



The Co-op's Sustainable Procurement and Supplier Policy

1. Introduction

At the Co-op, we seek to manage and develop our business in a sustainable manner. Which means that our business activities should meet our present needs without compromising the ability of future generations to meet their own needs¹.

We recognise that there are physical limits to the Earth's resources, and that any business activity that exceeds these limits is unsustainable in the long term and will need to change. There are also ethical and social aspects of sustainable development which businesses should be accountable for, and which go beyond legislative compliance.

Our Sustainable Procurement and Supplier Policy sets out:

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

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

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

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

¹ As defined by the World Commission on Environment and Development in its report, 'Our Common Future', also known as The Brundtland Report (www.un-documents.net/our-common-future.pdf).

- **The Co-operative Values and Principles²**. The set of values shared by co-operatives throughout the world that give them their distinctive character, and the guidelines by which co-operatives put their values into practice.
- **The Natural Step Sustainability Principles³**. Science-based principles about the physical limits to the Earth's resources (both in terms of generating materials and absorbing wastes), and the fact that any business activity that exceeds these limits is unsustainable in the long term.
- **The UN Sustainable Development Goals⁴**. The 17 global goals that form the 2030 Agenda for Sustainable Development – including climate action, responsible consumption and production, affordable and clean energy, and life on land and below water.
- **The Universal Declaration of Human Rights⁵**. The international agreement on the basic principles of human rights, adopted by the United Nations, which sets out the rights and freedoms to which everyone, everywhere in the world is entitled.
- **The Fundamental International Labour Organisation (ILO) Conventions⁶**. Eight conventions covering the four 'fundamental' rights at work: freedom from forced labour, from child labour, and from discrimination at work, and freedom to form and join a union and to bargain collectively.
- **The United Nations Guiding Principles on Business and Human Rights (UNGPs)⁷**. Guidelines setting out companies' responsibilities to respect human rights associated with their business activities and relationships, by preventing and addressing any adverse human rights impacts.

² Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. The co-operative principles are guidelines by which co-operatives put their values into practice: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; co-operation among cooperatives; concern for community (<https://ica.coop/en/what-co-operative>).

³ The Natural Step is a science-based approach to sustainability (www.thenaturalstep.org).

⁴ <https://sustainabledevelopment.un.org/?menu=1300>.

⁵ <https://www.un.org/en/universal-declaration-human-rights/index.html>.

⁶ <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>.

⁷ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

3. Our commitments on sustainability, ethics and human rights

(i) Environmental sustainability

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

In fulfilling our commitments **we focus on the most significant environmental impacts from our business**, which we group into three main areas:

- Climate change
- Waste and pollution
- Natural resource use

(ii) Ethical trade and human rights

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

- recognition of the exceptional circumstances under which we may withdraw trade from a state or region, as set out in our Human Rights and Trade Policy⁸.

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

(iii) Delivering value and supporting local communities

As a co-operative, one of our seven core principles is ‘concern for community’.

We are committed to putting community at the heart of what we do, and responding to what matters most to our members and their communities.

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

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

(iv) Animal welfare

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

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

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

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

⁸ <https://www.co-operative.coop/ethics/human-rights-and-trade-policy>.

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

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

4.1 Our expectations of suppliers

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

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

(i) Environment and resource use

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

- Manage the environmental impacts of their own business and of their products and services.
- Meet the environmental specifications that we set for specific goods and services, as set out in tenders⁹.
- Provide us with relevant information as required, to allow us to assess the environmental performance of their business and the goods and services to be provided.
- Where relevant, provide us with environmental data such as waste produced and energy used as part of our commitment to measure and reduce the environmental impact of key suppliers.

⁹ Suppliers must ensure they meet environmental specifications to be eligible to tender for the provision of specific goods and services.

(ii) Ethical trade and human rights

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

In particular, our suppliers' core activities should respect The Fundamental International Labour Organisation (ILO) Conventions with regard to the following, and as set out in the Ethical Trading Initiative (ETI) Base Code and our **Sound Sourcing Code of Conduct**¹⁰:

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

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

4.2 What suppliers can expect from us

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

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

We will be transparent and accountable in our pursuit of sustainable development. We set clear priorities and targets for relevant activities, and report on progress in our Co-op Way Report¹¹, which is independently verified.

¹⁰ <https://www.co-operative.coop/ethics/ethical-policies>.

¹¹ <https://www.co-operative.coop/ethics/sustainability-report>.

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

- ensure fairness and consistency of approach in line with the Chartered Institute of Purchasing and Supply (CIPS) Corporate Code of Ethics¹²;
- pursue mutually beneficial long-term relationships with our suppliers;
- establish effective two-way communication with suppliers to achieve compliance with this policy; and
- pay our suppliers on time, according to agreed terms of trade.

¹² <https://www.cips.org/CIPS-for-Business/supply-assurance/Corporate-Ethical-Procurement-and-Supply/Corporate-Code-of-Ethics>.