



Performance against our 2016 ethics and sustainability targets

Co-op Way reporting 2016

Performance against 2016 targets

Business ethics and behaviour

2016 target

Performance against 2016 targets

Maintain our Fair Tax Mark through an annual reaccreditation process

Achieved

We maintained our Fair Tax Mark in 2016.

Continue to screen investment opportunities against our Ethical Policy in Co-op Insurance

Achieved

In 2016, 11 fixed-income opportunities were screened. Read more [here](#).

Community

2016 target

Performance against 2016 targets

Launch our Membership Scheme, including a donation of 1% of the value of Co-op brand products or services bought by members to local causes

Achieved

In 2016 we launched our Membership Scheme. This means we don't just reward our members - we also reward their local communities. We give back 1% of members' spend on Co-op brand products and services to local causes and projects - our members can choose the local cause they want to support.

By the end of 2016, £2.8m had been accrued to be distributed to local community causes in April 2017 via the [Local Community Fund](#).

Invest money from our entire carrier bag range in UK-wide community projects, above and beyond investment made in community projects through the carrier bag levy

Achieved

We accrued approximately £7m from the proceeds of the carrier bag levy and the profits we make on our Co-op reusable bag range in 2016, to be distributed to local causes in 2017 via the [Local Community Fund](#).

Extend our Community Pioneers programme to 1,100 stores and local communities during 2016

Achieved

Our Community Pioneers are colleagues allocated time and budget to engage in their communities, with members and local networks. We had 1,143 Community Pioneers in our food stores in 2016, who raised £190,000 for good causes.

Appoint Trustees to the Co-operative Foundation in line with agreed new board structure. Conduct stakeholder consultation, develop three-year strategic plan and launch new programmes

Achieved

In 2016 the Co-operative Foundation recruited a new Board of Trustees, who agreed a new mission and three-year strategy. The Foundation engaged stakeholders to develop a new strategy, launched pilot projects focused on youth loneliness and continued to provide volunteering opportunities for Co-op colleagues.

Continue to raise money through sales of Fairbourne Springs bottled water to raise vital funds for global poverty charities

Achieved

For every litre we sell of our Fairbourne Springs water, 3p is donated to the One Foundation for clean water, sanitation and hygiene projects in Africa. 2016 marked 10 years of our partnership, and over the past decade we've raised £7m and benefited 1.5 million people.

Transfer our business archive into the National Co-op Archive in Holyoake House, Manchester

Close to target

We extended funding to enable Co-op business archive materials to be transferred, and extra archivists have been appointed to help complete the integration by the end of March 2017.

Provide support to Co-op News to become more financially self-sufficient by providing an improved digital service to its readers

Achieved

We provided financial support for Co-op News to extend their digital service, resulting in a reduction in the number of print copies and an extension of Co-op News' digital availability.

Continue our sponsorship of the academies programme via the Co-operative Academies Trust, to support its target to grow to 14 academies by 2018

On track

We gave £110,000 to the [Co-operative Academies Trust](#) in 2016 as we continued our sponsorship of the Trust.

We will continue our sponsorship of the academies via the Trust, which will focus on increasing its presence in the north of England and selecting schools on the basis of a firm commitment to co-operation.

Ethical trade and human rights

2016 target

Performance against 2016 targets

By the end of 2017, ensure all key suppliers in focus countries have participated in supplier engagement activities, and encourage the establishment of local forums promoting strong human rights systems and colleague engagement

We will deliver 20 events reaching 800 delegates, across six countries in 2016

Achieved

We delivered 23 events in 2016, reaching 908 delegates. Working in four countries rather than six was a strategic decision based on risk priorities. We also carried out one-to-one work with suppliers in China and took part in collaborative work in Morocco with Oxfam.

Continue to champion human rights in our supply chains through our Human Rights and Trade Policy, which sets out the conditions under which we will, as a last resort, curtail trade with a particular state or settlement

Achieved

We continued to implement our Human Rights and Trade Policy.

Carry out a review of our Sustainable Procurement and Supplier Policy (SPSP) and its role in helping us meet our commitments on ethical procurement

On track

We carried out a high-level review of the SPSP in 2016, alongside the development of our new approach for ethical and human rights due diligence in our base of suppliers who provide us with goods and services for our use (ie not for resale).

Fairtrade

Remain the UK's largest convenience supporter of Fairtrade

Achieved

Our Fairtrade market share among UK convenience stores was 78%¹.

Extend commitments on the Fairtrade Foundation's focus commodity areas. In 2016 investigate how we can support cocoa farmers beyond our chocolate category; and extend our commitment in horticulture beyond roses and into other varieties

On track

Following investigation, we are actively increasing our Fairtrade cocoa volumes. In 2016 we moved all Co-op brand Easter eggs to Fairtrade, followed by a large proportion of our Christmas lines. We're continuing to investigate extending commitments beyond bouquets of roses and single stems.

Continue our Beyond Fairtrade programme through the implementation of two new projects with our wine producers and the creation of two additional community support projects funded by donations through [Growing Stories](#), completing our £25,000 share fund by November 2016

Achieved

We launched new projects with our wine producers in South Africa and Argentina.

Growing Stories reached 10.2 million people and achieved 25,000 customer 'shares' well ahead of target. Building on this success, we doubled the funding for projects to £50,000. One project in Colombia has now been planned.

Continue to promote Fairtrade and Fairtrade products, and promote Growing Stories in store until the campaign ends in November 2016

Achieved

We promoted Fairtrade and Fairtrade products through strong in-store activity across all media channels during Fairtrade Fortnight, including producer story messages. We also used digital channels, our food magazine and Membership channels, as well as our national autumn TV campaign. Additionally, Growing Stories increased its reach to 10.2 million people.

¹ Kantar, data based on 52 weeks ending 1 January 2017.

Healthy living

2016 target

Performance against 2016 targets

Ensure that Co-op brand healthier range products are no more expensive than standard equivalent lines	Achieved 100% of our 'low fat' and 'reduced' ranges are no more expensive than their standard equivalent lines.
Continue to target salt, saturated fat and sugar reductions in key products, while maintaining food safety and product quality. Focus will include drinks, breakfast cereals, flavoured milks and sauces	Achieved We continue to reduce the amount of salt, sugar and fat across key categories. Read more here .
Ensure at least 30% of Co-op brand food products that carry traffic light labelling are healthy	Achieved 44% of Co-op brand food and drink products that carry traffic light labelling were healthy.
A minimum of 30% of food promotions will be for healthier offerings	Achieved 38% of such promotions were for healthier offerings.
Launch a campaign to make a long-lasting difference on the issue of loneliness	Achieved We launched our campaign to tackle loneliness, in partnership with the British Red Cross. Read more here .
Raise £3.5m by January 2017 to support those experiencing loneliness	Achieved We raised £5m by the end of 2016, since the launch of our campaign. Read more here .

Food and farming

2016 target

Performance against 2016 targets

Assess ourselves against external animal welfare benchmarks	Achieved We achieved a Tier 2 rating in the Business Benchmark on Farm Animal Welfare (BBFAW) in 2016 - that's the third year running. BBFAW classes businesses that reach Tier 2 as having 'farm animal welfare as an integral part of business strategy', which reflects the importance we place on animal welfare.
Invest a total of £1.5bn to source Co-op brand British meat, produce and dairy products from the UK between 2015 and 2018	Achieved Since 2015, we've invested £1.6bn in sourcing Co-op brand British meat, produce and dairy products, surpassing our target to reach '£1.5bn by the end of 2018' two years early. This has been a significant undertaking and one which reflects our commitment to British farming. We'll continue to explore ways of supporting British farming with financial and other kinds of support.
Extend the British lamb season and stock three lamb lines that are exclusively British all year round	Achieved We extended our 'British lamb season' by six weeks, and we stocked three exclusively British lines in stores all year. These were lamb breast, lamb neck and stewing mince.
Launch new Farming Groups to cover eggs, turkey and standard beef and lamb	Achieved We built on the success of our existing Farming Groups by successfully launching three new groups in 2016. The addition of Standard Beef and Lamb, Eggs and Turkey groups helps us to build on the relationships we already have in place in our supply chain.
Report input, outcome and quality and consistency measures relating to animal welfare from all farms in our Farming Groups on an annual basis	Achieved All farms in our Farming Groups supply monthly input and outcome health and welfare data to our database. We report on animal welfare performance against these key performance indicators here .
Continue to take a lead on the issue of animal testing of cosmetic and household products	Achieved No Co-op brand toiletry or household products (or their ingredients) are tested on animals.

Environment and resource use

2016 target

Climate change

Performance against 2016 targets

Reduce direct GHG emissions from operations by 50% by 2020, compared with 2006

On track

As of 2016 we have reduced our direct GHG emissions from operations by 46%, compared with 2006.

Having completed the construction of our business support centre that sets new standards in sustainable design and construction, we will review the data to assess whether it remains appropriate to work towards a BREEAM 'Outstanding' rating 'In-Use'

On track

The two-year data collection period for this assessment started in November 2015 and runs through to November 2017. We are currently assessing our performance in this building but the earliest we can carry out a full 'In-Use' assessment will be in 2018.

Generate the equivalent of 25% of our electricity needs from renewable sources by 2017

Target no longer applicable

In 2016 we generated the equivalent of 14.5% of our electricity needs from our own renewable sources. During 2016 we completed construction of our new wind farm in East Riding, Yorkshire, adding 28.7 MW generation capacity which will produce 85,000 MWh/year. In line with our pre-agreed financing arrangements, the wind farm was sold at the end of 2016, after construction was completed.

Prior to the sale of Twin Rivers Wind Farm, the generation capacity of our renewable energy assets would have exceeded its capacity target of 25% generation from our own renewable resources. However, since the wind farm has been sold, this target is no longer applicable.

Continue to source carbon offsets from a portfolio including international co-operative projects

Achieved

We continued to source a proportion of our carbon offset credits from *Aqua Clara*, a co-operative project distributing water filters in our Fairtrade supply chain.

Waste

Having rolled out waste backhauling across nearly 2,800 food stores, we will strive to achieve zero waste to landfill and continue to drive up recycling levels and reduce overall waste

Not achieved

We reduced the amount of waste we sent to landfill in 2016 (3,965 tonnes in 2016 compared to 5,564 in 2015). Overall, the amount of waste we produce has decreased by 34% since 2006 but increased by 8% compared to last year. We believe this might be due partly to increased sales and a focus on availability of fresh produce in our food business. For 2017, a dedicated waste working group has been set up to manage this issue, and we're also working to ensure that safe, edible surpluses go to feed people.

Redistribute 500 tonnes of surplus fresh food from depots via FareShare and other charities

Achieved

In 2016 our Co-op provided 494 tonnes of surplus products to FareShare, and 18 tonnes to The Real Junk Food Project.

Work with suppliers to increase the recyclability of our packaging

On track

One of our key priorities is to improve the recyclability of our product packaging. We've started by moving to a new, more relevant and stretching target. We previously looked at how much of our packaging was recyclable by weight. This meant that glass packaging contributed more to our performance than lighter, plastic packaging (2015: 81% widely recycled by weight). We now measure by product line, which means, for example, that a glass bottle and a plastic tray are seen equally. This reflects the concerns of customers and gives us a clearer view of where we need to focus our efforts. We've assessed that we have 46% of Co-op brand products by line in packaging material that is easy to recycle. We define 'easy to recycle' as being labelled 'widely recycled', 'recycle with carrier bags in larger stores' or for beverage containers, 'widely recycled at collection point, check locally for kerbside'. See www.oprl.org.uk

Resource use

2016 target

Performance against 2016 targets

Maintain our position as one of the UK's most responsible retailers of fish, and increase the number of MSC-label products we sell

Achieved

We apply a risk assessment process to all our fish products, which ensures we continue to source as responsibly as possible. We've also increased our number of MSC-certified products from 28 in 2015 to 40 in 2016.

Aim to be the UK's leading retailer on forest protection and maintain our leading work on wood and paper products

Achieved

We continue to hold the position of Graduate of the WWF UK Forest and Trade Network and are on track to retain a '[Three Trees](#)' assessment.

Ensure palm oil used in all Co-op brand products comes from a sustainable, segregated CSPO source by 2020 by reducing reliance on GreenPalm

On track

We made progress towards our target of 100% segregated palm oil by 2020. In 2016, we combined data on our non-food and food products for the first time in our palm oil reporting. We continue to work with our suppliers on the journey, firstly to Mass Balance, and then Segregated palm oil, in our products. In 2016 GreenPalm certification began transitioning into RSPO certification, and we therefore used a combination of both.

Develop our Responsible Soy roadmap, which will aim to align with our work on other areas of concern for deforestation such as wood, paper and palm oil

On track

We continued the process of mapping our soy footprint, showing that the biggest impact is in animal feed. For the first time, we bought a number of credits to support smallholder farmers who are producing soy responsibly according to RTRS standards, covering just under 10% of our soy footprint.

Buy RTRS credits to cover some of the soya within our animal feed

Increase the number of residue tests conducted in 2016 to over 400

Close to target

We carried out 396 tests in 2016 - bringing us close to our target of 400.

Reduce water consumption across our operations by 30% by 2016, based on 2010

Not achieved

Our water consumption has reduced by 19% per site on average compared to 2010, and has varied considerably year-on-year since this baseline. This is in part due to the limited metered water data available for all sites across our estate, meaning we have had to estimate consumption for many sites.

Colleague wellbeing

2016 target

Performance against 2016 targets

Complete the delivery of a new Target Operating Model across our Co-op

Achieved

Though the delivery of a Target Operating Model is a rolling programme and continues in our business, in 2016 we completed the formal programme to deliver this. In the course of 2016 its delivery became part of our normal business operating plans.

Monitor whether colleagues feel they are treated with respect by their leaders, managers and fellow colleagues, and aim to improve on the scores achieved in 2015, particularly in 'respect by leaders'

Target not tracked

In 2016 there were 10 questions in our engagement survey which measured colleagues' perceptions of their manager. These were not the same questions as those asked in 2015 and therefore we're unable to compare these, to measure improvement. However, in 2016, 77% of colleagues answered the question "My manager role models the Ways of Being Co-op" positively, and 80% of colleagues believe their manager "treats people fairly".

Continue to refresh the emotional connection between colleagues and our Co-op, empowering colleagues to bring our Co-op difference to life every day. We'll measure progress through our colleague survey, Talkback

Achieved

For those colleagues who attended a Back to Being Co-op event, the engagement index was even better (80%) than our average (78%). These colleagues also felt more aligned to our purpose and strategy (90%), and better equipped to have a conversation with customers about why they should be a member of our Co-op (90%).

Colleague wellbeing (continued)

2016 target

Invest in the development of 5,000 leaders through a programme which will equip them to inspire, support and release the potential of every colleague in a way that is true to Being Co-op

Performance against 2016 targets

Achieved

5,000 leaders attended 116 sessions across the UK. 86% felt that the events were a valuable use of their time; 89% felt it was an enjoyable experience; and 95% of leaders felt clear about what being a good Co-op leader means in terms of skills and behaviours.

Continue to improve our reward proposition to help attract, retain and engage colleagues

Achieved

In 2016 we continued to implement the second part of our two-year plan to increase our pay offer for Food Retail colleagues (initiated in 2015). We also implemented changes to the way we pay our food store management teams to help ensure our approach is fair, consistent and market aligned. Both of these change projects were implemented following negotiations and agreement from USDAW.

Our stakeholders

2016 target

We will recruit 1 million new members between 2016 and 2021

Performance against 2016 targets

Target replaced

526,741 new members joined us in 2016. We've replaced this target with a more ambitious one, to recruit 1 million new members by the end of 2017.

Launch our Membership Scheme in autumn 2016, including rewards for members and rewards for their communities, based on member purchases of Co-op brand products; and a focus on 'member voice'

Achieved

We launched our Membership Scheme in September 2016, rewarding members with 5% for themselves and 1% for their local communities when they buy Co-op brand products and services. Read more [here](#).

We will double sales to members across our family of businesses by 2021

Target replaced

In 2016 we replaced this with a target to increase the percentage of sales coming from members to 50% (from 20%) by the end of 2018. At the end of 2016, 28% of our sales came from our members. This figure is based on sales from our food business from September to December 2016.

The Members' Council will work with Co-operatives UK to develop a set of measures to fulfil the Council role of 'holding the Board to account'. The Council will agree effective key performance indicators with the Board to demonstrate that these measures are being delivered

Achieved

In 2016 the Members' Council worked with the Board and Co-operatives UK to develop the Co-op Compass, a set of measures to support the Council in its role in holding the Board to account. Read more [here](#).

Increase the number of female nominees standing for the Members' Council and proportion of female Members elected to the Member Council in 2016

Close to target

Work was undertaken to review the election campaign and materials to increase female representation in the Members' Council. While the proportion of women standing did not increase in 2016 versus 2015, the majority of female members who stood for election were elected. 39% of the Members' Council elected in 2016 was female (2015: 35%).

Complete evaluation of Community Pilots and formulate next steps

Achieved

Evaluation of Community Pilots was completed in 2016, which has informed our new Community approach. Read more [here](#).

The Co-op Young Members' Board will continue work to deliver its Manifesto and publish an annual report in 2017, detailing progress against each pledge

Achieved

Our Co-op Young Members' Board continued to encourage young members to be actively involved in our business. Read more [here](#).

Achieve a customer satisfaction score of 7.7 out of 10 for Co-op Food

Close to target

Our food business achieved a score of 7.6, an increase from 7.4 in 2015, but just below the target of 7.7.

Maintain a Funeral Excellence Score (FES) of at least 91.5

Achieved

Our funeral business achieved a FES of 95.2.

Reporting approach

2016 target

Carry out a review of our policies and their implementation across our material sustainability and ethical issues (as identified by the prioritisation exercise we conducted in early 2016). Overseen by the Co-op Way Policy Committee, agree a programme of work to further embed each of these in a consistent way across the business

Continue to set new standards for openness and honesty globally

Performance

On track

Overseen by the Co-op Way Policy Committee, we carried out a review of our sustainability priorities in 2016, and this work continues into 2017.

On track

We continue to set standards for openness and honesty not just through our reporting, but also through our business activity where we seek to uphold these standards. We recognise that, as part of our approach to openness and honesty, we need to set clear, measurable targets, which is why for 2017 we're focusing on fewer, but more strategic targets than we have in recent years.