the UK to work together to combat modern slavery and to provide support for victims. |
| | Government Home Office, Business community | Membership of Home Office CEO Business Against Slavery Forum led by the Home Secretary. | |</p>
<table>
<thead>
<tr>
<th>Business ethics: public policy engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement / British food and farming</strong></td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td><strong>Support for British food and farming</strong></td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td><strong>Resource use</strong></td>
</tr>
<tr>
<td>Government Department HM Treasury</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td>Government Department for Environment, Food and Rural Affairs</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
## Business ethics: public policy engagement

<table>
<thead>
<tr>
<th><strong>Funeral costs/affordability</strong></th>
<th>Government Department for Work and Pensions (DWP)</th>
<th>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.</th>
<th>Call on government to improve Funeral Expenses scheme, making it easier for those in need to claim.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funeral Plans Regulation</strong></td>
<td>Government HM Treasury and DWP, Members of the House of Commons, NGOs</td>
<td>Engagement to discuss regulation of funeral plans prior to HM Treasury consultation (June 2019) and submission of evidence to HM Treasury consultation (August 2019).</td>
<td>Better regulation of funeral plan market to protect consumers and promote consumer confidence.</td>
</tr>
<tr>
<td><strong>Funeral costs/affordability</strong></td>
<td>Government Department for Work and Pensions (DWP), Work &amp; Pensions Select Committee</td>
<td>Submitted Written and Oral Evidence to W&amp;P Select Committee in June 2019. Participated in joint DWP/MOJ industry roundtable on affordability in June 2019</td>
<td>Call on government to improve Funeral Expenses scheme, making it easier for those in need to claim.</td>
</tr>
<tr>
<td><strong>Funeral Plans Regulation</strong></td>
<td>Government HM Treasury and DWP, Members of the House of Commons, NGOs</td>
<td>Submission of evidence to HM Treasury consultation (August 2019)</td>
<td>Better regulation of funeral plan market to protect consumers and promote consumer confidence.</td>
</tr>
<tr>
<td><strong>Children's Funeral Fund</strong></td>
<td>Government Department for Work &amp; Pensions and Ministry of Justice, Members of the House of Commons, NGOs</td>
<td>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</td>
<td>Call on Government to establish a fund to cover burial and cremation costs for children's funerals</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Donations and subscriptions, 2019 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operatives UK</td>
</tr>
<tr>
<td>Drinkaware Trust</td>
</tr>
<tr>
<td>National Association of Funeral Directors</td>
</tr>
<tr>
<td>British Retail Consortium</td>
</tr>
<tr>
<td>Association of British Insurers</td>
</tr>
<tr>
<td>Funeral Planning Authority</td>
</tr>
<tr>
<td>International Co-operative Alliance</td>
</tr>
<tr>
<td>Institute of Grocery Distribution Services</td>
</tr>
<tr>
<td>Downstream Fuel Association</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Donations and subscriptions, 2019 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Trading Initiative</td>
</tr>
<tr>
<td>Waste and Resource Action Programme (WRAP)</td>
</tr>
<tr>
<td>Incorporated Society of British Advertisers</td>
</tr>
<tr>
<td>The Wine and Spirit Trade Association</td>
</tr>
<tr>
<td>Inclusive Employers</td>
</tr>
<tr>
<td>The Association of Convenience Stores</td>
</tr>
<tr>
<td>British Institute of Embalmers</td>
</tr>
<tr>
<td>The Law Society</td>
</tr>
<tr>
<td>Ethical Trading Initiative</td>
</tr>
<tr>
<td>Waste and Resource Action Programme (WRAP)</td>
</tr>
<tr>
<td>Incorporate Society of British Advertisers</td>
</tr>
<tr>
<td>The Wine and Spirit Trade Association</td>
</tr>
<tr>
<td>Inclusive Employers</td>
</tr>
<tr>
<td>The Association of Convenience Stores</td>
</tr>
<tr>
<td>British Institute of Embalmers</td>
</tr>
<tr>
<td>The Law Society</td>
</tr>
</tbody>
</table>

Distribution of economic value added (£m)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colleague wages and pension benefits</td>
<td>1,323</td>
<td>1,353</td>
<td>1,332</td>
<td>1,362¹</td>
</tr>
<tr>
<td>Payments to government (mainly business rates, employers' National Insurance and irrecoverable VAT)</td>
<td>199</td>
<td>201</td>
<td>195</td>
<td>207</td>
</tr>
<tr>
<td>23</td>
<td>61</td>
<td>60</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>(members' 5% reward)</td>
<td>(members' 5% reward)</td>
<td>(members' 5% reward)</td>
<td>(members' 5% reward)</td>
<td></td>
</tr>
<tr>
<td>Distribution to members</td>
<td>11</td>
<td>30</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Payments to providers of capital (interest paid to bankers or bondholders for loans)</td>
<td>82</td>
<td>64</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Set aside for capital maintenance and future growth (ie after accounting for other payments, including payments to government, members and community investment)</td>
<td>207</td>
<td>95</td>
<td>94</td>
<td>122</td>
</tr>
<tr>
<td>Total</td>
<td>1,845</td>
<td>1,804</td>
<td>1,777</td>
<td>1,808</td>
</tr>
</tbody>
</table>

Sustainability Bond Allocation Report 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Total 2018-19</th>
<th>Unallocated proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total value of bond</td>
<td>£300m</td>
<td>£120.6m</td>
<td>£119.7m</td>
<td>£240.3m</td>
</tr>
<tr>
<td>Investments and expenditure in Eligible Sustainability Projects Portfolio</td>
<td>£59.7m</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ 2018 data.

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

² 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 than 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 £27m 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 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).

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying our goods and services</td>
<td>We will develop a Social Value Charter and communicate it to our strategic suppliers of goods and services not for resale</td>
<td>Our Shared Value Charter was completed in 2019 and distributed to strategic suppliers in early Q1 2020</td>
<td>Shared Value Charter Launched</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>In 2020, we are focusing on working with our larger contracts to pilot our approach with our suppliers, enabling us to 'test &amp; 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.</td>
</tr>
<tr>
<td>Supporting British Farmers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>Developing our farming groups</td>
<td>Publish three years of data on our carbon footprint of our Farming Groups</td>
<td>We have published 3 years data of our farming groups in this report</td>
<td>Number of British farmers and growers in our Farming Groups</td>
<td>-</td>
<td>-</td>
<td>400</td>
<td>328</td>
<td>Reduction due to supplier change on Pork, 10% removal in Dairy Group and Farmers leaving. We are recruiting more in Dairy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Independent audits across Farming Groups</td>
<td>198</td>
<td>199</td>
<td>348</td>
<td>328</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% farms achieving gold</td>
<td>35</td>
<td>60</td>
<td>29</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% farms receiving rating</td>
<td>35</td>
<td>29</td>
<td>27</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% compliance with animal welfare KPI data from our Farming Groups (tables for more detail)</td>
<td>90</td>
<td>91</td>
<td>92.2</td>
<td>93.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% producers completing enviromap</td>
<td>-</td>
<td>94</td>
<td>95</td>
<td>100</td>
<td>More farms completed Enviromap this year. Number of farms completing enviromap = 333, farmers left in farming group = 328</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Farming group carbon footprint</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farming Pioneers</td>
<td>Have 100 young farmers in our Farming Pioneers programme by the end of 2019</td>
<td>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.</td>
<td>Number of active members of farming pioneer programme</td>
<td>-</td>
<td>-</td>
<td>54</td>
<td>104</td>
<td>40 now completed</td>
</tr>
<tr>
<td>Local Sourcing</td>
<td></td>
<td></td>
<td>Number of new local suppliers</td>
<td>-</td>
<td>-</td>
<td>97</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of new local products</td>
<td>-</td>
<td>250</td>
<td>436</td>
<td>392</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>UK wide sales of locally sourced products (£m)</td>
<td>-</td>
<td>164</td>
<td>171</td>
<td>206</td>
<td></td>
</tr>
</tbody>
</table>
## Community

### Community Investment

- **Set out long-term targets as part of a new Community Plan**
  - Strategy published: Yes
  - Total investment in UK and international communities (£m): 11.8, 29.7, 31.7, 35.0
  - Total investment in UK communities (£m): 10.8, 27.6, 28.8, 32.0
  - Total UK community investment (£m): 1.5, 14.5, 14, 15.9
  - Total UK community investment (£m) Colleague Time: 1.5, 2, 2.2, 4.3
  - 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
  - £ raised through carrier bag levy (£m): 7.0, 7.0, 7.2, 5.6

In 2019, we gave £17.3m to over 4,400 community causes through our local community fund.

### Local Community Fund

- **Give back at least £15m in 2019 to local causes through our 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

In 2019, we gave £17.3m to over 4,400 community causes through our local community fund.
### Community

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Pioneers</td>
<td>By end 2020 have a Member Pioneer across all 1,500 Co-op communities.</td>
<td>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.</td>
<td>Number of member pioneers (total since launch 2017)</td>
<td>–</td>
<td>200</td>
<td>300</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td>£ awarded since 2016 (£m)</td>
<td>–</td>
<td>–</td>
<td>6.2</td>
<td>6.5</td>
<td></td>
<td>Increase in number of young people engaged due to phasing of programmes and scaling up of activity throughout 2018/19.</td>
</tr>
<tr>
<td>Colleagues involved in community activity during work time</td>
<td></td>
<td>Number of young people engaged in Belong projects since 2016</td>
<td>–</td>
<td>–</td>
<td>2,631</td>
<td>18,734</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of colleagues involved in community activity</td>
<td>14,601</td>
<td>9,543</td>
<td>7,129</td>
<td>10,106</td>
<td></td>
<td>2019 saw increased community activity during work time by Co-op colleagues and growing numbers of Member Pioneers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of days (hrs)</td>
<td>14,180 (106,355)</td>
<td>17,757 (133,180)</td>
<td>16,348 (122,613)</td>
<td>31,297 (234,724)</td>
<td></td>
<td>The number of hours spent on community activity in work time almost doubled in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value of colleague time (£m)</td>
<td>1.5</td>
<td>2.0</td>
<td>2.2</td>
<td>4.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellbeing</td>
<td>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</td>
<td>On World Mental Health Day, we launched our charity partnership to bring communities together to improve mental wellbeing with Mind, SAMH, and Inspire.</td>
<td>£ raised in support of national Loneliness campaign (total since start) (£m)</td>
<td>5.0</td>
<td>6.5</td>
<td>6.7</td>
<td>6.7</td>
<td>Fundraising ceased in 2018 in anticipation of the launch of the Mind, SAMH and Inspire Partnership in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of people supported by campaigning work</td>
<td>–</td>
<td>800</td>
<td>7,029</td>
<td>11,830</td>
<td></td>
<td>Figures calculated from launch of Mind, SAMH and Inspire Partnership in November 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£ raised in support of national Wellbeing campaign (total since start) (£)</td>
<td>–</td>
<td>–</td>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individuals/ organisations supported with advice to protect and improve spaces</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>350</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Steel warrior gyms opened</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spaces</td>
<td>Increase the number of academies in the Co-op Academies Trust to at least 40 by 2021.</td>
<td>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.</td>
<td>Number of Academies</td>
<td>8</td>
<td>11</td>
<td>18</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of governors</td>
<td>–</td>
<td>–</td>
<td>50</td>
<td>74</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contribution to Co-op Academies (£)</td>
<td>110,000</td>
<td>334,000</td>
<td>600,000</td>
<td>1,481,000</td>
<td></td>
<td>We will increase the number of academies in the Co-op Academies Trust to at least 40 by the end of 2021</td>
</tr>
<tr>
<td>Skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We will pilot new skills share programme to enable co-operation in communities in 2020</td>
</tr>
</tbody>
</table>

---

By the end of 2020 we will have Member Pioneers active across all Co-op communities.
## Climate change

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct emissions</strong></td>
<td></td>
<td></td>
<td><strong>Scope 1 GHG emissions: Refrigeration (ktCO₂e)</strong></td>
<td>181</td>
<td>151</td>
<td>104</td>
<td>95</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 1 GHG emissions: Transport (ktCO₂e)</strong></td>
<td>130</td>
<td>119</td>
<td>116</td>
<td>110</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 1 GHG emissions: Energy: Fuel (ktCO₂e)</strong></td>
<td>31</td>
<td>26</td>
<td>27</td>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 2 GHG emissions: Energy: Electricity, Location-based accounting (ktCO₂e)</strong></td>
<td>310</td>
<td>246</td>
<td>188</td>
<td>165</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total direct emissions from running our business: Scope 1 and 2 GHG emissions (ktCO₂e)</strong></td>
<td>653</td>
<td>542</td>
<td>435</td>
<td>397</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total energy use (GWh)</strong></td>
<td>921</td>
<td>840</td>
<td>811</td>
<td>790</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>% of electricity from renewable sources</strong></td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 2 GHG emissions accounting for renewables: Energy: Electricity, Market-based accounting (tCO₂e)</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Carbon emissions offset for our insurance customers since 2006 (mtonnes)</strong></td>
<td>-</td>
<td>1.17</td>
<td>1.32</td>
<td>1.4</td>
<td>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)</td>
<td></td>
</tr>
</tbody>
</table>

1 Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the majority 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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect emissions</td>
<td>Reduce our product-related emissions by 11% by 2025, compared to 2016.</td>
<td>2.5% reduction in product-related scope 3 GHG emissions in 2018/2019 compared to 2016/17</td>
<td><strong>Scope 3 GHG emissions:</strong> Purchased Goods, Sourcing, Ingredient production (ktCO₂e)</td>
<td>3,218</td>
<td>3,114</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Purchased Goods, Sourcing, Land use change (ktCO₂e)</td>
<td>508</td>
<td>489</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Purchased Goods, Manufacture, Energy use (ktCO₂e)</td>
<td>398</td>
<td>392</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Purchased Goods, Manufacture, Waste disposal (ktCO₂e)</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Purchased Goods, Shipping, Primary and secondary packaging materials (ktCO₂e)</td>
<td>404</td>
<td>409</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Upstream Transport, Shipping, UK HGV freight (ktCO₂e)</td>
<td>71</td>
<td>72</td>
<td>Approved science-based target</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Waste generated, Running our business, Food waste disposal (ktCO₂e)</td>
<td>33</td>
<td>23</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> Downstream transport, Customer impact, journeys to store (ktCO₂e)</td>
<td>92</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> End-of-life, Customer impact, Food waste disposal (ktCO₂e)</td>
<td>56</td>
<td>56</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Scope 3 GHG emissions:</strong> End-of-life, Customer impact, Packaging disposal (ktCO₂e)</td>
<td>6</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total product-related emissions in target scope:</strong> Priority Scope 3 GHG emissions (ktCO₂e)</td>
<td>4,790</td>
<td>4,669</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive GHG impact: RTRS soy credits, theoretical benefit of avoided deforestation (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>325</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Positive GHG impact: Renewable energy, GHG emissions of Scope 2 energy backed by REGOs in 2019 (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>165</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive GHG impact: Carbon offsets, total VER credits purchased in 2019 (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 3 GHG emissions: Use of sold products, Not targeted, Customer cooking, chilling, laundry, fuel use (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,665</td>
<td>As noted above, the best practice defined by SBTi is to target the categories of most significant impact and over which we have influence.</td>
<td></td>
</tr>
<tr>
<td>Scope 3 GHG emissions: Purchased Goods, Not targeted, Goods and services to run our business (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>935</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 3 GHG emissions: Purchased Goods, Not targeted, Investments (ktCO2e)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>527</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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.
### Operational waste

<table>
<thead>
<tr>
<th>KPI</th>
<th>Baseline 2006</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste from running our business (kt)</td>
<td>156.6</td>
<td>104</td>
<td>98</td>
<td>92</td>
<td>92</td>
<td>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.</td>
</tr>
<tr>
<td>% of total waste diverted from landfill (including energy-from-waste, anaerobic digestion, recycling or reuse)</td>
<td>96%</td>
<td>96%</td>
<td>97%</td>
<td>99%</td>
<td>99%</td>
<td></td>
</tr>
</tbody>
</table>

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.

- We’ve increased our landfill diversion rate, largely through moving more of our Funeralcare properties onto a consistent waste contract rather than local arrangements.

### Food Waste

<table>
<thead>
<tr>
<th>KPI</th>
<th>Baseline 2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food waste (tonnes)</td>
<td>26,925</td>
<td>26,625</td>
<td>23,689</td>
<td>19,665</td>
<td>19,679</td>
</tr>
<tr>
<td>% reduction in food waste (y/y)</td>
<td>-</td>
<td>1%</td>
<td>11%</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>% reduction in food waste (from 2015)</td>
<td>-</td>
<td>1%</td>
<td>12%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Food surplus redistributed total (tonnes)</td>
<td>-</td>
<td>512</td>
<td>442</td>
<td>840</td>
<td>2,532</td>
</tr>
<tr>
<td>Food surplus redistributed through FareShare (tonnes)</td>
<td>-</td>
<td>494</td>
<td>426</td>
<td>449</td>
<td>581</td>
</tr>
<tr>
<td>Food surplus redistributed through Co-op Food Share (tonnes)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>391</td>
<td>1,951</td>
</tr>
</tbody>
</table>

Food waste that is not redistributed through our Food Waste schemes goes to anaerobic digestion.

- 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.

### Plastics and packaging

<table>
<thead>
<tr>
<th>KPI</th>
<th>Baseline 2006</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>% own brand packaging easy to recycle</td>
<td>46</td>
<td>71</td>
<td>72</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>% reduction in plastic packaging per 1% market share (from 2016)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>Total Packaging handled (tonnes)</td>
<td>284,979</td>
<td>178,268</td>
<td>174,485</td>
<td>174,956</td>
<td>175,520</td>
</tr>
<tr>
<td>Packaging handled by material (tonnes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glass</td>
<td>128,027</td>
<td>93,990</td>
<td>91,746</td>
<td>94,283</td>
<td>95,063</td>
</tr>
<tr>
<td>Plastic</td>
<td>78,492</td>
<td>43,495</td>
<td>42,886</td>
<td>42,325</td>
<td>41,222</td>
</tr>
<tr>
<td>Paper</td>
<td>42,794</td>
<td>26,193</td>
<td>26,069</td>
<td>25,301</td>
<td>25,782</td>
</tr>
<tr>
<td>Steel</td>
<td>27,381</td>
<td>8,261</td>
<td>7,575</td>
<td>6,310</td>
<td>6,351</td>
</tr>
<tr>
<td>Aluminium</td>
<td>8,285</td>
<td>6,331</td>
<td>6,209</td>
<td>6,738</td>
<td>7,102</td>
</tr>
</tbody>
</table>

100% of our packaging (by product line) will be easy to recycle by 2023 (80% by 2020).

- We’ve reduced food waste by 27% to date.

### Water

<table>
<thead>
<tr>
<th>KPI</th>
<th>Baseline 2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average water used per site (m³)</td>
<td>-</td>
<td>341</td>
<td>330</td>
<td>320</td>
</tr>
<tr>
<td>% water reduction (since 2016)</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>% water reduction (y/y)</td>
<td>-</td>
<td>5 (increase)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>% Farms in our farming groups that have water pollution controls in place</td>
<td>-</td>
<td>94</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>% Farms in our farming groups that have active plans in place to reduce water consumption</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>84</td>
</tr>
</tbody>
</table>

Reduce water consumption across our properties by 10% by 2025 compared to 2016.

- We’re on track to achieve this target.

3 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

### 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.

<table>
<thead>
<tr>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>% fish used in Co-op branded food products from farmed sources</td>
<td>39</td>
<td>43</td>
<td>48</td>
<td>53</td>
</tr>
<tr>
<td>% fish used in Co-op branded food products wild caught</td>
<td>61</td>
<td>57</td>
<td>52</td>
<td>47</td>
</tr>
<tr>
<td>Number of Marine Stewardship Council (MSC)-certified Co-op branded food products</td>
<td>40</td>
<td>49</td>
<td>55</td>
<td>63</td>
</tr>
<tr>
<td>% wild-captured seafood is sourced from MSC fisheries (by volume)</td>
<td>39</td>
<td>67</td>
<td>70 (70% of wild-capture seafood products)</td>
<td>68 (79% of wild-capture seafood products)</td>
</tr>
<tr>
<td>% fish used to supply wild fish and seafood products from low-risk, medium-risk and high-risk fisheries</td>
<td>Low-risk: 66%</td>
<td>Medium-risk: 30%</td>
<td>High-risk and data-deficient: 4%</td>
<td>Low-risk: 70%</td>
</tr>
<tr>
<td>Tier 2 maintained</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Number of combined visits by our Farming &amp; Fisheries Team and the Technical Team to monitor animal welfare at Hatcheries, Farms, Abattoirs and Factories</td>
<td>338</td>
<td>377</td>
<td>500</td>
<td>341</td>
</tr>
<tr>
<td>2019 welfare assurance standard</td>
<td>Higher welfare sales (£m)</td>
<td>88</td>
<td>76</td>
<td>114</td>
</tr>
<tr>
<td>% Co-op branded fresh, frozen and prepared meat and poultry products produced to Red Tractor Farm Assurance Scheme standards or higher</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>% Co-op branded shell-egg sales RSPCA Assured</td>
<td>96</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>% Co-op milk Red Tractor Dairy Scheme assured</td>
<td>93</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
</tbody>
</table>

### Livestock

Maintain Tier 2 in the Business Benchmark on Farm Animal Welfare (BBFAW).

<table>
<thead>
<tr>
<th>KPIs</th>
<th>2019 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2 maintained</td>
<td>yes</td>
</tr>
<tr>
<td>Number of combined visits by our Farming &amp; Fisheries Team and the Technical Team to monitor animal welfare at Hatcheries, Farms, Abattoirs and Factories</td>
<td>338</td>
</tr>
<tr>
<td>2019 welfare assurance standard</td>
<td>Higher welfare sales (£m)</td>
</tr>
<tr>
<td>% Co-op branded fresh, frozen and prepared meat and poultry products produced to Red Tractor Farm Assurance Scheme standards or higher</td>
<td>100</td>
</tr>
<tr>
<td>% Co-op branded shell-egg sales RSPCA Assured</td>
<td>96</td>
</tr>
<tr>
<td>% Co-op milk Red Tractor Dairy Scheme assured</td>
<td>93</td>
</tr>
<tr>
<td>2019 % fresh protein sales, by welfare standard</td>
<td>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.</td>
</tr>
</tbody>
</table>
### Sustainable Sourcing

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Palm and soy</strong></td>
<td></td>
<td></td>
<td>% Palm oil in food and non-food products certified by the Roundtable on Sustainable Palm Oil</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>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</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Palm oil used in Co-op branded food and non-food products (tonnes)</td>
<td>4,434 (in 937 products)</td>
<td>6,654 (in 1038 products)</td>
<td>6,206 (in 793 products)</td>
<td>7,135 (in 753 products)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Segregated and Identity Preserved</td>
<td>45</td>
<td>59</td>
<td>57</td>
<td>73</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Mass Balance</td>
<td>45</td>
<td>35</td>
<td>34</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% GreenPalm/ RSPO credits</td>
<td>10</td>
<td>6</td>
<td>9</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Soy used in our food products (directly and indirectly through animal feed) (tonnes)</td>
<td>58,909</td>
<td>70,360</td>
<td>80,000</td>
<td>83,000</td>
<td>In April 2019 we published our commitment to reach 100% physical sustainable and deforestation-free soy across our supply chain by 2025</td>
<td></td>
</tr>
<tr>
<td><strong>Forests and peatlands</strong></td>
<td></td>
<td></td>
<td>% Peat making up Co-op branded bagged growing media sold</td>
<td>50</td>
<td>50</td>
<td>20</td>
<td></td>
<td>1 peat-free product; 2 products containing 20% peat</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wood and paper products purchased by Co-op Food (m³)</td>
<td>27,040</td>
<td>28,361</td>
<td>40,415</td>
<td>52,559</td>
<td>We will develop action plans for our restorative approach to nature by the end of 2022</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Co-op Food: sourcing of wood and paper, by origin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>We will source all our 30 key ingredients sustainably:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Post and pre-consumer recycled waste</td>
<td>15</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>• 100% of palm oil in Co-op products will be segregated RSPO certified by the end of 2020;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Known legal source virgin material such as FSC</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>• 100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Wood and paper purchased for Co-op Food that was (FSC certified) or recycled</td>
<td>(82 FSC)</td>
<td>(82 FSC)</td>
<td>97 (95 FSC)</td>
<td>97 (95 FSC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Wood and paper used in products for Co-op Food is of known origin</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Coffins manufactured by our funeral business made from FSC certified wood</td>
<td>96</td>
<td>95</td>
<td>96</td>
<td>97</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 FSC® C038811
### Sustainable Sourcing

<table>
<thead>
<tr>
<th>Field and orchards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue</strong></td>
</tr>
<tr>
<td><strong>Number of pesticide residues detected at levels that exceeded the Maximum Residue Limit (European Food Safety Authority)</strong></td>
</tr>
<tr>
<td><strong>% of samples where no pesticide residues were detected (number of samples tested in brackets)</strong></td>
</tr>
</tbody>
</table>

### Own brand sourcing standards

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Sourcing standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wild fish</strong></td>
<td>Preferred standard - MSC</td>
</tr>
<tr>
<td><strong>Salmon</strong></td>
<td>All Co-op ‘Irresistible’ own-brand farm, fresh and smoked Atlantic Salmon sourced from farms accredited to RSPCA Assured higher welfare standards. This does not include salmon used as an ingredient of farmed Atlantic Salmon as an ingredient sourced from Scottish farms</td>
</tr>
<tr>
<td><strong>Prawns</strong></td>
<td>Cold Water prawns - MSC, Warm Water prawns - either ASC certified or GAA BAP*</td>
</tr>
<tr>
<td><strong>Tuna</strong></td>
<td>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</td>
</tr>
</tbody>
</table>

### Sustainable Sourcing (Continued)

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Sourcing standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oceans and aquaculture</strong></td>
<td>Livestock</td>
</tr>
<tr>
<td><strong>Chicken and poultry</strong></td>
<td>Red Tractor or equivalent (Irresistible range RSPCA Assured) British (fresh, frozen and ready meals)</td>
</tr>
<tr>
<td><strong>Beef</strong></td>
<td>Red Tractor or equivalent, British</td>
</tr>
<tr>
<td><strong>Milk and dairy</strong></td>
<td>Red Tractor, British</td>
</tr>
<tr>
<td><strong>Lamb</strong></td>
<td>Red Tractor, British</td>
</tr>
<tr>
<td><strong>Pork</strong></td>
<td>RSPCA Assured, Outdoor bred, British</td>
</tr>
<tr>
<td><strong>Eggs</strong></td>
<td>100% free range, British, Shell eggs RSPCA Assured</td>
</tr>
<tr>
<td><strong>Forests and peatlands</strong></td>
<td>Forests and peatlands</td>
</tr>
<tr>
<td><strong>Cocoa</strong></td>
<td>100% Fairtrade, including where used as an ingredient within our Fairtrade Sourcing programme</td>
</tr>
<tr>
<td><strong>Coffee</strong></td>
<td>100% Fairtrade, where used as an ingredient Fairtrade producers benefit</td>
</tr>
<tr>
<td><strong>Sugar</strong></td>
<td>100% Fairtrade in bagged sugar</td>
</tr>
<tr>
<td><strong>Wood, paper and pulp</strong></td>
<td>FSC or recycled content (by exception PEFC accepted)</td>
</tr>
<tr>
<td><strong>Palm oil</strong></td>
<td>Certified as sustainable under one of the Roundtables for Sustainable Palm Oil certification schemes</td>
</tr>
<tr>
<td><strong>Soy</strong></td>
<td>All the soy we source is covered by Round Table on Responsible Soy (RTRS) through credits</td>
</tr>
<tr>
<td><strong>Peat</strong></td>
<td>Own brand growing media is certified to FSC (we will be moving away from own brand in 2020)</td>
</tr>
</tbody>
</table>

### Own brand sourcing standards (Continued)

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Sourcing standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fields and orchards</strong></td>
<td>Fields and orchards</td>
</tr>
<tr>
<td><strong>Tea</strong></td>
<td>100% Fairtrade, where used as an ingredient Fairtrade producers benefit</td>
</tr>
<tr>
<td><strong>Bananas</strong></td>
<td>100% Fairtrade, where used as an ingredient Fairtrade producers benefit</td>
</tr>
<tr>
<td><strong>Grapes and wine</strong></td>
<td>Entry level South African wines - Fairtrade Grapes - GLOBALG.A.P.</td>
</tr>
<tr>
<td><strong>Flowers</strong></td>
<td>100% Fairtrade, African rose bouquets and African single stem roses</td>
</tr>
<tr>
<td><strong>Lettuce</strong></td>
<td>UK - Red Tractor, Other - GLOBALG.A.P.</td>
</tr>
<tr>
<td><strong>Carrots</strong></td>
<td>Red Tractor</td>
</tr>
<tr>
<td><strong>Tomatoes</strong></td>
<td>UK - Red Tractor, Other - GLOBALG.A.P.</td>
</tr>
<tr>
<td><strong>Citrus</strong></td>
<td>GLOBALG.A.P.</td>
</tr>
<tr>
<td><strong>Potatoes</strong></td>
<td>Red Tractor</td>
</tr>
<tr>
<td><strong>Berries</strong></td>
<td>UK - Red Tractor, Other - GLOBALG.A.P.</td>
</tr>
</tbody>
</table>
# Ethical trade and human rights

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply Chain Transparency</strong></td>
<td></td>
<td></td>
<td>Number of supplier sites globally (Tier 1 and tier 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,773 (848 Tier 1)</td>
<td>1,873 (925 Tier 1)</td>
<td>1,984 (862 Tier 1)</td>
<td>2,026 (824 Tier 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>925 beyond</td>
<td>982 beyond</td>
<td>1,122 beyond</td>
<td>1,202 beyond</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% high-risk Tier 1 suppliers completing self-assessment in 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% high-risk Tier 1 sites audited</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td><strong>Supplier Capacity Building</strong></td>
<td></td>
<td></td>
<td>Number of supplier engagement events</td>
<td></td>
<td></td>
<td></td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of individuals engaged</td>
<td></td>
<td></td>
<td></td>
<td>908</td>
<td>1005</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hrs. engagement</td>
<td></td>
<td></td>
<td></td>
<td>6,063</td>
<td>7,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of sites</td>
<td></td>
<td></td>
<td></td>
<td>531</td>
<td>621</td>
</tr>
<tr>
<td><strong>Fairtrade</strong></td>
<td></td>
<td></td>
<td>Fairtrade market share among UK convenience stores (%)</td>
<td></td>
<td></td>
<td></td>
<td>78</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Year-on-year increase in Fairtrade sales (%)</td>
<td></td>
<td></td>
<td></td>
<td>18.4</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>International development and clean water</strong></td>
<td></td>
<td></td>
<td>£ raised for One Foundation (since 2007) (£m)</td>
<td></td>
<td></td>
<td></td>
<td>7.0</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>£ raised for Water Unite (since 2017)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>£ raised for Disasters Emergency Committee (DEC)</td>
<td></td>
<td></td>
<td></td>
<td>69,000</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>International community investment (£m) Cash</td>
<td></td>
<td></td>
<td></td>
<td>0.88</td>
<td>2.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>International community investment (£m) Colleague time</td>
<td></td>
<td></td>
<td></td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>International community investment (£m) Leverage (donations by members, customers and suppliers)</td>
<td></td>
<td></td>
<td></td>
<td>0.06</td>
<td>0.05</td>
</tr>
</tbody>
</table>

## Commentary

- **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.**
- **By the end of 2020 we will 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.**
- **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%).**
- **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.**

Co-operate: It’s what we do

Our Sustainability Report 2019
### Number of sites and workers on Sedex and location of audits in 2018/19

<table>
<thead>
<tr>
<th>Region</th>
<th>Sites</th>
<th>Workers</th>
<th>Audits</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>297</td>
<td>121,853</td>
<td>181</td>
<td>1,078</td>
</tr>
<tr>
<td>Asia</td>
<td>91</td>
<td>44,043</td>
<td>80</td>
<td>339</td>
</tr>
<tr>
<td>Europe</td>
<td>1,396</td>
<td>277,887</td>
<td>565</td>
<td>1,715</td>
</tr>
<tr>
<td>North &amp; Central America</td>
<td>64</td>
<td>18,749</td>
<td>30</td>
<td>279</td>
</tr>
<tr>
<td>Oceania</td>
<td>27</td>
<td>3,485</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>South America</td>
<td>151</td>
<td>85,154</td>
<td>61</td>
<td>404</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,026</td>
<td>551,171</td>
<td>918</td>
<td>3,821</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Status of improvement actions identified in valid audits in 2017/18</th>
<th>Total improvement (Actions raised)</th>
<th>Improvement (Actions completed and verified)</th>
<th>Improvement (Actions completed by supplier; verification due in 2019)</th>
<th>Improvement (Actions due for completion in 2020)</th>
<th>Overdue improvement actions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Critical/Major Minor</td>
<td>Critical/Major Minor</td>
<td>Critical/Major Minor</td>
<td>Critical/Major Minor</td>
<td>Critical/Major Minor</td>
</tr>
<tr>
<td>Exploitation of labour</td>
<td>15 16</td>
<td>12 12</td>
<td>1 3</td>
<td>2 1</td>
<td>0 0</td>
</tr>
<tr>
<td>Freedom of association</td>
<td>29 44</td>
<td>23 33</td>
<td>3 7</td>
<td>3 2</td>
<td>0 0</td>
</tr>
<tr>
<td>A safe and hygienic working environment</td>
<td>1,081 967</td>
<td>868 794</td>
<td>85 68</td>
<td>114 96</td>
<td>3 0</td>
</tr>
<tr>
<td>Child labour</td>
<td>16 20</td>
<td>12 17</td>
<td>2 3</td>
<td>1 0</td>
<td>0 0</td>
</tr>
<tr>
<td>Living wages to be paid</td>
<td>225 187</td>
<td>122 101</td>
<td>36 25</td>
<td>57 50</td>
<td>5 9</td>
</tr>
<tr>
<td>Working hours are not excessive</td>
<td>302 91</td>
<td>155 62</td>
<td>48 11</td>
<td>87 16</td>
<td>8 1</td>
</tr>
<tr>
<td>No discrimination</td>
<td>24 10</td>
<td>11 7</td>
<td>3 2</td>
<td>8 0</td>
<td>2 0</td>
</tr>
<tr>
<td>Regular employment</td>
<td>225 75</td>
<td>170 49</td>
<td>19 6</td>
<td>33 18</td>
<td>3 2</td>
</tr>
<tr>
<td>No harsh or inhumane treatment</td>
<td>55 17</td>
<td>41 15</td>
<td>6 0</td>
<td>7 2</td>
<td>1 0</td>
</tr>
<tr>
<td>Other issue types</td>
<td>196 226</td>
<td>128 172</td>
<td>28 17</td>
<td>33 30</td>
<td>2 1</td>
</tr>
<tr>
<td>Sub Total</td>
<td>2,168 1,653</td>
<td>1,542 1,262</td>
<td>231 142</td>
<td>345 215</td>
<td>37 41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,821 2,804</td>
<td>2,373 2,162</td>
<td>373 560</td>
<td>560 78</td>
<td>78</td>
</tr>
</tbody>
</table>
## Healthy Living

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
<th>2020 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy Living</td>
<td></td>
<td></td>
<td>% Co-op branded processed products carrying traffic light labelling that are healthy (i.e. carry no red traffic lights)</td>
<td>44</td>
<td>44</td>
<td>45</td>
<td>46</td>
<td>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.</td>
<td>We will continue to drive positive behaviour change to help members and customers enjoy healthier lifestyles</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>teaspoons of sugar removed from own-brand categories (based on annual sales)/m</td>
<td>26</td>
<td>63</td>
<td>253</td>
<td>74</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% Co-op branded products met their maximum Department of Health salt target</td>
<td>93</td>
<td>97</td>
<td>98</td>
<td>98</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

## Our people

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td>Number of Leadfest sessions delivered (colleagues trained)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>346</td>
<td>(2,087)</td>
<td>2019 figure taken from beginning of Jan 2020</td>
</tr>
<tr>
<td>Wellbeing</td>
<td></td>
<td></td>
<td>% colleagues downloaded wellbeing app</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Calls received to colleague assistance programme</td>
<td>2,190</td>
<td>2,427</td>
<td>3,166</td>
<td>2,300</td>
<td></td>
<td>Total number of calls into LifeWorks service from Co-op employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cases covered through colleague assistance programme</td>
<td>1,041</td>
<td>1,250</td>
<td>1,188</td>
<td>1,099</td>
<td></td>
<td>Total number of cases created for Co-op employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of cases referred for follow-up counselling with a trained counsellor</td>
<td>118</td>
<td>193</td>
<td>398</td>
<td>478</td>
<td></td>
<td>Total number of cases where employees have been referred for either In-Person, Telephone Counselling, or Video Counselling sessions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Absence rate (%)</td>
<td>4.1</td>
<td>4.1</td>
<td>4.1</td>
<td>4.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Inclusion and Diversity

### Performance against target

<table>
<thead>
<tr>
<th>KPI</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of colleagues who feel their leader creates an environment where they can be themselves</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>77</td>
<td>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</td>
</tr>
<tr>
<td>Number of Diversity and Inclusion pioneers across the organisation</td>
<td>–</td>
<td>50</td>
<td>85</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Number of Colleague networks</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Number of Members in networks</td>
<td>1,461</td>
<td>2,100</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
</tbody>
</table>

### 2019 Target

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.

### 2020 Target

We worked with colleague networks to understand barriers to progression and colleague experience.

### Identify the methods and external partners to help us improve our work on inclusion

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.

<table>
<thead>
<tr>
<th>Social Mobility Index</th>
<th>50th</th>
<th>33rd</th>
<th>45th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stonewall Index - Top 100</td>
<td>70th</td>
<td>70th</td>
<td>didn’t rank</td>
</tr>
<tr>
<td>BITC top 50 employers for women</td>
<td>ranked</td>
<td>didn’t rank</td>
<td>didn’t rank</td>
</tr>
</tbody>
</table>

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.
## Our people

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion and Diversity</td>
<td></td>
<td>e-learning module launched</td>
<td>% colleagues who feel that they have experienced bullying, harassment or discrimination</td>
<td>–</td>
<td>10</td>
<td>12</td>
<td>13</td>
<td>This will be rolled out to the rest of our colleagues in 2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>to ensure that colleagues and leaders have an understanding of what bullying and harassment is, and can report, address and manage it. Completed by 93% colleagues in scope in Funeralcare, Lifeplanning and support centre. Stores and logistics will complete it in the first quarter of 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues in scope who have completed their training</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender balance of applications and hires</td>
<td></td>
<td>% female colleagues</td>
<td>41</td>
<td>55</td>
<td>55</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% female colleagues in leadership roles</td>
<td>–</td>
<td>41</td>
<td>32</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues in each age group</td>
<td>24 and under</td>
<td>21</td>
<td>20</td>
<td>19</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>25-34</td>
<td>23</td>
<td>23</td>
<td>24</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35-44 (35-49)</td>
<td>28</td>
<td>28</td>
<td>27</td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>45-54</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50-64</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>65 and over</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues identify as Non-heterosexual</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues identify as having a disability</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues identify as belonging to an ethnic minority group</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td></td>
<td>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</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>% colleagues have dependant or caring responsibilities</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue</td>
<td>2019 Target</td>
<td>Performance against target</td>
<td>KPIs</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td>Commentary</td>
<td>2020 Target</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td>-----------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Apprenticeships</td>
<td>Continue our commitment to having 1,000 apprentices on our programme at any one time</td>
<td>We achieved are commitment for this year, and aim to maintain this commitment for 2020</td>
<td>Apprentice starts</td>
<td>721</td>
<td>742</td>
<td>572</td>
<td>936</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total apprentices on programme (at end of year)</td>
<td>–</td>
<td>–</td>
<td>1,034</td>
<td>1,376</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% apprentices male and female</td>
<td>–</td>
<td>–</td>
<td>40% male</td>
<td>40% female</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of apprentices and types from different parts of the business</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of apprentices from Academies</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement and Recognition</td>
<td>Maintain levels of colleague engagement as measured by our engagement index</td>
<td>Overall engagement score (%)</td>
<td>78</td>
<td>75</td>
<td>76</td>
<td>76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total colleague headcount at year end</td>
<td>69,320</td>
<td>63,645</td>
<td>62,578</td>
<td>62,616</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2019 Colleague headcount by business area (total and %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total voluntary turnover (%)</td>
<td>24.2</td>
<td>22.6</td>
<td>22.1</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2019 Voluntary turnover by business area (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No. Pensioners</td>
<td>51,500</td>
<td>51,000</td>
<td>47,500</td>
<td>47,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No. deferred pensioners</td>
<td>64,000</td>
<td>64,000</td>
<td>61,000</td>
<td>58,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% colleagues in a pension scheme</td>
<td>60</td>
<td>60</td>
<td>65</td>
<td>68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension scheme</td>
<td></td>
<td></td>
<td>Whistleblowing reports through Speak up</td>
<td>84</td>
<td>74</td>
<td>173</td>
<td>199</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of times Speak up was contacted</td>
<td>187</td>
<td>170</td>
<td>319</td>
<td>327</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number of whistleblowing reports made direct to Co-op colleagues</td>
<td>–</td>
<td>28</td>
<td>43</td>
<td>34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Health and Safety

<table>
<thead>
<tr>
<th>Issue</th>
<th>2019 Target</th>
<th>Performance against target</th>
<th>KPIs</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>✔️</td>
<td>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.</td>
<td>Reportable accidents (per 100,000 colleagues)</td>
<td>488</td>
<td>360</td>
<td>382</td>
<td>388</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>✔️</td>
<td>Reportable accidents (total)</td>
<td>338</td>
<td>292</td>
<td>241</td>
<td>243</td>
<td></td>
<td>Total number of casualty RIDDOR incidents.</td>
</tr>
<tr>
<td></td>
<td>✔️</td>
<td>Non-reportable accidents (per 100,000 colleagues)</td>
<td>8,360</td>
<td>8,229</td>
<td>8,073</td>
<td>7,037</td>
<td></td>
<td>Total figure of non RIDDOR casualty incidents recorded against a colleague.</td>
</tr>
<tr>
<td></td>
<td>✔️</td>
<td>Non-reportable accidents (total)</td>
<td>4,795</td>
<td>5,311</td>
<td>5,087</td>
<td>4,406</td>
<td></td>
<td>Total figure of non RIDDOR casualty incidents.</td>
</tr>
<tr>
<td>Following the introduction of our minimum safety standards, work with our businesses to make sure they are reflected in their procedures, and accessible for all colleagues.</td>
<td>✔️</td>
<td>Reportable customer accidents</td>
<td>41</td>
<td>35</td>
<td>32</td>
<td>16</td>
<td></td>
<td>Total figure of casualty RIDDOR customer incidents.</td>
</tr>
<tr>
<td></td>
<td>✔️</td>
<td>Non-reportable customer accidents</td>
<td>3,507</td>
<td>3,485</td>
<td>2,899</td>
<td>2,077</td>
<td></td>
<td>Total number of non RIDDOR casualty incidents recorded against parties are not a colleague or unknown.</td>
</tr>
</tbody>
</table>

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.
Independent Assurance Statement

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 restructured 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 (km) (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)
- **Resource Use**: Food Waste (tonnes); % reduction in food waste (Year on year and since 2015) (page 65)
- **Sustainable Sourcing**: 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)
- **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)

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.
- Review of 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.

**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 or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

**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