



The Co-op's Sound Sourcing Code of Conduct

Foreword

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

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

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

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Steve Murrells'.

Steve Murrells
CEO, Co-op Group

Sound Sourcing Standards – The ETI Base Code

1. Employment is freely chosen

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

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

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

3. Working conditions are safe and hygienic

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

4. Child labour shall not be used

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

5. Living wages are paid

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. Working hours are not excessive

6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.*

6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

6.4 The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.

6.5 Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

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

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

7. No discrimination is practised

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

8. Regular employment is provided

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

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

9. No harsh or inhumane treatment is allowed

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

Notes and definitions

Legal requirements

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

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

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

Any communication in respect of this Code of Conduct or any Co-operative Group Limited Code will be treated in the strictest of confidence.

Definitions

Child

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

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

Child Labour

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

Code of Conduct

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

Forced Labour

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

Supplier

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

Young Person

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