



Co-op Modern Slavery and Human Trafficking Statement 2017

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We think of slavery as an injustice from long ago – dealt with by social reformers and now outlawed in every country. But recent figures show that slavery is on the increase all over the world¹. And it's happening here in the UK right now – where there are an estimated 13,000 potential victims of slavery².

¹ http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_574717/lang-en/index.htm

² <http://www.antislaverycommissioner.co.uk>

Introduction

The Co-op has been a business with a clear social commitment since it was founded in 1844, and that commitment has shaped our business ever since. That's why we're doing everything we can to make sure slavery has no part in the production, growth or manufacture of the products we sell and services we use. And that's why we're actively campaigning for better support for victims of modern slavery.

This is the Co-op's second modern slavery and human trafficking statement³. It sets out the steps we've taken during our financial year 2017⁴ to prevent modern slavery and human trafficking taking place in our business and supply chains.

Our areas of activity in 2017

Over the past year, we've expanded our work to tackle modern slavery, focusing on three areas

- 1 Improving processes across our wider, non-food supply chains**
Building on the experience of our food business to improve due diligence across our businesses and supply chains for the goods and services we use in our own operations – see page 8
 - 2 Building capacity and collaborating for change**
Working with suppliers, colleagues and others to improve their understanding of modern slavery, and their ability to identify and tackle issues – see page 10
 - 3 Scaling up our campaigning on modern slavery**
Engaging with politicians, colleagues and other businesses to help provide better support for victims of modern slavery, and offering more work opportunities for victims through our Bright Future programme – see page 13
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As we did last year, we've given a lot of detail in our Statement so you can see exactly what we've done in 2017, including how we did against the targets we set ourselves, as we believe this helps show how seriously we take the issue. In particular we draw out key elements of our food ethical trade programme, as our primary responsibility lies with our Co-op brand suppliers and supply chains – not only because our food business accounts for 74% of our business (by turnover), but also because this is where we can have the greatest influence for positive change. But a real focus of our work this year has been on bringing our wider business and procurement activities up to the same standards.

We're making great progress, which we'll talk through in this Statement. But we know there's always more to be done to tackle modern slavery, so we've set ourselves some challenging targets for the coming years, and we'll continue to report in an open and honest way about the progress we are making.

³ The terms 'Co-op Group', 'Group' or 'Co-op' are all used to refer to the Co-operative Group Limited, which consists of Co-operative Group Food Limited, Funeral Services Limited, Co-operatives E-Store Limited, Co-operative Legal Services Limited and CIS General Insurance Limited (among others).

⁴ Financial year (53 weeks) ending 6 January 2018.

About us: Our business and our supply chains



4.6 million
active members

2,500
food stores

1,000
funeral homes

64,000
people employed across
the Co-op Group⁵

About the Co-op

We're the UK's largest co-operative, owned by 4.6 million members. We're a major food retailer, the largest funerals provider in the UK, an insurance and legal services provider and an online electrical retailer.

Our businesses are all UK based and our main offices are in Manchester. Further details about our business can be found in our [2017 Annual Report](#).

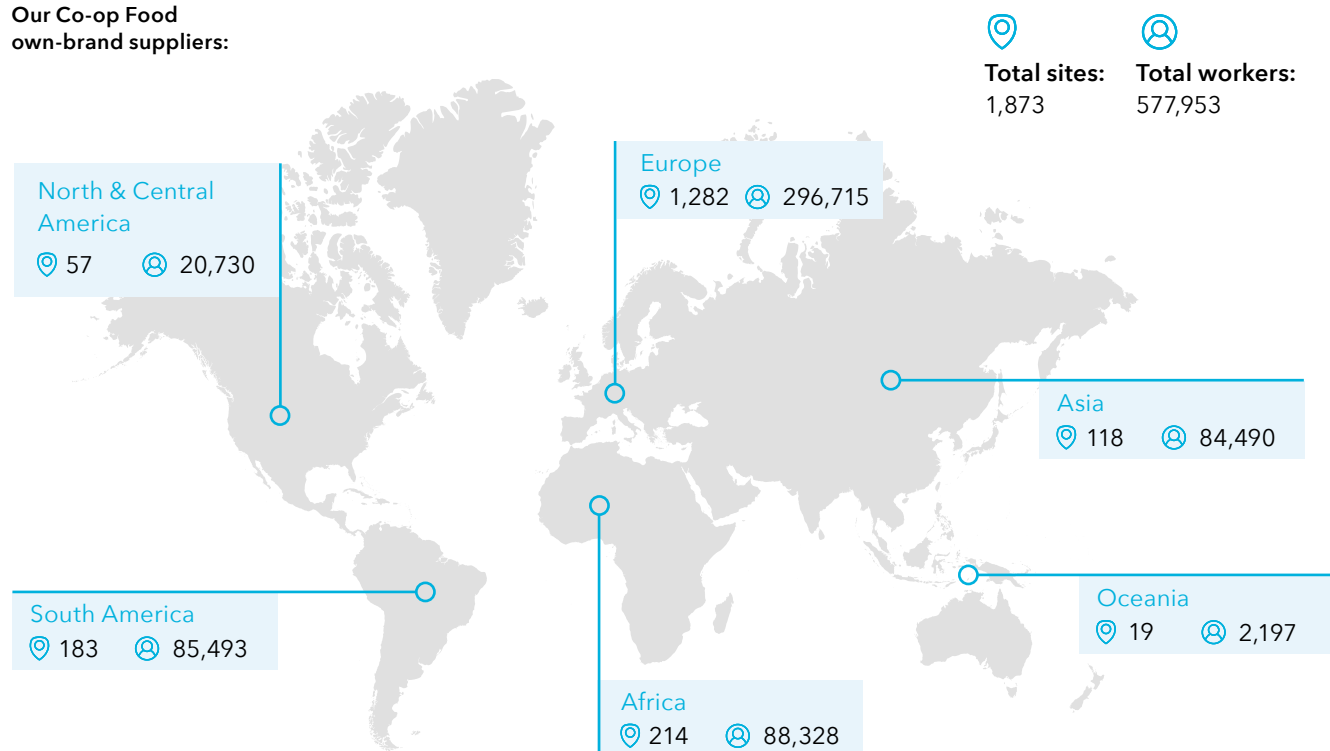
Our suppliers and supply chains

We buy products and services from thousands of suppliers across the globe. Some of these products and services are for re-sale – like fresh produce and Co-op Food own-brand products that we sell in our food stores, and other own-brand and third-party products and services that we sell. Others are for use in our own business. See below for more details.

Products and services for re-sale

Our Co-op Food own-brand products. Just under half (48% by turnover) of the goods we sell in our food stores are Co-op Food own-brand products. Our food ethical trading monitoring programme covers 1,873 sites (891 Tier 1 and 982 beyond Tier 1⁶) and over half a million workers, across six continents in 68 countries. Figure 1 shows where we source our food own-brand products, and the number of workers in those supply chains.

Figure 1
**Our Co-op Food
own-brand suppliers:**



⁵ In 2017 we directly employed 64,129 colleagues, and also employed around 500 contractors via agencies.

⁶ A Tier 1 site is a production site where goods are finished, ready for supply to, or sale by, the end company. A Tier 2 site is a production site that supplies goods or materials to a Tier 1 site for incorporation into the finished product. Sites 'beyond Tier 1' include sites at Tier 2 and further down the supply chain, depending on the nature and complexity of the supply chain. This doesn't include rents, rates, energy and property management.

Other own-brand and third-party products and services we sell. We also sell a wide range of other third-party branded products in our food stores, as well as a variety of products and services through other parts of our business (some of which are own-brand). For example:

- Just over half (by turnover) of the products sold in our food business are from third-party brand suppliers.
- Co-op Funeralcare sells coffins and caskets, headstones, memorial stones and flowers, some of which are Co-op brand products, as well as offering wider services (eg through suppliers of specialist vehicles). Funeralcare products are sourced from a variety of countries. Our masonry comes mainly from India and China (Box 3, page 9); over 95% of the coffins we manufacture are FSC certified⁷.
- Co-op Insurance sells car, home, travel and pet insurance, and provides claims fulfilment services through a number of suppliers. The majority of our ~150 Tier 1 suppliers are based in the UK.
- Co-op Electrical sells third-party branded, large and small domestic appliances, TVs and audio equipment. We source electrical items from around 85 companies. 80% of our spend is channelled through 18% of our suppliers, including many well-recognised brands like Samsung, Sony, Beko, Bosch, Hotpoint and Dyson. Supply chains of these branded products are complex and can stretch around the world.

Goods and services not for re-sale (GSNFR)

Our Procurement function is responsible for sourcing the goods and services that we need to run our businesses. We currently buy from over 4,400 suppliers across nine categories, with products and services ranging from building fabrications, uniforms, cleaning services and catering, mobile phones and laptops, to labour providers, fleet, marketing services and paper.

In 2017 we had a total spend of over £1bn, with the majority of that spend channelled through the top 100 suppliers. Our largest spend category is Construction and Facilities Management, representing approximately a third of our total spend⁸.

⁷ Forest Stewardship Council (<http://www.fsc-uk.org/en-uk>).

⁸ This doesn't include rents, rates, energy and property management.

(1) Managing the risk of modern slavery

(i) Policies and governance

Our commitments on ethical trade, human rights and modern slavery are set out in a number of policies which guide the recruitment and behaviour of our colleagues, our purchase of products and services, and our relationships with suppliers and partners. We have a robust governance structure which oversees the development and implementation of these policies across our business.

Policies: Details were included in [last year's statement](#) and are summarised below:

- **People policies:** Our extensive people policies cover all aspects of colleagues' employment, including recruitment and eligibility to work, colleague wellbeing, and conduct at work. Our Whistleblowing and Eligibility to Work policies are key to helping us address any risk of modern slavery. In 2017 we amended the Whistleblowing Policy to specifically include raising concerns about modern slavery and the process to follow if colleagues suspect it.
- **Ethical Trade and Human Rights (ET&HR) Policy Position Statement:** Sets out our Group-wide approach to the protection of fundamental rights of workers throughout our supply chains. These rights include all international labour rights, including protection from forced labour, modern slavery and harsh or inhumane treatment. The UN Guiding Principles on Business and Human Rights inform the way we address our responsibilities to protect and respect human rights associated with our operations.
- **Sound Sourcing Code of Conduct (SSC):** Sets out the workplace and employment standards that we expect of all our suppliers. The SSC is based on the Ethical Trading Initiative (ETI) [Base Code](#) and core international labour standards, and includes checks on forced labour and modern slavery. In 2017 our Chief Executive endorsed our SSC with a new introduction to reflect our updated policies and governance on ET&HR, and the importance we place on protecting and respecting workers' rights in supply chains.
- **Sustainable Procurement and Supplier Policy (SPSP):** Sets out the sustainability and ethical standards we expect of our suppliers of goods and services not for resale (GSNFR), including on labour standards in our supply chain – as defined in our Sound Sourcing Code. In 2017 we reviewed and updated the SPSP to fully reflect our ethical expectations of suppliers, including on modern slavery. The SPSP is part of the ethical due diligence checks we carry out during the sourcing of GSNFR.
- **Buying Goods and Services Policy (GSNFR):** Designed to guide anyone buying GSNFR across the Co-op, this new policy takes colleagues through a step-by-step process which encourages them to buy from preferred suppliers where we have well-managed contracts. The supporting ethical sourcing process and online guidance help colleagues understand how to buy responsibly. This includes ethical and environmental risk guidance which directs colleagues to the ethical issues they should consider when making specific purchases. The policy and controls apply to procurement of GSNFR across our Insurance, Funeralcare, Legal Services, Electrical and Food businesses, and to operational departments.

Contracts: Our expectation for food own-brand suppliers to meet ethical trade requirements and tackle modern slavery is included in supplier contracts and approval processes. We have a history of strong relationships with our suppliers – 75% of our suppliers have traded with us for over five years. We're creating stable supplier relationships through longer-term contracts, which will help suppliers reduce their reliance on agency labour and invest in their workforce and labour standards. However, we know we could do better in our dealings with suppliers and are taking action ([Co-op Way Report, page 36](#)). All Group contracts typically contain a standard clause requiring suppliers to comply with Co-op policies, including on ethics. We'll be adding specific clauses on modern slavery to all new and refreshed contracts from 2018.

Governance: Responsibility for development and oversight of ethical and sustainability policies, including on modern slavery, lies in a number of Co-op-wide and business-specific governance structures. These feed into our ET&HR Steering Group, which reports to the Co-op Executive and the Board. The ET&HR Steering Group also works closely with individuals from the Members' Council and with the Co-op Way Policy Committee.



© 'Worthy of Love' 2017 /
Snowdrop Project

From the photography exhibition
'One Lens, Countless Stories',
Sheffield 2017, created by
survivors of human trafficking
who received long-term support
from the Snowdrop Project.

(ii) Assessing and managing risk

There are a number of ways we assess and manage the risk of modern slavery **in our own operations**. We have policies and processes in place to minimise the risk of modern slavery among the colleagues we employ directly, and our HR and procurement functions are working together to minimise the risk of modern slavery among colleagues who aren't directly employed by us.

When managing risk **in our supply chains**, we know that our primary responsibility is for our Co-op brand suppliers and supply chains, which are where we can have the biggest positive impact. We have a well-established programme to tackle labour abuses in our food supply chains, and in this Statement we provide details of our food business' work in 2017 to increase transparency beyond Tier 1 and to help suppliers put proper due diligence in place in their own operations. We also provide an update on a key area of our work – to roll out this model across the other own-brand products and services we sell, and the goods and services we use in our own operations (GSNFR).

Our Co-op Food own-brand supply chain: Due diligence, monitoring and auditing

Our Co-op Food ethical trade programme has been going for over 20 years, and in that time we've built a strong understanding of all labour rights issues (including modern slavery), and put in place rigorous due diligence processes to identify and address concerns when found.

Our 'business as usual' risk assessment and monitoring processes for Co-op Food own-brand suppliers are set out in our 2017 [Co-op Way Report](#) (page 14). All Co-op Food own-brand Tier 1 sites need to complete a self-assessment questionnaire (SAQ) on [Sedex](#), prior to approval, with all high-risk⁹ sites requiring an independent ethical audit. Where issues are raised, we expect suppliers to put them right, and support them in addressing the root cause of issues through our supplier engagement programme (page 10). Where suppliers consistently fail to address issues we will take appropriate action in line with our supplier termination processes.

In 2017 we also:

- Integrated our **Ethical Trade Capability Assessments** into high risk produce and grocery tenders, to help us assess prospective suppliers on their strategic approach to managing ethical trade, and their capability and activities in driving improvements across their global supply chain on issues such as modern slavery.
- Trialled the use of the new **Sedex forced labour indicators tool**, with the aim of integrating this process into our core reporting and risk assessments in 2018.

See Box 1 for a summary of Co-op Food's ethical trade monitoring programme in 2017.

Box 1

Co-op Food ethical trade monitoring programme in 2017

1,873 sites

with over half a million workers
(891 Tier 1 and 982 beyond Tier 1)

100% of Tier 1 sites with SAQs complete

98% Tier 1 high-risk sites audited

Nearly 1,000 Tier 2 sites and beyond*

now in our monitoring
programme with SAQs complete

524 audits in 2017

(341 Tier 1, 181 beyond Tier 1)
2,975 issues were raised

Of the 2,975 issues raised, 39 issues (1.3%) were categorised as a breach of the Sound Sourcing Code Principle of 'employment is freely chosen' (reflecting weaknesses in policies and processes such as lack of clarity in contracts and calculations of holiday pay for agency workers). Almost 60% of the issues had been addressed by the supplier by end of 2017, resulting in changes such as new and more robust policies, and clearer contracts and payment processes. We know we can't rely on audits alone to identify modern slavery, so we're also working collaboratively through initiatives like [Stronger Together](#) and the [Sedex Stakeholder Forum](#), to improve the identification of modern slavery in other ways.

See our 2017 [Co-op Way Report](#) (p40–42) for more details.

*In high-risk categories such as produce and protein.

⁹ Our risk assessment takes the following into account: country, industry, self-assessment information, use of temporary workers and commercial/strategic importance, previous audit results. Our list of high-risk countries is informed by the frequency of issues, media coverage and academic research, local labour law, enforcement systems and other expert knowledge.

Moving beyond Tier 1

Moving beyond the first tier has been a major focus in recent years, as we recognise this is where some of the serious issues in our supply base occur. In particular we've focused our activities on produce and protein supply chains, which have an increased risk of modern slavery due to a high reliance on casual and temporary labour. In 2017 we mapped and included 982 sites at Tier 2 and beyond¹⁰ in the scope of our programme, 96% of which have completed a detailed SAQ on Sedex.

However, much of our work beyond Tier 1 involves building capacity of our Tier 1 suppliers to assess risk and manage issues in their own supply chain (page 10). In 2017 we rolled out our supplier performance matrix which measures suppliers on the systems they have in place to assess risk and identify issues in their supply chain. We were also involved in working collaboratively to develop the Food Network for Ethical Trade (FNET), to build capacity of suppliers to manage issues (page 12).

Raising concerns and dealing with issues

An important element in any due diligence programme is the ability of workers and others to raise concerns about abuses of labour rights, non-compliances and other issues. We know that effective workplace communication, and strong management and grievance procedures are key to making sure workers' complaints are addressed, and we provide training at our UK and global regional forums on worker engagement and establishing worker committees.

In the UK we support the promotion of the Gangmasters and Labour Abuse Authority (GLAA) and 24 Hour Modern Slavery Helpline numbers, and the development of worker engagement videos, through our support for Stronger Together. In 2017 we gave access to our independent whistleblowing line to colleagues at Tier 1 own-brand UK sites, to help strengthen our grievance processes.

In Box 2 we share an example of how one of our suppliers followed best practice to address an issue of modern slavery that arose in their supply chain.

Other products and services we sell and those we use in our own business

Over the past year, we've made a lot of progress in developing our understanding of, and capacity to address modern slavery and wider labour rights issues in our GSNFR supply base – building on the approach taken by our food business. Key elements of our approach are described on the next page.



© 'Property-of-no-one' 2017 / Snowdrop Project

Box 2 - case study Dealing with issues

In April 2017, we were alerted by one of our Tier 1 suppliers that an alleged case of modern slavery had been identified at their supplier's produce packhouse and farm in Nottinghamshire.

The incident was uncovered when a worker at the site confided in their manager that they were being exploited. The supplier immediately called in the [Gangmasters and Labour Abuse Authority](#) (GLAA) and within a couple of days the individual was in protective custody and an investigation had started.

A second victim was then identified. Both people were taken to a place of safety, in the care of the Salvation Army. The investigation by the GLAA and the police found that modern slavery had been committed by the individuals' landlord.

Our supplier was commended by both the GLAA and the police for effective implementation of the modern slavery training they'd received from [Stronger Together](#), and

for their handling of the sensitive situation. The perpetrator pleaded guilty to one charge of human trafficking and two of forced labour at Nottingham Crown Court and was sentenced to eight years imprisonment.

A key principle of our ethical trade strategy in our food business is to make sure that we have strong transparent relationships in place, and that suppliers have the proper training to prevent modern slavery in their sites and supply chain, and know how to act if issues occur. Following the investigation, we visited our supplier to draw lessons from the case, and have raised awareness with other suppliers in the area via our East of England Supplier Forum. In 2018 we'll include the lessons from this incident in our own due diligence processes and those of our suppliers.

¹⁰ See footnote 6.

Due diligence and risk assessment

As part of our existing procurement process for GSNFR, we carry out a desk-based risk assessment of new suppliers¹¹ against our SPSP (page 6), which includes criteria on ethical and sustainability issues, including labour rights and modern slavery. This process also applies to non-food own-brand products and services we sell in other parts of the business (eg Funeralcare masonry, insurance service providers). We'll be reviewing this process in 2018.

In 2017, under our new GSNFR Ethical Sourcing Strategy, we're taking the following additional steps to help identify high-risk suppliers and manage our risks of modern slavery:

- **Prioritising risk areas:** As reported last year, we carried out an initial high-level assessment of risk in our GSNFR supply base, and identified a number of potential risk factors and priority categories. In 2017 we reviewed this assessment and we're now using the following broad criteria to identify high-risk GSNFR suppliers:
 - Sectors and suppliers with a high proportion of low-paid, unskilled labour - particularly temporary, migrant labour, or high use of agency labour
 - Sectors and suppliers where supply chains extend into high risk countries
 - Our high-spend and business critical suppliers

Based on these criteria, we've revised our list of priority categories to focus on: Co-op branded goods (eg carrier bags and uniforms), Construction, Electronics, Facilities management, Masonry, Repairer networks, Warehouse and distribution services, and labour providers.

- **Prior to contract award:** We've introduced an updated set of questions in all Request for Proposals (RFPs) which will flag relevant ethical and sustainability risk factors. In addition we ask tailored ethics questions (including on modern slavery) during tender activity for the highest risk product/service categories (eg uniforms, labour providers, cleaning). Our revised SPSP and SSC are issued with all GSNFR tenders. We also make sure our contracts continue to contain 'right to audit' clauses.
- **During the contracting phase:** In 2017 we extended the use of Sedex to our GSNFR suppliers. We started with a pilot in our Funeralcare business (see Box 3), following which we began rolling the programme out to existing suppliers. We've requested that 100 of our higher-risk suppliers from our prioritised categories fill in a self-assessment questionnaire (SAQ) on Sedex and link to us on the system.

From 2018, we'll be requesting a completed SAQ from all new contracted suppliers in high-risk categories with a total anticipated spend of over £100,000. We'll also be reviewing due diligence on sub-contracting and asking suppliers to make their practices clear (eg not subcontracting without our knowledge and using approved subcontractors only).

Box 3 Funeralcare's masonry supply chain

In 2017 we commissioned an independent study of our masonry supply chains, to increase transparency and help us to better manage risk.

As reported in our last Statement, we identified our masonry supply chains as one of our high-risk categories in terms of modern slavery. There are typically up to six tiers in masonry supply chains¹².

Our masonry supply chain includes:

- Two Co-op monumental masonry manufacturing/factory sites (Shieldhall and Efford) - both in the UK.
- 13 Tier 1 suppliers - all UK based.
- 21 Tier 2 suppliers that have recently been used by our T1 suppliers.

The majority of our masonry is granite, which is sourced from quarries in India and China. However, our supply chain also includes stone from quarries in Europe.

In 2017, as part of our enhanced due diligence processes, we asked our Tier 1 masonry suppliers to register on Sedex. By the end of 2017, 11 of our Tier 1 masonry suppliers were registered on Sedex, and four had completed an SAQ.

In 2018 we'll finish registration of all Tier 1 masonry service providers on Sedex, including SAQ completion. We'll be using the information from Sedex to help manage this risk.

¹¹ For high ethical or environmental risk contracts with total anticipated spend of over £100,000 over their lifetime.

¹² For example, engraving/finishing product, importing/exporting wholesalers, cutting and polishing, quarries, with a wholesaler typically between quarries and cutting.

(2) Training, capacity building and collaboration

Our suppliers and colleagues have a huge role to play in helping us make sure that slavery and human rights abuses don't take place in our business or our supply chains.

We also know that modern slavery will only be stopped if we all work together, to share what we know and combine our efforts. This is why we run a variety of training courses for colleagues and suppliers, and take part in collaborative projects across the food industry, business and NGO communities.

(i) Training with our suppliers and in our supply chains

Box 4

Co-op Food supplier training in 2017

27

supplier events in four countries

1,005

delegates reached

621

sites represented

over 7,017

hours of training and engagement delivered

95%

of Co-op Food top 35 own-brand suppliers said that we're very effective in working with them to improve working conditions in the supply chain compared to other customers (Co-op Food Ethical Trade Supplier Survey 2017).

In our food business

Through our Co-op Food ethical trade supplier engagement programme, we continue to provide a variety of bespoke and interactive training opportunities for suppliers on an ongoing basis, as well as providing access to tools and collaborative initiatives to help suppliers address the underlying causes of human rights issues, and to manage risks such as modern slavery beyond Tier 1 (see Boxes 4 and 5)¹³.

Highlights from 2017

- Holding our 5th Ethical Trade conference: over 150 delegates and eight interactive break-out sessions on topics such as responsible recruitment, addressing labour shortages and tackling modern slavery
- Launching our Ethical Trade Champions Awards, recognising five suppliers for their work in ethical trade
- Sharing supplier case studies to help spread good practice
- Launching our supplier ethical trade programme on the Co-op channel of Manufacture 2030¹⁴, so we can engage more suppliers, more often
- Holding a 2020 Horizon Scanning session with key strategic suppliers to help inform future strategy

Engaging with our wider non-food supply base

In 2017 we began engaging our non-food and GSNFR suppliers across a number of our business areas, to help build their capacity to identify and manage the risk of modern slavery and wider labour issues in their business and supply chains. This is a significant development in our work to address these issues, which we will be increasing from 2018. As well as hosting a GSNFR Stronger Together course (see Box 5), in 2017 we:

- Presented to over 350 of our construction suppliers at our Health and Safety conference, raising their awareness of the risks of modern slavery in the construction sector
- Have been developing training on ethical supply chain risks and management for suppliers and partners of our funeralcare business, with the aim of rolling this out in 2018
- Developed an approach with our higher-risk insurance suppliers to raise awareness of modern slavery, provide advice on the steps they can take to manage risks in their supply chains, and gain their support for our Bright Future programme (page 13).

¹³ Our supplier engagement programme includes running our strategic ethical trade forums with key suppliers; hosting regional ethical trade forums; and providing individual support for new suppliers in our protein, produce and non-food categories. See our 2016 Statement (pages 7-8) for details.

¹⁴ A collaborative tool to help drive sustainability in manufacturing (<http://manufacture2030.com>).

Box 5

Supplier capacity building on modern slavery

Modern slavery is a complex issue which can be hidden in plain sight, which is why we continue to put a lot of effort into raising awareness and understanding of the issue among our suppliers.

- The Co-op is a founder sponsor of UK stakeholder alliance Stronger Together, and all our suppliers are entitled to one free place on Stronger Together training sessions. 100% of key Co-op brand suppliers with sites in the UK (729 delegates from 252 sites) have attended a training session since 2013.
- An impact assessment of the Stronger Together programme carried out in 2017 told us that 96% of respondents agreed Stronger Together had increased their knowledge and understanding of modern slavery¹⁵.
- We hosted five Stronger Together training events at our Manchester Support Centre in 2017, including a one-day course for GSNFR suppliers. Approximately 20 of our high-risk GSNFR suppliers – including from facilities management companies, labour providers and insurance service providers – took part alongside key colleagues from Procurement and higher-risk business areas.
- Modern slavery is regularly discussed at our regional supplier forums; in 2017 we were supported by experts from Anti-Slavery West Midlands, the GLAA and Stronger Together. Training on responsible recruitment and the elimination of recruitment fees was also integrated into our Food Strategic Forum and annual Ethical Trade Conference.
- In 2017 colleagues from our Food Ethical Trade team also supported Stronger Together training in Spain, and the launch of Stronger Together in South Africa.



(ii) Training our colleagues

We focus our internal training on colleagues in key technical and supplier-facing roles, as well as those with responsibility for procurement and HR policies. In 2017, we focused on developing and delivering new training on modern slavery and ethical trade for non-food buying colleagues, while continuing with existing training for key technical and supplier-facing colleagues in Food.

- **For food colleagues:** We have a comprehensive internal training programme on ethical trade, and held seven sessions for 56 key commercial colleagues in 2017. We also developed and rolled out our new half-day Advanced Ethical Trade session to key colleagues who regularly visit and interact with suppliers, using an external training provider. A further 25 colleagues attended the Co-op Ethical Trade Conference.
- **For non-food procurement colleagues:** In 2017 over 350 colleagues from across the business who buy or manage goods and services – including those from our insurance, funerals and electricals businesses – attended a training session on our new Buying Goods and Services Policy (page 6). We also ran a more focused 'Introduction to Ethical Sourcing' training session for 40 procurement colleagues, and an 'Introduction to Sedex' session for GSNFR procurement colleagues and supplier managers. In 2018 we'll be rolling out the ethical sourcing training to supplier managers across the business as part of our Procurement Academy training programme.
- **For HR colleagues:** In 2017 we developed online training specifically for colleagues in our HR and Resourcing Services teams who give advice and guidance to line managers and who manage our recruitment process. The training is designed to raise awareness of modern slavery, including how to spot the signs and what to do if they have concerns. The training includes recordings of example calls based on the types of scenarios which might occur. Training began in December 2017 and will be rolled out to over 200 colleagues in 2018, as well as becoming part of the induction for new starters.

We also trained 15 HR Business Partners with management-level responsibility across over 3,000 food stores, on modern slavery and on how they can support Bright Future (page 13) as it expands.

Sharing experience/knowledge across our business: Our Practitioners Group

In 2017 we set up a new Ethical Trade and Human Rights (ET&HR) Practitioners Group to share our expertise on modern slavery and wider labour issues across the Co-op. The Group brings together colleagues from across our food, insurance, funerals and electricals businesses, along with those in key functions such as procurement, facilities and HR who are involved in ethical sourcing and increasing awareness of modern slavery. The group met quarterly in 2017 to share knowledge and expertise on risk assessment, training and managing issues.

¹⁵ <http://stronger2gether.org/resources/>

(iii) Collaborating with others

Tackling modern slavery requires more than just individual action, and we're committed to working collaboratively to help increase our effectiveness. We're a founder member of the [Ethical Trading Initiative \(ETI\)](#) and [Stronger Together](#), and continue to play an active part in these and other collaborative working groups¹⁶ to improve working conditions across the world (see our [2016 Statement](#), page 9).

Across the food sector

In 2017 we were particularly active in the following initiatives across the food sector:

- **FNET:** In 2017 we were involved in the development of the Food Network for Ethical Trade (FNET), which was set up to support suppliers (including those beyond Tier 1) on due diligence and to establish a common approach to managing ethical trade risks in global food supply chains. During its 12-month foundation phase, 22 food suppliers and six UK retailers are taking part in the collaborative network. The Co-op is on FNET's Governance Group.
- **Accommodation standards:** We supported the work to develop and launch an industry accommodation standard in the UK, designed to improve living accommodation for seasonal workers in the agricultural sector.
- **Tomato sector in Italy:** Since 2013 we've been working very closely with our main supplier of tomatoes, to help tackle issues of unregulated, informal labour provision and an influx of vulnerable migrant workers seeking work. An ETI working group was set up in 2017 to push for collaborative action in Italy to tackle this complex issue, and to reduce and eventually eliminate exploitative practice in the tomato and wider agricultural sector. The Co-op is co-leading the group's work with support from other ETI members.
- **Spain Ethical Trade Forum:** We played a key role in creating a local forum for Spanish suppliers to come together to share good practice, discuss challenges and improve working conditions in the agriculture sector. In 2017 eight meetings took place across three regions, with speakers from ETI, Stronger Together and the [International Organization of Migration](#).

Recognised by ETI as a 'Leader'

in all six [Principles of Implementation](#) with an overall score of 90%

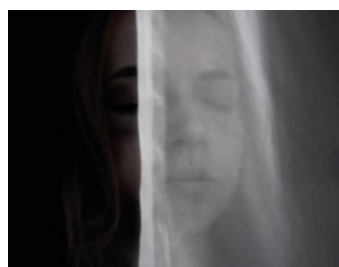
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Wider collaboration

In 2017 we started reaching out to other businesses to start sharing experiences and take part in collaborative initiatives as they relate to our own operations and non-food supply chains. These include:

- **Sedex GSNFR Working Group:** We're participating in a new GSNFR Working Group in collaboration with Sedex and four other major retailers. As a member of the 'Core' Steering Group¹⁷ we'll help develop a strategy to engage GSNFR suppliers in ethical trade (with an initial focus on labour providers), create new Sedex tools and guidance and share expertise.
- **Greater Manchester Modern Slavery Business Network:** In 2017, with the support of Greater Manchester's Programme Challenger¹⁸, we set up a network to bring together business in Greater Manchester and the region, to share best practice in addressing modern slavery, and identify challenges and opportunities for collaborating. We held the first meeting in January 2018 and will meet three times a year.

We also spoke at a number of major conferences, to share what we are doing to tackle modern slavery in our business and supply chains. These include the Responsible Business Summit Europe, where our CEO Steve Murrells took part in a panel discussion on modern slavery, as well as presentations by our Policy and Campaigns Director at the Global Modern Slavery and Supply Chain Summit, Wilberforce Freedom Summit, CIPS Annual Conference, and the Ethical Corporation Responsible Supply Chain Summit among others.



© 'Sara' 2017 / Snowdrop Project

¹⁶ Including: ETI programmes on vulnerable workers, worker dialogue in South Africa, and seafood in Thailand; the strawberry sector in Morocco; Stronger Together; the Sedex Stakeholder Forum; and ethical trade supplier forums in Spain and Egypt.

¹⁷ The Core Steering Group includes the Co-op, John Lewis/Waitrose, Kingfisher, Tesco and Selfridges, with the potential for five more companies to apply for membership.

¹⁸ Programme Challenger is Greater Manchester's partnership approach to tackling serious organised crime in all its forms, including modern slavery (www.programmechallenger.co.uk).

(3) Going the extra mile: Campaigning on modern slavery

We've been clear about what we're doing to help prevent modern slavery taking place in our own operations and supply chains. And as a responsible business, this is what you'd expect us to be doing. However, we never lose sight of those affected by modern slavery – the vulnerable and desperate people who fall victim to the criminals exploiting them for their own gain.

This is why the third element of our approach is campaigning and advocacy for support for victims of modern slavery. This is something our members and colleagues also feel very strongly about – voting overwhelmingly in support of a motion at our AGM in May 2017 committing us to campaign for victims of Modern Slavery¹⁹.

Our campaign involves

- (i) Giving victims of modern slavery paid work placements through Bright Future
- (ii) Advocacy and lobbying for better support for victims
- (iii) Raising awareness of modern slavery among colleagues, members and others

Box 6 Bright Future in 2017

7 charity partners
(four more coming onboard)

15 placements
(19 more planned)

12 businesses
actively engaged

(i) Bright Future

In March 2017 we launched Bright Future, which offers the chance of a paid work placement and a job in our food business to those who've been rescued from modern slavery.

We made huge strides in rolling out Bright Future in 2017 (see Box 6), including:

- **Developing new charity partnerships:** Having founded our initial partnership with the charity City Hearts, in 2017 we set up partnerships with six more charities who are experienced in supporting survivors of modern slavery: the Snowdrop Project, Sophie Hayes Foundation, Kalayaan, Hope for Justice, the Medaille Trust and The Jericho Foundation – all of which led to Bright Future placements. We started discussions with a further four charities (Olallo House, Bakhita House, Migrant Help and Black Country Women's Aid) which we expect to lead to further placements in 2018.
- **Creating new work placements:** In March 2017 we set an ambition to create 30 new work placements in the programme's first year of operation. By the end of 2017 we had created 14 placements within the Co-op Group²⁰ and set up a further placement in a Central England Co-operative food store through our partnership with The Jericho Foundation. A further 19 placements are under discussion, including in our insurance business, which we expect to start in early 2018.
- **Supporting other businesses to take part in Bright Future:** We know that to make a real difference we need others to join us. Throughout 2017 we told as many people as we could about Bright Future, and encouraged them to take part. We've been delighted by the response. By the end of 2017, 12 businesses were engaged and planning to provide their own placements in early 2018. These include four of our own food suppliers, several independent Co-op societies²¹ and other retailers and businesses.

In November 2017 we held a workshop for nine businesses about the practicalities of rolling out Bright Future – including safeguarding for both the candidates on placements and colleagues supporting them.

¹⁹ We also held a fringe meeting at the AGM, where members heard from Independent Anti-Slavery Commissioner Kevin Hyland, Major Anne Read of the Salvation Army, and Lara Bundock, CEO of the Snowdrop Project.

²⁰ Of these, seven were supported by City Hearts, two by the Snowdrop Project, one by Sophie Hayes Foundation, one by Kalayaan, two by Medaille Trust, and one by Hope for Justice.

²¹ Central England Co-operative, Mid-Counties Co-operative and East of England Co-operative.

Assessing our progress – an independent view

We recognise that there's always room for improvement. Which is why in October 2017 we commissioned the University of Liverpool to carry out an independent interim review²² of Bright Future, to help us understand what's working well, what we could do better, and opportunities for the future of the programme.



Steve Murrells and speakers at the Co-op AGM 2017 Fringe meeting on Modern Slavery

We published the review in November at an event in Manchester hosted by our CEO Steve Murrells, and shared it widely with the people and organisations who are tackling modern slavery in the UK²³.

Overall, the findings of the review were very positive. More importantly it gave us valuable insights to help ensure the longer-term success of the programme and help us build the evidence base for better government support for victims. We'll be commissioning another evaluation in late 2018 which will focus on the impact the programme is having.

Next steps on Bright Future include extending our partnership with City Hearts and supporting them to set up a National Matching System for businesses and charities, and recruiting more businesses to offer placements to victims.



"In our view the Co-op's Bright Future programme constitutes an extremely valuable initiative that can point to success, providing the foundations to grow. It puts the Co-op at the forefront of business efforts to address modern slavery in the UK. The report highlights the importance of continued commitment from the Co-op from the highest level to sustain the programme and ensure its success moving forward."

University of Liverpool



"Business can also support the victims of modern slavery. The Co-op Group and the charity City Hearts have launched the Bright Future programme, which offers survivors paid work placements, with the possibility of full-time employment at the end. Opportunities like this can help victims rebuild their lives, reintegrate them into society and reduce the risk of their being re-trafficked."

Home Secretary Amber Rudd²⁷

(ii) Advocacy and lobbying for better support for victims

Bright Future will only ever be one part of the solution for victims of modern slavery. There are many people who, because of their emotional or personal situation, are not ready or legally entitled to work. Those individuals are being left to fend for themselves once their 45 days of statutory support ends, at which point they are at risk of homelessness, poverty and re-trafficking²⁴.

We're working to help change this situation, through advocating for a longer period of support for victims. In 2017 we engaged with parliament on this issue including:

- Supporting Lord McColl's Private Members' Bill on enhanced support for Victims of Modern Slavery²⁵
- Taking part in the Advisory Group set up by Baroness Lola Young on her Private Members' Bill on Transparency in Supply Chains
- Taking part in the Business Against Slavery Forum at the invitation of the Home Secretary, Rt Hon Amber Rudd MP²⁶
- Submitting evidence to the Work and Pensions Committee inquiry into Support for Victims of Modern Slavery and evidence to the Joint Committee on Human Rights inquiry into Human Rights and Business

We also engaged with a number of influential groups and individuals, including the All-Party Parliamentary Group on Human Trafficking and Modern Slavery, Scottish Government Implementation Group on Human Trafficking and Exploitation, Scottish Government Stakeholder Forum, the Office of the Anti-Slavery Commissioner, Anti-Slavery International, Human Trafficking Foundation, The Salvation Army and Unseen.

²² The Co-op's Bright Future programme: An independent Interim Review, by Dr Alex Balch (University of Liverpool), Professor Gary Craig (Wilberforce Institute, University of Hull), Ms Kate Roberts (Human Trafficking Foundation), Ms Alexandra Williams-Woods (University of Liverpool), October 2017.

²³ <https://blog.coop.co.uk/2017/11/08/the-university-of-liverpool-marks-our-work-to-help-the-victims-of-modern-slavery/>

²⁴ House of Commons Work and Pensions Committee, 'Victims of modern slavery: Twelfth Report of Session 2016-17', HC 803, 30 April 2017; C. Beddoe, L. Bundock and T. Jardan, 'Life Beyond the Safe House for Survivors of Modern Slavery in London: Gaps and Options', Review Report, Human Trafficking Foundation, 2015.

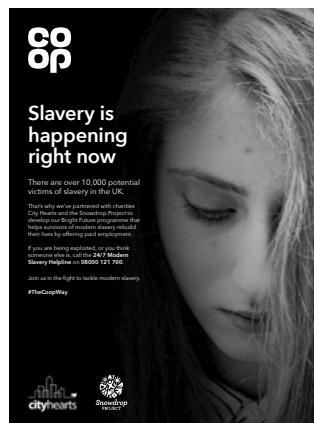
²⁵ Lord McColl wrote a Co-op 'blog to mark the second reading of his Bill (blog.coop.co.uk/2017/09/08/why-we-need-to-give-modern-slavery-victims-more-support/), and the Co-op and Bright Future received positive mentions in the debate on 8 September 2017.

²⁶ Co-op Group CEO Steve Murrells was invited to join the Forum for CEOs, and Co-op Director of Policy and Campaigns is a member of the Working Group.

²⁷ 'Only by working together can we eradicate modern slavery', Evening Standard, 10 October 2017 (<https://www.standard.co.uk/news/modern-slavery/amber-rudd-only-by-working-together-can-we-eradicate-modern-slavery-a3654916.html>).

18%

of people don't know what modern slavery is



Raising awareness of modern slavery through our advert (placed in national newspapers on Anti-Slavery Day)

(iii) Raising awareness of modern slavery

Although the issue of modern slavery has been getting more attention in government, business and the media, we know that the general public has little awareness of it. According to our research in 2017, 18% of people didn't know what Modern Slavery is²⁸. Until this changes, modern slavery will remain 'hidden in plain sight' – which is why our campaign also includes awareness-raising activities.

We're focusing first on our colleagues and members, as that's where we can have most impact. But we're also exploring opportunities to engage our customers and wider society.

In 2017 we:

- Held awareness raising activities on Anti-Slavery Day in October for colleagues in our Support Centre in Manchester. Stop the Traffik and the Greater Manchester Police hosted a stand in our atrium, and gave advice on how to 'spot and stop' modern slavery
- Included sessions on modern slavery at our Co-op 'Shape Your Community' events²⁹
- Ran a high-profile social media campaign on Anti-Slavery Day which reached almost 1 million people
- Emailed over 1.5 million Co-op members on Anti-Slavery Day, to raise awareness of modern slavery and what to do if they suspect it
- Placed adverts in national newspapers³⁰, promoting the UK 24 hour Modern Slavery Helpline and guidance on how to 'Spot it and Stop it' to mark Anti-Slavery Day
- Participated in the expert roundtable convened by the London Evening Standard and chaired by Cardinal Vincent Nichols. The roundtable's final report containing recommendations for governments and business was published in February 2018³¹.

We plan to increase our colleague, member and public awareness-raising activities in 2018. And we will be carrying out further research on awareness levels.



"We need more companies to respond to modern slavery like the Co-op"
Kevin Hyland, Independent Anti-Slavery Commissioner

Recognition of our work

Bright Future and our modern slavery campaigning have been recognised by the Government, the Independent Anti-Slavery Commissioner, and key organisations working on modern slavery³².

We're particularly proud of being the first British business to be awarded the Thomson Reuters Stop Slavery Award for excellence in supplier engagement/capacity building and Bright Future.



The Thomson Reuters Stop Slavery Award

²⁸ Research conducted for the Co-op by One Poll, questioning 2,012 UK adults between 25-29 August 2017.

²⁹ Our Bright Future partners Snowdrop, City Hearts and Salvation Army provided speakers for events in York, Blackpool, Manchester and London (<https://www.co-operative.coop/shape-your-community>).

³⁰ The Express, The Sun and The Daily Mail.

³¹ <https://www.standard.co.uk/news/modern-slavery/business-giants-join-the-evening-standard-s-modern-slavery-campaign-a3669566.html>

³² Eg the Home Secretary Amber Rudd (in the London Evening Standard); the Independent Anti-Slavery Commissioner (the IASC's Second Annual Report; in the Backbench Business Debate on Modern Slavery).

Tracking our progress

How we did in 2017

We set ourselves some challenging targets last year to help drive our efforts to prevent modern slavery taking place in our business and supply chains, and to help provide better support for victims.

Overall we have achieved or are on track with 22 of the 24 targets we set in four areas (due diligence, training, campaigning and measuring performance). Specifically, we achieved or are track with all but one of our seven targets on due diligence, with our work to embed new forced labour indicators now extending into in 2018. We've fulfilled all ten of our commitments on training and capacity building with suppliers and colleagues. We set ambitious targets for the first year of our campaign and are proud of our progress, despite being slightly behind schedule with our aim of helping our suppliers to host Bright Future placements. And as promised, we're meeting our three targets to monitor our progress, and have provided updates throughout this Statement.

For completeness and transparency we've set out our progress in an [online table](#), which shows exactly how we've done against each of the targets we set.

Plans for 2018 and beyond

We'll be building on the activities and progress we've made over the past year, including challenging ourselves to enhance our due diligence processes; training and raising awareness of colleagues in key roles; and scaling up Bright Future with the launch of our new National Matching System. Specific targets for 2018 and beyond are set out on the next page.

This statement was approved by the Board of the Co-op³³



Steve Murrells
CEO, Co-op Group April 2018

³³ This includes the Boards of Co-operative Group Limited, Co-operative Group Food Limited, Funeral Services Limited, Co-operatives E-Store Limited, Co-operative Legal Services Limited and CIS General Insurance Limited.

Targets for 2018 and beyond

1. Managing the risk of modern slavery

(a) In our food business

We will continue to drive innovation in due diligence and supply chain transparency, and to mitigate human rights risks and tackle the root causes of modern slavery. In 2018 we will:

- Share details of our food own-brand Tier 1 production sites, and our plans to mitigate the most significant human rights risks in our supply chain, to provide greater transparency on our activities to address modern slavery
- Carry out ten pilots to integrate worker voice technology and participatory techniques into due diligence processes in three of our sourcing countries, to improve our effectiveness in identifying hidden issues such as modern slavery
- Support the roll out of labour provider certification in the UK, and embed responsible recruitment training in our supplier engagement activities, as part of our long-term commitment to promote responsible recruitment and eliminate recruitment fees in supply chains to address root causes of modern slavery
- Roll out the Stronger Together Tackling Modern Slavery Programme Progress Reporting Tool to our key suppliers, to enable them to measure and report their progress in developing robust systems to prevent, identify and combat modern slavery

Outstanding from 2017: We will complete our work to embed the new Sedex forced labour indicators into reporting and risk assessment processes for own-brand suppliers.

(b) In our other operations

We will embed our new GSNFR Ethical Sourcing Strategy in procurement and supplier management. In 2018 we will:

- Include ethics and modern slavery in governance meetings with our key, high-risk GSNFR suppliers to help manage risks, drive improvements where needed and identify examples of good practice
- Request all new high-risk GSNFR suppliers - including in our insurance business - to register on Sedex and complete a self-assessment questionnaire (SAQ) to improve our understanding of our supply chain and help identify risks
- Ensure all our Funeralcare Tier 1 masonry service providers are registered on Sedex and complete an SAQ
- Ensure 30% (by spend) of third-party brand suppliers to our electricals business are registered on Sedex

Outstanding from 2017: We will also complete our work to embed modern slavery in our revised Eligibility to Work Policy, and to review the way we use our SPSP in due diligence.

2. Training, capacity building and collaboration

We will embed ethical trade further through our colleague and global supplier training programmes in our food business and across our operations. In 2018 we will:

(a) In our food business

- Reach over 1,000 people through 20 global supplier events, to build capacity and share best practice
- Develop and roll-out awareness-raising communications to around 50,000 colleagues in food stores and depots to help them recognise the signs of modern slavery and know how to report any concerns

(b) In our procurement, HR and other operations:

- Deliver our 'Introduction to ethical sourcing training' to supplier managers across our businesses (including Funeralcare and Insurance), to increase their capability to confidently engage with suppliers on ethical issues
- Develop and deliver training to procurement and supplier managers on using information provided through Sedex to better manage risks of labour abuses and modern slavery in our business and supply chains
- Complete training of key HR colleagues to identify, report and manage potential modern slavery cases in our own business [outstanding from 2017], and include in team inductions from 2018

3. Campaigning on modern slavery

We will continue to scale-up and assess the impact of Bright Future (building on the findings of the interim independent review), and help more victims of modern slavery to move into paid work. In 2018 we will:

- Support City Hearts to build and launch a National Matching System to link charities and employers, and create new and varied Bright Future placements for victims throughout the UK
- Recruit 20 Bright Future business partners and 20 referring partners to the National Matching System
- Create 85 paid work placements for victims of modern slavery through the National Matching System, of which 45 will be provided within the Co-op
- Commission a second independent evaluation of Bright Future to help provide insight into the impact the programme is having on victims and other stakeholders, build an evidence base for better government support for victims, and inform our strategy for Bright Future to become independent of the Co-op by 2020
- Explore the use of pre-employment skills training for victims, including working with the Sophie Hayes Foundation Day 46 programme, to help understand how to provide better support for victims to move into the workplace

