



# Co-operate: It's what we do

## Our Sustainability Report 2020

**co  
op**  
It's what we do

# Co-operate: It's what we do

It's important to our members that their business is run in an ethical and sustainable manner. This is the 15th year that we're providing members with a comprehensive report on our ethics and sustainability performance to help them understand how we're doing on the issues that matter to them.

Our Report is in two parts: a summary of our priorities and progress at the front, and performance data tables at the back of the Report.



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## Fairer for our Planet

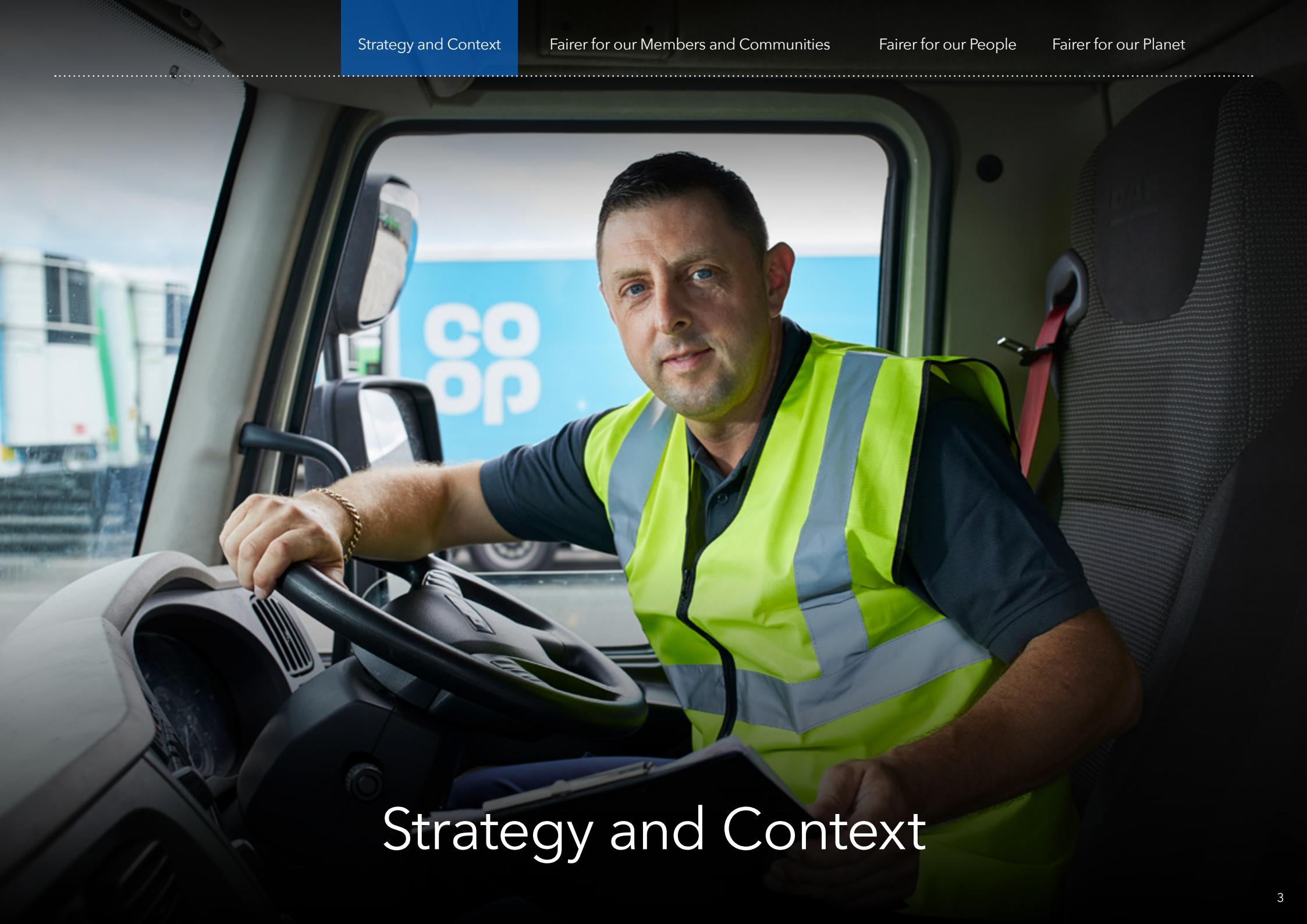
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# Strategy and Context

# About us

The Co-op Group is the UK's largest consumer co-operative, with 4.34 million active members and a presence in every postal area in the country.

We're a major food retailer and wholesaler; we're the largest funerals provider in the UK; we are a major provider of consumer legal services, most particularly probate and wills, and a major provider of life planning and insurance products. In 2020 we announced plans to grow our business-to-business Co-op Power operation.

Our businesses are all UK-based and our main support centre is in Manchester.

Since our Co-op was founded in 1844, we have had a clear social purpose that has grown and spread through the wider co-operative movement.

We exist to create value for our members and the communities in which we trade and can only achieve this by running a successful business.

How we run our business is important to us. We set ourselves high standards for responsible retailing and service. We have a responsibility to be a campaigning business, speaking out on the issues that matter to our members.

By offering great products and services we grow our customers and our membership and the positive Co-op impact and value we can bring to wider society.

Our Vision is "**Co-operating for a Fairer World.**"

Our purpose is **championing a better way of doing business for you and your community** by offering a range of products and services which create value for our members and their communities.

	Colleagues	Sales (£m)	
<b>Food retail</b>	Over 58,000	7,800	2,613 Stores
<b>Wholesale</b>		1,600	10 depots
<b>Funeralcare</b>	Over 4,600	272	840 funeral branches
<b>Life Planning and Legal Services</b>	Over 500	37	

Our [Annual Report](#) provides more detail.



# 2020 Highlights

Launched our commitments to **tackling racial inequality**



Launched our **Global Wellbeing Charter**, providing close to £1m to support global projects and people in our supply chain through the pandemic

We removed **18 million** tsp sugar, bringing the total sugar removed from customers' baskets since 2014 to 674m tsp



**Two millionth member chose a Local Community Cause\***

**£15m** given to over **4,500 local community projects**



**£3.5m** donated to help tackle food insecurity through the pandemic\*\*



**1,000 Member Pioneers** (2019: 600) who invested **90,000 hours** supporting communities

Over **6,000 Co-op Academy pupils** and students eligible for free school meals provided with Co-op vouchers through crisis (£**2.9 million**)



Over £**3m** raised for Mind, SAMH and Inspire to fund new mental wellbeing services

**Net zero greenhouse gas emission target** brought forward ten years to 2040, along with 62 other retailers



We've completed a front-of-store **film recycling trial** and will roll out to 1,500 stores in 2021



\* Denotes unique members since the start of 2016

\*\* Includes: Co-op donation through sales of summer picnic range to the National Emergencies Trust's Coronavirus Appeal, stock donated to Fareshare, donations from members reward (Co-op Members Coronavirus Fund) and online/instore/text donations from customers

# CEO statement

Our Co-op was formed over 175 years ago, to help address the vast inequalities faced by communities in Rochdale. Fast forward to today and we can clearly see that many inequalities still exist in our society, and the Covid-19 pandemic has served to expose them even further.

Our purpose is championing a better way of doing business for our members and their communities and, in 2020, we brought this to life through our Vision of '**Co-operating for a Fairer World**'. Our Vision recognises the many inequalities that currently exist within our local communities, across the nation and around the globe. It reflects and respects the needs of our stakeholders in looking to create a fairer world for our colleagues, our members, our communities and our planet.

What has become clear to me after this past year is that businesses are being judged by how well they have responded to the pandemic and whether they put people and communities first. This will matter for many years to come, long after the pandemic is over.

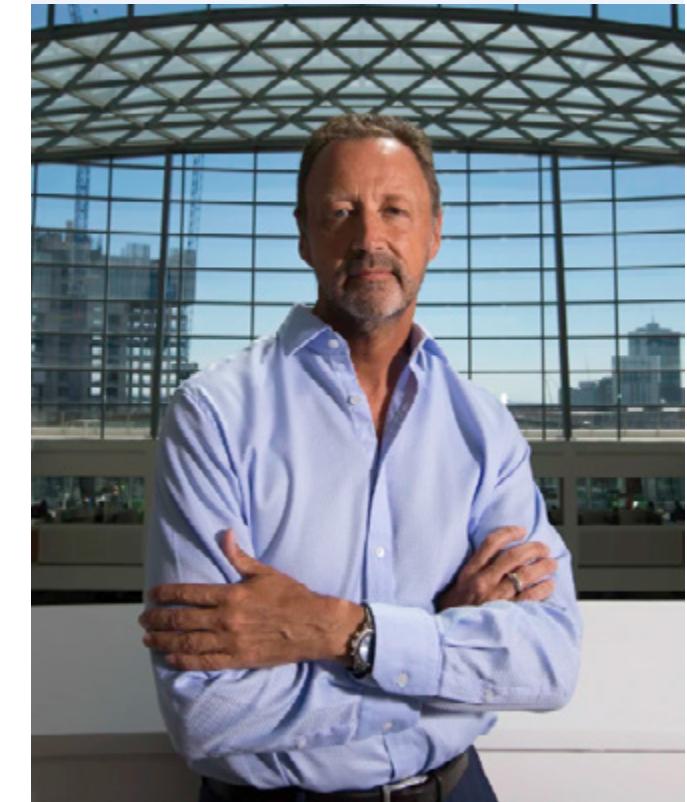
And if the pandemic has taught us anything, it's that co-operation works. The challenges we as a nation face locally, nationally and internationally are crying out for businesses with purpose baked into their DNA that are up for working with others and we are just that. We can achieve so much more together than we can on our own.

This Report outlines the progressive actions we are taking to deliver against our Vision. It is a critical and transparent account of our commitment to being an ethical, responsible and, above all else, co-operative business. It enables our members to hold us to account on our commitments and, I hope, inspires others into action. We support the UN Global Compact and are committed to its ten principles; further detail on this is also set out over the following pages.

There's much we've done in the last 12 months which illustrates our steadfast commitment to co-operation, people and communities. With the first wave of the pandemic, we swiftly re-focused our community plan to point firmly at the changing issues our communities were facing, such as access to food, to mental wellbeing and to skills and education.

Working collaboratively with our existing partners and networks, we were able to support FareShare to distribute five million meals, provide vouchers to 6,000 pupils for free school meals at our Co-op Academies and launch our new Co-op Coronavirus Members Fund where members donated £500k of their reward balance to support food poverty, funeral hardship and local community causes. This was all supported by 90,000 hours invested directly into community activity by our 1,000 Member Pioneers and our online Co-operate Platform that we launched nationally to link up volunteers with those who needed help.

**“ Arguably the greatest opportunity that lies ahead, is for businesses with genuine purpose, to work closer together for a fairer world ”**



Since the end of September, we've also doubled the amount our members can generate for community causes every time they choose to shop with us. Over the four years that our members have given to communities we've invested over £70m.

As we faced into the pandemic last year, we, like other businesses, did not know what to expect. What we did know was that we wanted to do all we could to keep our Co-op strong and to support our colleagues, members and communities. We knew we had businesses which would be vital to the country during the pandemic, not just supplying food as a local community grocer but also supporting families who would lose loved ones, via our Funeralcare business.

Our business operations have been critical to tackling the many challenges arising from the pandemic. Our food stores and logistics depots have been keeping the nation fed, while ensuring social distancing is maintained. Our Funeralcare colleagues have been working closely with the NHS and supporting thousands of bereaved families to say their farewell in exceptional circumstances and we adapted our insurance products so that vital cover could continue for our members through the pandemic. How they have stepped up and pulled together locally and nationally to support communities has been nothing short of extraordinary and I couldn't be more proud of them.

Our colleagues right across our business have been outstanding throughout the crisis and it is down to them that our Co-op has provided such a vital role during this devastating period. In recognising the efforts of our frontline colleagues and to ensure they were fully supported during this period, we introduced a number of colleague wellbeing measures throughout the year via our "Co-op Cares" programme. We also provided additional financial support which included a special Thank You award totalling £13m in the spring, followed by a further end-of-year support package that included £50 being added to all colleague membership cards and 50% off all Co-op branded food products in December.

On a global scale, a clear example of how co-operation can work is the climate emergency. As a Co-op, we've been campaigning on climate change for many years and taking action to radically reduce our own operational greenhouse gas emissions (GHGs), but we know much more needs to be done. We're proud to have worked closely with the British Retail Consortium (BRC) during 2020 to agree a roadmap not just for ourselves to achieve these stretching commitments, but for the retail sector to do so together. 62 retailers have joined us and signed up to a joint plan to reach net zero GHG emissions by 2040, across our businesses as well as our supply chains, 10 years ahead of international agreements. I'm proud to be chairing the BRC's Climate Action Roadmap Steering Group which will oversee the work and I'm excited about what we can achieve together.

Whilst we have lots of activity underway, it certainly does not mean that we are leading in every aspect or indeed have no room for improvement. After the tragedy of George Floyd, I was one of the first business leaders to express both my disgust at what had occurred, but also acknowledge an uncomfortable truth, that the business I led needed to do more in terms of racial inequality. From that point my team have worked tirelessly to produce some of the most exacting Diversity and Inclusion commitments seen in the UK.

There also exists a humility and realisation that our Co-op hasn't got all the answers and in itself cannot fix all the problems our nation and indeed the wider world faces.

In a nation ravaged by the social and economic scars of the pandemic, we take extremely seriously the role the world's oldest co-op can play in helping Britain build back better and different.

But you don't need to be a co-op to co-operate and arguably the greatest opportunity that lies ahead is for businesses with genuine purpose to work closer together for a fairer world.



**Steve Murrells**  
Co-op CEO

# Our approach

## Vision & Purpose

We launched our new Vision '**Co-operating for a Fairer World**' at the start of 2020, shortly before Covid-19 presented a unique set of business and community challenges that would put our vision to the test. Our response to Covid-19 demonstrated the power of co-operative enterprise and the relevance of co-operative values.

Our long-term commitment to our Co-operative Values and Principles, as well as our insights into the changing needs of our people, communities and world as a result of the pandemic, have helped us to shape the commitments that will in turn help deliver our Vision.

- **We're going to make things fairer for our colleagues** – making sure they get a fair deal and ensuring they can fulfil their potential
- **We're going to make life fairer for our members and communities** – focusing on providing fair access to food, to mental wellbeing support and to education and employment for young people
- **And we're going to be fairer for our planet** – focusing on addressing the challenges and opportunities in tackling carbon reduction and sustainable sourcing

All of this is underpinned by cross-cutting commitment to delivering an inclusive culture throughout everything that we do. We also recognise the important role our partners and suppliers play, so our approach ensures we're making things fairer for them.

## Our Approach to addressing the impacts of Covid-19

Addressing the many and varied challenges of the Covid-19 pandemic has been a central part of our work during 2020. Key elements of our response includes:

- **Wellbeing charter** - To support our producers in the developing world in tackling the impact of Covid-19 on their livelihoods, we introduced our Global Wellbeing Charter (page 45), designed around our Future of Food commitment to treat people fairly. You can read more on this [here](#).
- **Public policy** - Given the challenges that we have faced through the year – as a business, nation and globally – we have focused much of our engagement with the UK Government and Devolved Administrations on issues related to Covid-19. See more on this throughout the Report.
- **Our Colleagues** - Throughout 2020, our frontline colleagues in Food and Funeralcare became not just 'key workers' but 'local heroes', keeping the nation fed, helping the vulnerable, and supporting the bereaved. You can read more on how we've been protecting and celebrating our colleagues through this time [here](#).

- **Our Communities** - Our community response to the pandemic<sup>1</sup> was built on strong foundations and is focused tightly on the issues that matter most to our community. You can see more [here](#).

You can see specific examples of how we've done this in each section of the report, and a detailed account in our annual report [here](#).



<sup>1</sup> Won the Corporate Covid Comms Awards, **Best Community Initiative** for an organisation who has best adapted a community programme in response to Covid-19.

## How we're delivering our Vision and Purpose

During 2020, the following key strategies were central to helping us deliver our Vision. Many of these strategies are interconnected, and so can't be explored in one place alone. If you want to explore a particular theme, click on the links below where you can find out more in this Report.

### 1. Membership evolution

During 2020 we carried out research to help us redesign our Co-op membership rewards so that they align with our Vision of Co-operating for a Fairer World and are better able to address some of the most urgent needs we're seeing as a result of the crisis. Consequently, we relaunched our membership offer in September, putting community at its heart by doubling the difference members can make to communities when they choose Co-op. When members buy selected Co-op branded products and services, they get 2p for every pound spent back for themselves and the same goes to supporting communities. We also redoubled our efforts to engage and support members online, for example convening bereavement support groups.

### 2. Community strategy

Launched in 2019, our community plan Co-operate 2022 focused on connecting communities to address challenging social and economic issues identified using insights from our Community Wellbeing Index, members, colleagues and causes. As the events of 2020 unfolded, we recognised a need to evolve our plan, ensuring it was pointed firmly at tackling the inequalities that communities are experiencing. Our work during the crisis – as well as our insights – helped us understand what communities needed and the areas where we could have the greatest impact:

- Fair Access to Food
- Fair Access to Mental Wellbeing Support
- Fair Access to Education & Employment for young people

We're addressing these issues through funds raised by our members; split two ways: supporting the Local Community Fund, and Community Partnerships Fund, as well as our community programmes such as Member Pioneers and the Co-operate platform.

Wellbeing [Community](#) [Our people](#)  
[Health and Safety](#) [Ethical trade](#) [Healthy living](#)

Access to Food [Community](#) [Resource use](#)

Education and Employment [Community](#) [Our people](#)

### 3. Inclusion commitments

Our Vision to Co-operate for a Fairer World requires all of our colleagues and leaders to bring their diverse talents and expertise to the table to make change happen. In September, we launched our new commitments, targets and ways of working to address racial inequalities. From our people policies, through to our procurement; from our community plan and campaigning voice, to our products and services; we're committing all of our assets to achieving a fairer world.

[Our people](#) [Responsible procurement](#)  
[Membership](#) [Ethical trade](#)

### 4. Future of Food

Our Future of Food ambition was launched in September 2018, setting out our ethical and sustainability commitments to 2030 for our Food business. It inspires our colleagues, customers, members and suppliers to take action together towards securing a healthy and sustainable future. Progress against commitments can be found throughout this Report, and a summary is available [here](#).

### 5. Climate change

Addressing climate change is a key pillar of our Vision to Co-operate for a Fairer World. In 2020, we aligned our ambition to the BRC Climate Roadmap to be a Net Zero business by 2040. After years of achieving significant reductions in our operational emissions, we have now embarked on making equally significant reductions in our product-based emissions, guided at all times by the Science Based Targets Initiative.

[Business ethics](#) [Ethical trade](#) [Farming](#)  
[Climate change](#) [Resource use](#) [Sustainable sourcing](#)

### 6. Public policy engagement

We were founded to address social injustice and continue to use our influence to campaign on those issues that matter most to our members and their communities.

From the steps needed to maintain the food supply chain in the early days of the pandemic, through to ensuring we were able to continue to support families in their grief, and to our support for the Taskforce convened by Marcus Rashford seeking to help end child food poverty, we've swiftly engaged with the development of public policy across an enormous breadth of issues in 2020. We've also continued to contribute our expertise and insight across a much broader range of policy issues, as well as continuing our work on campaigns such as Safer Colleagues, Safer Communities.

Looking to 2021, we'll be working towards further aligning our advocacy campaigning with our Vision, Co-operating for a Fairer World.

[Business ethics](#) [Community](#) [Our people](#)  
[Ethical trade and human rights](#)

# Our reporting

For over a decade now, our reporting has set out our performance and progress on sustainability, ethics and community.

The process of accounting, assurance and reporting is important to drive performance against our Vision of Co-operating for a Fairer World, as well as providing crucial information to our stakeholders (more detail on our key stakeholders, and ways in which we engage them can be found on page 11).

## Openness and honesty

We're committed to reporting transparently on our performance, be it ahead of or behind expectations. As well as tracking progress against targets, we believe it's easier to get a sense of how we're doing if we compare our performance to our peers, so we include performance benchmarks throughout this Report, showing not only where we lead, but also where we can improve. And, where possible, we include four years of performance data to give year-on-year comparisons.

## Targets

We set ourselves 40 targets for 2020, 34 of which have been achieved or are 'on track'.

We've set out 43 targets for 2021 and beyond. These targets align with our Vision and they reflect the development of strategies such as our Inclusion Commitments that are strategic priorities for us. They address what we know is important to our members and other stakeholders and they've been

reviewed in line with the UN Sustainable Development Goals (SDGs), as shown on pages 74-105.

Our [Basis of Reporting](#) document provides more detail on how we will measure progress against each target.

## Materiality

We're a diverse group of businesses which means that our impacts are extensive and varied, and we know that we can't lead on every aspect of responsible business. So we focus on our most significant social, environmental and economic impacts and the issues that matter most to our stakeholders, including our members.

We launched our Vision (page 8) at the beginning of 2020. The three pillars of our Vision were defined through an insight and development process to understand importance to our members and society.

Our new Vision has served us well in shaping our pandemic response during 2020. Work to further embed it will be an important focus during 2021 and we'll report on this next year.

The material issues set out in this Report are structured around the pillars of our Vision, and are influenced by a range of stakeholder, business and society interests including:

- Our Vision
- Our purpose
- Our Values and Principles

- Our co-operative model and approach
- Member participation
- Market research with Co-op customers
- Other stakeholder views
- Our risk management framework
- Legislation and the regulatory landscape
- External standards and benchmarks
- Societal norms and emerging issues
- Previous materiality assessment  
(most recent full review carried out in 2016)

As a result of these reviews and developments during 2020, issues that have been given greater prominence in this Report include: inclusion; membership; climate change; and a focus throughout the Report on our response to the pandemic including a re-framing of our community priorities.

## Strategic scorecard

We're currently developing a balanced, strategic scorecard with the aim of demonstrating our performance against our Vision and strategy, through KPIs aligned to the Co-op strategic pillars. This comprises a range of metrics and measures across colleague; commercial; co-operation; customer, member and community; the logic being that if all elements are performing well, we are moving towards the delivery of our strategy and Vision. The scorecard will be interactive, and will be rolled out in a first draft in Q2 2021, before being iterated across the remainder of the year.

## Engaging our Stakeholders

We understand the importance of developing strong and meaningful relationships. We know how to bring people together, how to give people a voice. But we also know that we can't fix everything by ourselves, and that working with others is key. To help us develop the strategies and capabilities to achieve our Vision of Co-operating for a Fairer World, we've continued to build and nurture strong, reciprocal relationships with our stakeholders. These are some key examples of how we've worked with our stakeholders over the past year to help us inform strategies and deliver the right products and services in the right way. This is not an exhaustive list but gives an idea of the scale and scope of our approach. More detail on our engagement with stakeholders can be found in our [Annual Report](#).

The Stakeholders we engage	The channels we use	The issues we explore	The outcomes
Members	AGM & National Members Council Elections	<ul style="list-style-type: none"> <li>Motion from Independent Society members Support for the wider co-operative movement (further details on page 21)</li> <li>Motion from Independent Society members Ethical Retailing (further details on page 21)</li> <li>Motion from Council Climate change (further details on page 21)</li> </ul>	The outcome of the motions has supported the development of science-based targets and ambitious actions on carbon reduction and sustainable sourcing; helped strengthen our support for Fairtrade; and added weight to our campaign to protect our colleagues and others from violence and tackle the root causes of crime. A detailed response on actions we're taking will be published here in April
	Join in	Working with the foundation, over 19,000 conversations about their 'Lonely, Not Alone' campaign	In response to engagement with members during the pandemic, we provided opportunities for members to support each other via piloting online bereavement groups, hosting monthly quizzes and hosting online producer led events
	Co-op Young Members' Group	Our young members spoke to hundreds of young people at the start of the pandemic to find out how they could help support their wellbeing	Insights from these conversations helped our Young Members develop Boost - a free online skills programme providing opportunities for 16-25 year olds to connect and learn online. Over 200 young people signed up to Boost
	Membership Launch Research	<p>We explored how best to refine our membership proposition by learning from colleagues, members and customers, and start early testing of potential technology solutions. Areas tested included:</p> <ul style="list-style-type: none"> <li>Weekly personalised digital offers</li> <li>Membership reward on total basket</li> <li>How to share rewards through the app</li> </ul>	<p>From our research, we learned that:</p> <ul style="list-style-type: none"> <li>Personalised offers offered value to members</li> <li>Till receipts are a key channel for displaying reward</li> <li>There is a need for clear colleague conversations</li> </ul> <p>These findings were reflected in our membership relaunch. See: <a href="https://www.coop.co.uk/membership">https://www.coop.co.uk/membership</a></p>
	National Members' Council and Committees	<p>Our Council receives regular updates and has opportunities to question and provide feedback on a range of issues on behalf of members and has also sought members' views on a variety of issues.</p> <p>In 2020 Council's Ethical &amp; Sustainable Leadership Committee discussed our plastic film recycling pilots, our approach to Fairtrade and how we're delivering on our Future of Food ambitions.</p>	<p>Through Join In and other channels, Council has gained members views on the issues our Co-op should prioritise, and this has informed Council plans, questions and consideration of Council AGM motions.</p> <p>In Fairtrade Fortnight, Council hosted an online Fairtrade Q&amp;A session with our Member Nominated Directors which focused on how Fairtrade helps to tackle climate change, how we ensure fair and transparent supply chains, and working with local Fairtrade groups.</p> <p>At our Join In Live events, Council led workshops with members to gain feedback and ideas on how we can better educate and engage people on our plastic film recycling scheme and in celebrating 25 years of Fairtrade.</p>
Local Causes	Local Community Fund Impact Survey	We sought to understand the experiences of our Local Community Fund Causes, to help us to improve the way the fund is run, understand the impact the Co-op is having through the funding and understand the evolving issues local causes are facing throughout and as a result of the pandemic	Over 3,000 causes responded (69% response rate) providing valuable insight into the challenges causes were facing. Insights also helped us to provide greater flexibility in the use of the grant to enable causes to adapt their projects in light of the pandemic
Colleagues	Our listening tools - Talkback, Pulse and Colleague Voice	Via these processes we sought regular insight into colleague experiences at the peak of the crisis - to improve the everyday experience of our colleagues covering communication, support, how colleagues were feeling and what their most pressing concerns were	Regular feedback enabled us to make changes swiftly and try new things based on feedback, such as providing more support for personal wellbeing and safety and improving communications, and increasing ability to ask leaders questions directly
Partners	Equality and Inclusion Think Tank. An external think tank of diverse experts and thought leaders convened by Co-op and chaired by Steve Murrells	Participants are invited to review and challenge Co-op's Inclusion commitments	Insights from the forum are helping to support, guide and challenge us in delivering our Inclusion commitments, and shape our broader Diversity Strategy
Suppliers (Fairtrade)	In November, Chief Executive of Food, Jo Whitfield issued letters to 24 key Fairtrade producers in our supply chain	The letters offered solidarity and best wishes amid global challenge during the pandemic	In these times of challenge in the global community, it is more important than ever to connect with our highly valued Fairtrade producers whose welfare has been front of mind
Customers	Future of Food Research	Research spanned a wide range of sustainability issues	This research has been used to understand customer priorities within different Food Policy areas

## External frameworks

We report in accordance with the GRI Standards core requirements and our GRI Index can be found on our [website](#). At a global level, we welcome and support the vision provided by the [UN Sustainable Development Goals](#) (SDGs) as a framework that allows for genuine long-term and collaborative action and our targets are mapped against the SDGs in the tables at the back of this Report. We're a signatory to the [UN Global Compact](#), we've signed up to the British Retail Consortium's [Better Retail, Better World](#) and we support the International Co-operative Alliance's [Co-ops for 2030](#).



## Shared Value

In recent years, we've been exploring how we can better articulate and evidence the extent to which our activities and programmes create positive impacts for society. In particular, we want to understand the impact of activity to deliver our Vision of Co-operating for a Fairer World.

As outlined in last year's Report, we started to develop a framework and method to help us understand the shared value created by our Co-op for members, communities and wider society.

The approach proposed capturing and reporting on the total impact of our Co-op across the value chain, taking into account both positive and negative impacts, and expressing this in monetary terms.

We progressed this work during 2020 and, although it demonstrated potential to provide significant insights, we also encountered a number of challenges.

For example:

- We encountered difficulty in obtaining data to ensure that all calculations reflect our Co-op's approach to doing business rather than industry averages.
- The complexity of understanding impacts in some areas made it extremely difficult to arrive at a value expressed in monetary terms.

We're updating our approach to focus on understanding impacts through the most reliable method and metric for each indicator. As we do this we're engaging with external stakeholders to ensure the approach we take is reflective of best practice. We're also exploring how we can measure these indicators more frequently internally, to better track our progress against our Vision goals. This measurement will inform key Vision initiatives that make things fairer for our colleagues, members, communities and planet.

We remain committed to reporting on the impact our Co-op has, and sharing our learnings with others who want to explore new ways of increasing the value that they generate in an open and collaborative way.

### Award recognition

Cathryn Higgs, our Head of Food Policy, won the 'Sustainability Leader of the Year' category at the 2020 edie Sustainability Leaders Awards.





## Assurance

We engaged DNV to carry out assurance of our sustainability performance in this Report. Using their assurance methodology - VeriSustain, DNV evaluated how our reporting adhered to the principles of stakeholder inclusiveness, materiality, sustainability context, completeness, reliability and quality. Their Assurance Statement (pages 106-107) sets out their conclusions.

## Scope of reporting

Performance relates to the 52-week year ending 2 January 2021 (unless otherwise stated) and to our operations and stakeholders. It covers those businesses wholly owned by the Co-operative Group Limited as at 2 January 2021.

This Report relates to the performance of the business as a whole unless otherwise stated (in some instances we refer to a particular business unit, and this is stated clearly). Reporting on sourcing impacts of products sold by Co-op Food focuses on Co-op branded products, with the exception of indirect GHG emission reporting which (following best practice around Scope 3 accounting) covers all products sold. Co-op branded product sales accounted for 44.7% of total Co-op Food turnover in 2020 (2019: 46.9%). Like other retailers, we have greater influence over own-brand products than we do over other branded products, and our priority continues to be to improve the sustainability of these products.

Through our Nisa wholesale business, we are the exclusive wholesale supplier to Costcutter Supermarkets Group (CSG) and the Costcutter, Mace, Simply Fresh, Supershop and Kwiksave convenience stores across its network. 90% of Nisa partners now

stock our Co-op own-brand products; and during 2020, Nisa grew to serve 620 new independent stores, a significant rise on 2019.

These stores are not under Co-op's operational control and are out of scope of our reporting, with the only exception being a small number of stores covered by direct logistics and distribution, the impact of which is included in our 'Scope 1' greenhouse gas data.

## Business change

In December we completed the sale of our insurance underwriting business, CIS General Insurance Limited. We'll now focus on the developing and promoting products through Co-op Insurance Services.

We accelerated our online and home delivery plans during 2020 to address new needs and demand. Our online same-day delivery service is now available in over 100 towns and cities. The rollout includes services from our [online shop](#), which uses low emission transport, including bikes, and our Deliveroo service, which now covers more than 1,000 store catchments.

In November we re-launched Co-op Power, our business-to-business clean energy buying group and announced plans to grow the business.

Further detail can be found in our [Annual report](#).

## ⌚ 2021 target

In line with our Co-op Values of openness and honesty, we will deliver world class, open and honest reporting on our ethics and sustainability performance in our Co-operate Report annually.

# Oversight of our responsible business approach

Oversight of our responsible business approach is structured as follows:

## Our Board

Our Board determines the strategy for our Co-op, consistent with our purpose, values and principles and is responsible for final approval of this Report.

- Our ethical decision-making tool is used to support decisions requiring Board and Executive approval. The tool prompts users to consider the following when making a decision: what our members would think of the decision; whether it creates commercial and social value for members; the potential impact on our communities; and whether members could understand what we have done and why.

## Member's Council

Our Members' Council (page 20) holds the Board to account. This includes reviewing and commenting on drafts of this Report as part of its 'holding to account' role. Its 'approvals' role includes approving how values and principles are embedded within the Co-op based on recommendations submitted by the Executive.

- The framework that supports the Members' Council in its role of holding the Board to account is called the Co-op Compass, a shared way to monitor and measure business performance against four key co-operative lenses - Member Value, Member Voice, Co-operative Leadership and Ethical and Sustainable Leadership. The Council has formed a number of sub-committees to aid it in this work, including the Ethical and Sustainable Leadership Committee.

- In addition to our formal governance framework, our colleagues and Executive have regular informal dialogue with members of our Council on our approach to ethics, sustainability and community.

## Embedding our Vision

Following the launch of our Vision in 2020, we established a Vision Activation Steering Group at the beginning of 2021 to define and evolve our strategic response to our Vision. The Steering Group is chaired by our Chief Executive, comprises members of our Executive and senior management.

- Our Vision is being embedded across business and operational plans. Development of policies and programmes relating the three pillars of our Vision (colleagues; communities and members; planet) are delivered by forums in respective areas of the business, such as:

the Food Policy Group, which oversees issues relating to food ethics such as Fairtrade and healthy lifestyles and related business-wide issues; the Climate Change Working Group; the People Leadership team, which oversees issues such as our diversity and inclusion and colleague wellbeing strategies.

We also established a Group of executive and senior management to review and provide strategic direction for this Report this year.

Ethics, sustainability, colleagues and community are also embedded in our risk framework. Oversight of the risk categories sits with our Risk and Audit Committee, which reports directly to the Board. In addition, our Risk and Audit Committee considers our external assurance feedback on this report as well as reviewing Internal Audit reports on aspects of our responsible business behaviour.



# Business ethics

Our purpose is championing a better way of doing business for you and your communities. That means when we carry out our business operations, it's not just what we do that matters, but how we do it.

From addressing the challenges we face through use of technology and personal data to the impacts of our investment and financing decisions, we aim to thread the concept of "better business" through everything we do. Throughout 2020, we built on our foundations in many areas, including:



## Finance and Investments

### Sustainability bond

Our Sustainability Bond Framework allows us to allocate funds from any future bonds to finance or refinance projects that support and enhance our social and environmental programmes in key areas – including promoting Fairtrade, alleviating water poverty, education via our Academies Trust, providing access to responsibly-sourced products, and delivering energy-efficient technology to lower emissions.

The Framework reflects the extent to which these activities and programmes help deliver social and environmental benefits for members, communities, and wider society. It was reviewed by independent specialist assurance provider, Vigeo Eiris, who expressed their highest level of assurance on our commitments and the bond's overall contribution to sustainability.

We issued our first bond against the Framework in May 2019, becoming the first UK retailer to issue a Sterling-Denominated Sustainability Bond in the process. The 5-year bond raised £300m and we've been using the funds to support and promote Fairtrade, Fairtrade producers and their communities. This includes the costs of bringing Fairtrade products to our customers, as well as marketing and promoting Fairtrade products and the wider Fairtrade movement.

By the end of 2020, we had allocated the full £300m of the bond proceeds to purchases of Fairtrade products (see page 79). We are now exploring ways of reporting on the impact this spending is having on our Fairtrade producers.

Our Sustainability Bond Framework provides a structure for our future bond/debt requirements.

### Sustainable Credit Facility

In 2019, we agreed a three-year £400m sustainability-linked revolving credit facility (RCF), which allows us to draw down amounts as needed to bridge timing differences between cash receipts from our sales and spending with our suppliers.

Under the RCF, the interest charged by our bank is linked to KPIs on our greenhouse gas (GHG) reduction programme. We benefit from lower interest rates for hitting our GHG targets but pay a penalty fee if we miss them. That additional fee would then be ringfenced to fund other sustainability projects – a feature we believe is unique in terms of sustainable RCFs.

Under our Green RCF agreement, our GHG emissions for 2020 should be no more than 404,656 tonnes of CO<sub>2</sub>. In 2020 our CO<sub>2</sub> emissions were 349,161 tonnes of CO<sub>2</sub> (as reported on page 97).

In 2020 we extended our sustainable RCF with our banks to run for an additional year to September 2023.



## Socially Responsible investments: Pension Fund

In November 2020, we pledged to support Make My Money Matter, a campaign to help companies and pension funds work together with pension scheme members to align their values.

In 2021, we'll be engaging with our pension scheme membership to strengthen the transparency of where their pension funds are invested. We're also looking to set science-based targets around the carbon impact of our pension schemes.

The default strategy for our defined contribution (DC) pension – used where members haven't made an active fund choice – that was introduced in 2019,

"tilts" investments towards companies with better Environmental, Social and Corporate Governance [scores](#) compared to the index without this tilting. The new strategy means that members are invested in companies with 60% lower carbon reserves.

We're also in regular dialogue with the fund's asset manager to understand how they engage with the companies they invest in, and the steps they're taking to reflect the transition to a Net Zero economy.

In 2021, we're introducing a new equity fund as a self-select option for members of the scheme which follows similar principles.

Finally, within the Pace DB Section, the Trustee continued to build out its investments in affordable housing, which were announced at the end of 2018. By the end of 2020, 170 houses and apartments across a number of sites in Scotland and Yorkshire had been built.

## Screening of Co-op Insurance investment opportunities

Since 2011, all investments made by our insurance business in fixed-income bonds to underpin home and motor premiums have been screened against its Ethical Policy. The screening has been carried out by the dedicated Responsible Investment team within Royal London Asset Management (RLAM), which provides asset management services. Any potentially problematic investments have been referred to our Ethics, Sustainability and Policy team for assessment and final recommendation.

In 2020, 10 new fixed-income investment opportunities were screened (2019: 6). Four companies were referred for assessment

and none were declined (2019: no companies were referred and none declined).

In addition, RLAM carried out a full review of all previously approved companies, to ensure they continued to reflect the Ethical Policy. While most companies remained suitable, four previously approved companies were declined as a result of this review. Reasons for the changes included potential concerns around labour practices and animal welfare policies at the companies' suppliers.

The sale of CIS General Insurance, our insurance underwriting business was completed on 2 December 2020. As such these investments are no longer held within the Co-op Group.

## Responsible data and technology

### Responsible Technology

Design Principles that we agreed in 2019, to describe how we build and buy technology, ensuring we consider accessibility, cost and security, have continued and become embedded within our ways of working in 2020. These are used to underpin technology decisions through Technology Design Authorities, which are empowered to apply an ethical lens to ensure that technology is procured, used and disposed of in a safe, secure and responsible way.

Enabled by digital products, we've supported local communities, people struggling with access to food, and funeral poverty through the pandemic via our [Co-operate platform](#), which supports communities by promoting ways to get involved in events locally (more detail on page 31).

We're also designing for inclusivity, sustainability and transparency in our products. We investigated the needs of older members (over 65) ahead of re-launching our membership proposition (page 24) which features an enhanced digital offer to ensure the benefits of Co-op membership are open to all.

We've now published our [accessibility policy](#) which ensures we take responsibility for accessibility at all stages of product and service development. By October 2021 our product teams will have embedded accessibility fully in their work and, working with our partners, we'll include up to 1,200 people with disabilities into our research, design and testing of products and services in the coming year.

Our Funeralcare website journeys have been redesigned to deliver price transparency across the full range of products and services, and we've removed 7.3 million pieces of paper from circulation in stores by giving members the choice to replace printed coupons with offers they can access digitally through the Co-op app.

We've supported our Co-op Academies (page 29) in providing digital devices and Wi-Fi provisioning to those most in need. Over 1,000 Chrome devices have been distributed across our schools to enable continuation of learning whilst at home during the pandemic.

## Federation

The Federation, our co-working hub, has become a centre of gravity for innovative and ethical enterprises in Manchester. We've worked closely with members and stakeholders across the region to connect and build this unique ecosystem, and we're immensely proud of what it has become.

Unfortunately, the global pandemic has meant that we've seen declining use of The Federation's co-working space as businesses adapted to new ways of working.

We've therefore taken the decision to close the space in 2021. As part of this process we've had productive conversations with stakeholders about how we can continue to support the emerging network and community of ethical enterprises. We remain strongly committed to developing the sector further in the years ahead.

## Embedding ethics in our decision-making

Embedding ethics in our decision-making ensures that we're living up to our purpose and values. Our Ethical Decision-Making Tool (EDMT) is used to support all decisions requiring Board and Executive approval and helps us to balance social, environmental and commercial issues.

In 2020, all Board papers requiring a material decision<sup>1</sup> were accompanied by a paper summarising the EDMT considerations.

In 2021, we will be reviewing the use of the EDMT to ensure it is being consistently applied in the Board and Executive's decision-making processes.

## Data Ethics

During 2020 we've continued our journey with Data Ethics and have adapted our approach to working with projects in response to the Covid-19 pandemic, so that we can still assess projects against the Data Ethics principles remotely.

We've enhanced our project assessment tool to include our Ethical Decision-making tool prompts, so that social, environmental and commercial issues are considered in change and operational projects as well as by our Board and Executive. Our approach for assessing ethical data risks has recently been adopted by Unicef.

We have started an Ethics Advisory Group, to oversee Data Ethics workshops, risks, policy and process development and to shape our roadmap into the coming years. We've been reviewing our website cookies to ensure that we're listening to what our members told us last year on how we can improve our data policies and practices.

We've also focused on strengthening the accountabilities of how leaders manage data by creating and rolling out a Data Ownership model across the Co-op that will continue into 2021.

## Our broader economic impact

We're open and transparent in our tax affairs and were awarded the Fair Tax Mark for the 6th consecutive year in 2020.



The Fair Tax Mark sets a standard for responsible tax practice and reporting, and validates our openness and transparency about our tax affairs.

We also measure our 'Economic value added' (the financial benefits that commercial organisations deliver to stakeholders) as set out on page 79.

## Public policy engagement

As a responsible business, we continue to use our influence to campaign for a fairer and more sustainable world and are open about our lobbying and its outcomes. We detail our engagement with Government on page 76.

## Anti-corruption

Our commitment to comply with all relevant anti-corruption laws is outlined in our Financial Crime Policy, Anti-Bribery Policy and also in our Anti-Corruption control standard for our Insurance business. Our Code of Business Conduct details our Board and Management's commitment to the elimination of any fraud within the organisation and rigorous investigation of any such cases, and we have an Anti-Fraud Policy and guidelines to support this commitment. Our Gifts and Hospitality Policy sets out our zero tolerance approach to bribery.

## Compliance in our Food business

### Food safety and quality control

We work with our suppliers to simplify our supply chains and strengthen our risk management, traceability and quality assurance processes. The vast majority of Co-op own-label suppliers are audited against British Retail Consortium (BRC) Global Standards. Food safety, legality and product quality requirements are delivered by working with our suppliers to ensure all products are compliant with relevant legislation and our own Co-op standards.

Working with our suppliers and an independent testing laboratory, we've established a comprehensive testing programme which covers origin, production system, species, variety, composition and adulteration. This ensures our Co-op branded products deliver against all aspects of authenticity and protect our customers and the Co-op brand.

### Groceries Supply Code of Practice

We want our suppliers to feel that they have effective, collaborative and fair relationships with us. Our Food business's trading relationships with groceries suppliers are regulated by the Groceries Supply Code of Practice. Our Co-op is one of 13 designated retailers in the UK that the Code applies to. During 2020, we engaged with the newly appointed Groceries Code Adjudicator and we continue to demonstrate our compliance with the Code. The GCA Annual Survey 2020 concluded that our Co-op was the 'most improved retailer' for the second consecutive year (for more detail, see our [Annual Report](#))



## Performance Benchmark

Most improved retailer in GCA annual survey 2020  
Ranked joint 2nd (2019: 10th)

## 2021 targets

All material Board-level decisions are informed by our Ethical Decision-Making Tool.

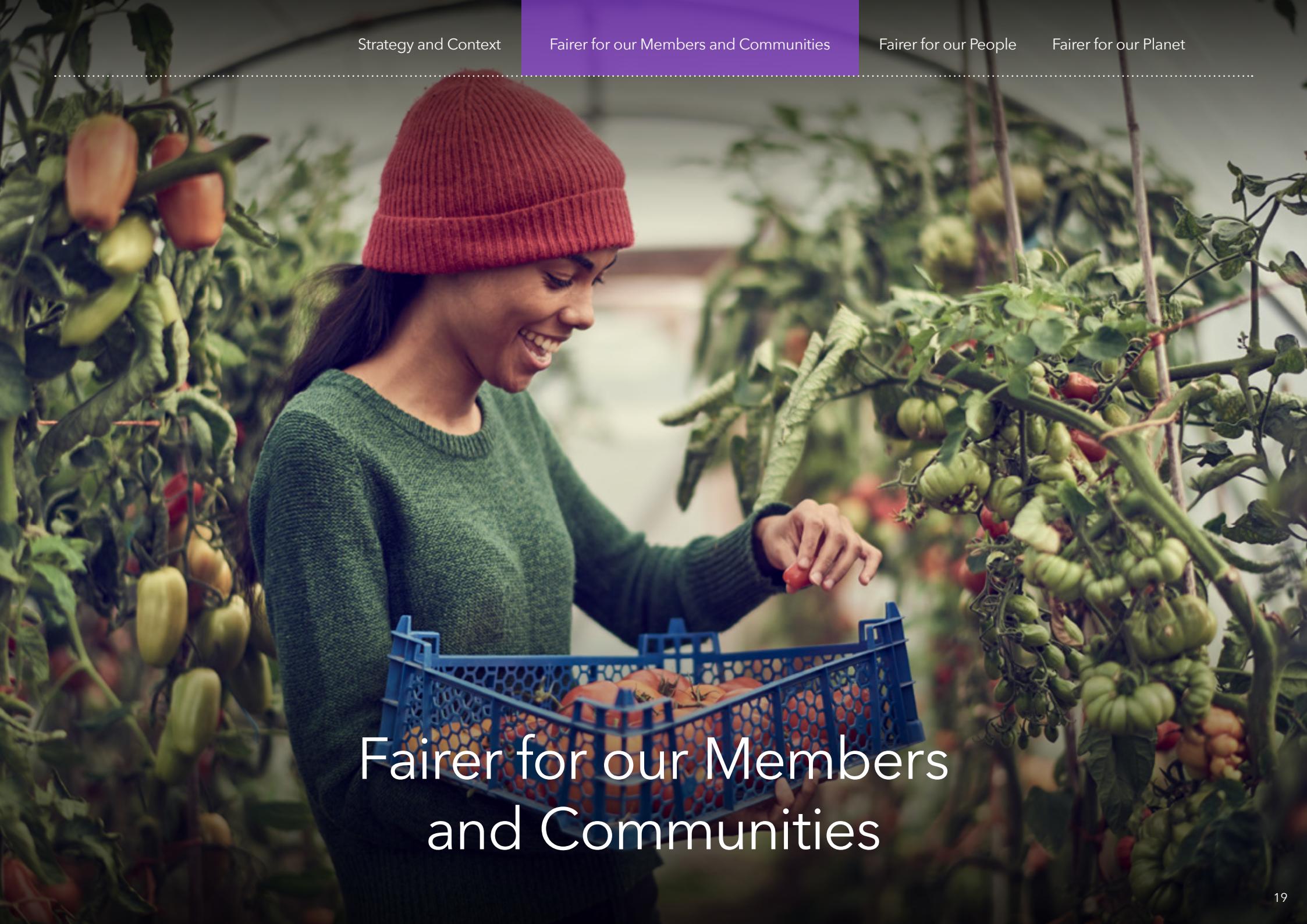
We will refresh our Data Governance Policies and publish these externally, where it is appropriate to do so – in order to share best practice openly and transparently.

We will retain Fair Tax Mark accreditation in 2021.

Our pension arrangements will operate leading Responsible Investment Policies and reporting.

We will develop a Task Force on Climate-related Financial Disclosures (TCFD) reporting framework for our largest pension scheme, including a science-based target on the carbon impact of our pension schemes.

<sup>1</sup> A 'material decision' is defined as a Material Transaction (ie an acquisition, disposal or new business venture) or a Material Contract/Capital Expenditure - as defined in the 'Matters Reserved for the Board'.

A woman wearing a red beanie and a green sweater is smiling while harvesting tomatoes from a vine in a greenhouse. She is holding a blue plastic crate filled with ripe red tomatoes. The background shows more tomato plants with green and red fruit.

Fairer for our Members  
and Communities

# Membership and co-operation

As a co-operative, we're owned by our millions of members who have a say on the work we do and how we're run. Our insight shows that collective social commitment is stronger than ever so, in 2020, we evolved our membership proposition to further support our Vision of Co-operating for a Fairer World.

We're founded on the co-operative values of: self-help, self-responsibility, democracy, equality, equity and solidarity.

Our members believe in the ethical values of honesty, openness, social responsibility and caring for others. We use these values to guide us in fulfilling our purpose.

The co-operative Principles are guidelines by which we put our Values into practice:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

## Voluntary and open membership

- Anyone over 16 who likes the way we do business can join and have their say
- At the end of 2020, we had 4.34m active members.



## Democratic member control

Democratic member control is achieved both in our governance structure and in other, less formal, ways. Our Board is made up of 12 directors, of which four are Member-Nominated Directors. All of our Board directors are members themselves and they must meet both membership and eligibility requirements. Our Member-Nominated Directors are elected through a direct ballot of our members. Our Independent Non-Executive Directors<sup>1</sup> are appointed by the Board and subsequently submitted for election by members at our AGM.

We also have 100 members elected to our National Members' Council by individual and Independent Society members. Our Council has an important role in holding our Board to account for our performance, championing our values and principles, representing members interests, as well as influencing our policies and strategies.

Members are encouraged to have their say in our AGM and elections, this is done through our system of 'one member, one vote'.

## National Members' Council

The Council uses its Co-op Compass, a monitoring framework, to support it in its role of holding the Board to account. It includes 4 lenses, with associated Key Performance Indicators (KPIs), and has a committee focusing on each Member Value, Member Voice, Ethical and Sustainable Leadership, and Co-operative leadership.

Our Join In Live events (page 80) are also important in assisting the Council in fulfilling its role of representing the views of members.

For more information on the work of the National Members' Council in 2020 - please see our Council Annual Statement, in our 2020 Annual Report and Accounts.

<sup>1</sup> A person who is appointed as an Independent Non-Executive Director or an Executive Director may act as such before becoming a member but it is deemed a condition of his/her appointment that he/she becomes a member within two months of his/her appointment.



## AGM

Our members vote on motions at our AGM, which are put forward by our Board, Council or members.

Due to the restrictions imposed by the Covid-19 pandemic, members were unable to attend our 2020 AGM in person. Therefore we held an online event, which allowed members to ask questions virtually. 850 members viewed the event [online](#), whilst 20 members attended in person to ensure the meeting was quorate based on our Rules (2019: 620 attended a physical event).

Although our AGM was very different this year, we aimed to give members as much opportunity for them to join in as possible. Our efforts on this were recognised as we were shortlisted in the Governance Institute's Corporate Governance Awards.

**47,862 members voted**

in our 2020 AGM and elections (2019: 60,549).

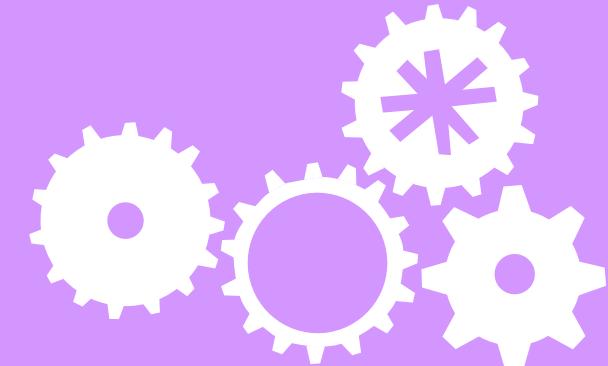
In 2020, members voted on the following sustainability-related motions - full motion wording can be found in the notice booklet on the following link: [www.co-operative.coop/agm](http://www.co-operative.coop/agm)

- **Motion from Independent Society members**  
Support for the wider co-operative movement  
**Carried** For: 53,183 (98.14%)  
Against: 1,010 (1.86%) Withheld: 2,228
- **Motion from Independent Society members**  
Ethical Retailing  
**Carried** For: 52,720 (97.55%)  
Against: 1,322 (2.45%) Withheld: 2,416
- **Motion from Council**  
Climate change  
**Carried** For: 52,423 (96.97%)  
Against: 1,638 (3.03%) Withheld: 2,402

**2% voter turnout**

among eligible members (2019: 2.2%).

## How our governance works



**Members:** As a co-operative, we're owned by individual members and other co-operatives, not by shareholder investors. This means that as well as being rewarded for trading with us, our members have an opportunity to have their say on key issues including who represents them on our Council and Board.

**Council:** Responsible for holding the Board to account. Acts as a guardian of our values and principles, our purpose and our constitution.

**Board:** Responsible and accountable for determining strategy and holding the Executive to account.

**Executive:** Key members of management running the business on a day-to-day basis in accordance with the strategy determined by the Board.

## Member participation

**Providing members with engaging and authentic, everyday opportunities to participate in the business they own is key to our relationship with them.**

**During 2020, 243,544 members joined in across a total of 88 separate opportunities.**

(Compared to 147,637 members and 75 opportunities in 2019).

These included helping us to develop membership messaging in store, designing an Easter look for our gingerbread character Crumbs, and using our enhanced Co-op App for the first time. 2020 also saw the launch of the first ever member-inspired Irresistible crisp flavours.

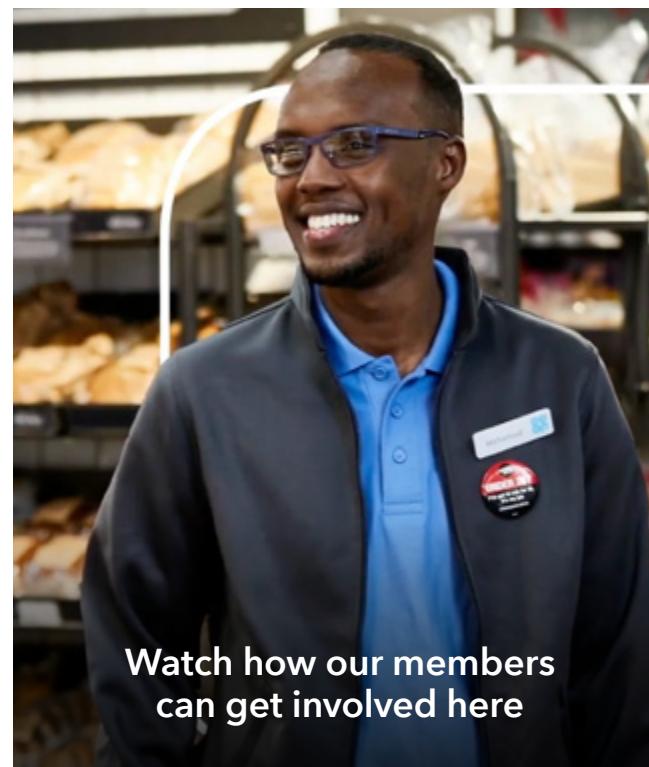
Through '[Join In](#)', members shape our approach and influence our decision making on all matters of Co-op business, including policy development and implementation, product development, campaigning, community involvement and strategy.

In this way, member needs, priorities and preferences are much better understood and can shape our approach.

The pandemic shifted the focus of our member participation activities in part, as we sought to first identify, and then respond to the [wellbeing needs of members](#). Thousands of members joined in to tell us how they were feeling and to provide feedback on how Co-op and other members could help.

In response, we provided opportunities for members to support each other - by piloting [online bereavement groups](#) with Funeralcare; to connect, through a monthly [online members' quiz](#); to learn, by joining [online producer-led events](#); and to keep active, by offering [puzzles](#).

In 2020, work also began to learn more about the diversity of members who participate in Join In opportunities. This will continue throughout 2021; working with a group of members who will help to deliver our commitments to anti-racism and better representation.



## Young members

We continue to focus on making sure young people are better represented in our Co-op. Our Co-op Young Members' Group is an advisory panel of six members aged 16-25 that helps to foster representation of young people in our Co-op.

Our Young Members Group paused their projects when the first UK lockdown hit in March, to focus their attention on young people's wellbeing through the crisis. They spoke to hundreds of young people to find out how they could help.

Working with Co-op colleagues, our Young Members developed a free online skills programme. [Boost](#) provides opportunities for 16-25 year olds to connect and learn with us online through podcasts, virtual get togethers and playbooks, to help build motivation, resilience and other practical skills.

Over 200 young people signed up to Boost, totalling 100 hours of participation.

**162,696 active young members**  
(2019: 180,360 ®)

## Co-operation among co-operatives

We're working to build partnerships that push the principles of co-operation forward and work together to help co-operatives and social businesses survive and thrive.

It's our ambition to be at the forefront of this movement, driving it forward and using our scale and influence to help others.

**During this year, we've taken part in initiatives like:**

- Creating a community response network with co-operative infrastructure organisations and other independent co-operatives, to help create joint activities and share solutions throughout the pandemic.
- Co-operatives Fortnight - the co-operative sector's national campaign to promote co-operation. This was reshaped to focus on the role of

co-operatives to #KeepCooperating, with a social reach of 12.5m (2019 social reach: 5m).

- Buy Social - a campaign led by Social Enterprise UK with Co-op, to raise awareness of the difference that social enterprises are making in communities all over the world and to encourage support for them.

In 2020 we worked closely with the Co-op Party to highlight the issue of violence against shopworkers in Parliament and in devolved assemblies. We have also received continuing support for our campaign on modern slavery and have been pleased to work alongside the party on the issue of access to food. We've also shared the economic advantages of our size and scale with others through a federal model of purchasing between ourselves and other large retail co-operatives in the UK through Federal Retail and Trading Services Limited (FRTS).



We continue to build our partnerships nationally and internationally, supporting growth and recognition for co-operatives. As part of this, **in 2020, we paid £6.27m** to support representative and affiliated bodies of the co-operative movement (2019: £3.12m).



## Member economic participation

**We want every member to choose Co-op again and again, so it's our responsibility to give them a reason to.**

When members buy selected Co-op branded products and services, 2p for every pound spent goes to them and we give the same to community causes and organisations.

Members also have access to weekly personalised offers for money off the things they buy most in our food stores and exclusive deals and discounts across our family of businesses.

**£50 million**  
earned by members

**£15 million**  
paid out to local causes



## Evolving our membership

During 2020, we carried out research to help us redesign Co-op membership so it better supports our Vision of Co-operating for a Fairer World and tackles the inequalities our communities are facing.

In September, we doubled what goes to communities when members shop with us. We also wanted to give our colleagues additional benefits through their membership so we've doubled their everyday discount on Co-op Food.

Through Co-op membership, our members also get money back on their membership card when they choose Co-op, access to weekly personalised offers for money off the things they buy most in our food stores and exclusive deals and discounts across our family of businesses.

All of this is now complemented by an enhanced Co-op app, which makes it easy for our members to choose their personalised offers, a local cause to support, donate part of their membership balance and scan a digital card at the till in all our food stores.

## Education, training and information

We aim to give members what they need to play a part in our business, including all the information they need to make informed choices - whether that's buying a funeral plan or a loaf of bread.

In 2019, our Council commissioned research into best practice in member education, training and information across other member-owned organisations.

Findings from this work have been used to inform the development of a Council Member Learning programme, a training programme for our Member Pioneers and Join In opportunities on co-operation.

## Concern for the community

When Co-op members buy selected Co-op branded products and services, 2p for every pound spent goes to community causes.

The funds raised by our members will be split two ways:

- Supporting the **Local Community Fund**, helping thousands of grassroots community causes. To date, two million members have selected a cause to support.
- Supporting the **Community Partnerships Fund** creating lasting change on big issues we care about.

You can read more about our updated community funding model [here](#).

## 🎯 2021 targets

Recruit 900,000 new members by the end of 2021.

We will increase the total number of times members participate to 449,000 through our 'Join In' and 'Member Voice' activities, voting in our AGM & National Members' Council elections, and making donations to our Community funds.

The National Members' Council will take action to increase the number of BAME Candidates standing for election to the Council, in order to be reflective of our Co-op Communities.

# Communities

Concern for Community is embedded in our values and principles. It's what sets us apart. This year more than ever, we've seen a need and appetite for a more co-operative approach. One that addressed inequalities and finds new ways to tackle issues together through co-operation.

## Our Community plan

Launched in 2019, our community plan Co-operate 2022 focused on connecting communities through our assets and partnerships to address challenging social and economic issues. Using insights from our [Community Wellbeing Index](#), members, colleagues and causes, we identified these issues as skills, spaces and wellbeing. You can see how we progressed against the commitments we made in these areas on pages 84-85 and in our Spaces update below.



As the events of 2020 unfolded, we recognised a need to evolve our plan, ensuring it is pointed firmly at tackling the inequalities that communities are experiencing.

Our work during the crisis – as well as our insights – helped us understand what communities need and the areas where we can have the greatest impact.

### We identified 3 interrelated community missions:

- Fair Access to Food
- Fair Access to Mental Wellbeing Support
- Fair Access to Education & Employment for young people

Our approach is built on the strong foundations of our expertise, assets and credibility that we've built up over many years. But we know we can't achieve our plan alone. That's why we're partnering with others, such as community organisations, charities and academies to create lasting impact.

Our achievements have been recognised by the Corporate Covid Comms Awards, who awarded us 'Best Community Initiative' for an organisation who has best adapted a community programme in response to Covid-19.

## Community Wellbeing Index

The Community Wellbeing Index is an online tool that provides insight into the wellbeing of over 28,000 communities across the UK. By entering a postcode, the Index allows users to view scores across many different measures - from the quality of education, housing affordability and public transport links, to the amount of green space and the number of community centres in an area - providing a useful snapshot of the strengths and challenges facing that community.

We use the Index to inform our community strategy and activity plan to understand more about our communities. We refresh our data annually and, this year, updated figures highlighted the importance of the three pillars of our community plan. During the peak of the pandemic, we used the data to identify clinically and socially vulnerable communities, supporting the Co-op Coronavirus Members Fund to target funding at communities that need it most.

The Index continues to be used extensively both across the Co-op, and by external stakeholders such as charities, local councils, private sector organisations and researchers. In March we successfully launched the Index at Parliament, providing almost all MPs with data relating to their constituencies.

In November, the Community Wellbeing Index won the Tech for Good award at the [National Technology Awards](#).

Next year we will continue to use the Index to inform our missions; helping to select locations for community fridges, mental wellbeing services and youth programmes for example.

**NTA**

National Technology Awards 2020  
**WINNER** Tech for Good Award

## Putting community at the heart of membership

We recognise that we all need to help each other out and our communities need support now more than ever, so we've put community at the heart of the new membership offer.

Our evolved membership offer doubles the difference members can make to communities when they choose Co-op. When members buy selected Co-op branded products and services, they get 2p for every pound spent back for themselves and the same goes to supporting communities.

### The funds raised by our members are split two ways:

- Supporting the **Local Community Fund**, helping thousands of grassroots community causes, where members can select which cause in their local community to support.
- Supporting the **Community Partnerships Fund** creating lasting change on big issues we care about - access to food, mental wellbeing support, education and employment for young people - in partnership with like-minded organisations. Targeting communities that need the extra help the most.

Members will also have the opportunity to shape and participate in community activity and campaigns supported by Co-op Member Pioneers and Co-operate, our community platform.

**In 2020 members selected over 1 million causes, more causes than ever**  
(2019: 709,000).

## Local Community Fund

The Local Community Fund enables our members to support local projects they care about. Since we launched the fund back in 2016, we've shared over £70m to help causes deliver 21,000 unique community projects across the UK.



From supporting projects that promote mental wellbeing and access to food, to education and employment, our funding has never been more vital

and this was reflected in the Fund receiving the Better Society Award for National Commitment to Communities.

The Local Community Fund is a key driver in helping us achieve our Community Plan. We are currently supporting 4,500 causes in local communities across the UK, helping us deliver our community missions.

## Community Partnerships Fund

In September 2020 we introduced our Community Partnerships Fund. The fund has been set up to create lasting change working with partners to target and support the most vulnerable whether that be by geography or by demographic.

The fund enables us to make significant investments in communities on behalf of our members, so we're giving them an opportunity to shape and participate in how the fund is delivered. Members can choose which opportunities to engage with, from suggesting ideas through Join In events to getting involved through the Co-operate platform.

You can read more on how we've been working with our partners, such as the Co-op Foundation, Mind, The Scottish Association for Mental Health (SAMH) and Inspire in this section of the report.



**£15m given to over 4,500 local community projects in 2020**

## Supporting causes during the pandemic

Given the challenges that 2020 presented to our local causes, we changed our Local Community Fund payment process so we could inject extra funds into our April payout, boosting funds from £1.2m to £4.5m.

In May, we issued a survey to causes to understand the impact of the Covid-19 pandemic on projects being supported through the fund.

Over 3,000 causes responded (69% response rate) providing valuable insight into the challenges causes were facing. As a result of these key insights, we allowed greater flexibility in the use of the grant to enable causes to adapt their projects in light of the pandemic.



## Fair access to food

Research by the Food Standards Agency found that the poorest among us have been hit hardest by the pandemic, with 1 in 10 people now accessing food banks. The ongoing economic impact of the pandemic means this situation is set to worsen into 2021 and beyond.

We've long been committed to reducing the amount of food we waste and in 2020 our Foodshare programme, which shares surplus food redistribution to local community groups, grew by 80% compared to the previous year. See more on this on page 68. We're now looking at how we can build a more sustainable approach to tackling food poverty with communities. We started to lay the foundations of this during the crisis and now plan to extend our support to go beyond funding and food distribution.

Community solutions such as breakfast clubs, community cafés and allotments already focus on removing the dependency on food banks and putting the power to access food back into the hands of communities. Looking to 2021, our mission will be focused on supporting these types of initiatives to help people get up the food ladder and access food in a more sustainable way.

## Tackling food insecurity

At the start of the pandemic, food insecurity became one of the most pressing challenges faced by our communities. Using our existing assets and partnerships, we were able to move swiftly to support in a number of ways, including:

- Supporting FareShare<sup>1</sup> to distribute five million meals through contributions such as member and customer donations, as well as giving our members the opportunity to donate their unspent Co-op member rewards to a new Co-op Coronavirus Members Fund
- Launching a multi-million-pound fund to support food charities across the UK. The campaign raised £1.5 million for the National Emergency Trust (NET) helping to fund local food charities up and down the UK
- Providing over 6,000 Co-op Academy pupils and students eligible for free school meals with Co-op vouchers during national school closures, periods of self isolation and October half term, amounting to over £2.9 million of support.

Underpinning action on the ground, our engagement with the Government this year has focused firmly on influencing more systemic change to address this issue.

We're proud to have been one of the first retailers to confirm our participation in the End Child Food Poverty Taskforce convened by Marcus Rashford. The Taskforce campaigned for the Government to adopt the first three recommendations set out in

Henry Dimbleby's National Food Strategy Interim Report, focusing on:

- Expanding eligibility for the Free School Meal scheme to include every child
- Extending the Holiday Activity and Food Programme to all areas in England so that summer holiday support is available to all children in receipt of Free School Meals
- Increasing the value of Healthy Start vouchers to £4.25 per week.

Working in co-operation with the Taskforce and hundreds of other businesses across the country, we've seen the Government change course significantly over 2020. Additional funding has been committed to local authorities to fund holiday provision and to ensure food banks can continue to serve those most in need. In December 2020, we went one step further and began adding £1 to the value of the Healthy Start vouchers when they are redeemed by our members and customers. And the Healthy Start scheme will increase in value to £4.25 from April 2021.



<sup>1</sup> National charity aimed at relieving food poverty and reducing food waste in the UK.

## Fair Access to Mental Wellbeing

1 in 4 of us will experience a mental health problem in any given year.<sup>2</sup> This year, the pandemic has had a significant impact on the mental wellbeing of the nation, with 60% of adults and 68% of young people reporting that their mental health has deteriorated<sup>3</sup> as a result. Our mental wellbeing work focuses on areas of colleague wellbeing, community mental wellbeing and access to mental wellbeing support.

### Colleague Wellbeing

We recognise that to improve community mental wellbeing, we need to start at home and focus on our colleagues. Mental health is one of the biggest drivers of absence from work, so we know we need to support our colleagues who are facing challenges. You can read more on this on page 35.

### Community mental wellbeing

We are partnering with [Mind](#), [Scottish Association of Mental Health \(SAMH\)](#) and [Inspire](#) to bring communities together to improve mental wellbeing. We aim to raise £6m to fund new research, services, and advocacy activity to support people to build their resilience and make a lasting change to the mental wellbeing of communities.

Co-op colleagues, members, customers, partners and suppliers are passionate about this and have already raised £3m. As a result we have launched 12 new pilot services across the UK with more services to be rolled out in 2021.

<sup>2</sup> <https://www.mind.org.uk/information-support/types-of-mental-health-problems/statistics-and-facts-about-mental-health/how-common-are-mental-health-problems/#References>

<sup>3</sup> Mind (2020), The Mental Health Emergency: How has the coronavirus pandemic affected our mental health? June 2020

We are also signposting people to mental wellbeing support including information, services and community activity. In 2020 we supported half a million people in this way, for example connecting people through Co-operate, our online community hub, our Member Pioneers, and our funeral business signposting to bereavement support.

#### Over £3m raised

for Mind, SAMH and Inspire to fund new mental wellbeing services

#### 12 pilots live across the UK

#### 2,102 wellbeing causes supported

by the Local Community Fund

#### Nearly half a million people signposted

to sources of mental wellbeing support



### Supporting the bereaved during the pandemic

The pandemic has had long-term emotional impacts for grieving families and individuals.

A report we published over the summer showed that in the weeks following the start of the UK's lockdown, 47% of bereaved adults in the UK had been denied their final farewell to a loved one because of Government and local authority restrictions.

We've presented the key findings of the report to the Government and are working with them, bereavement charities, and other key organisations, to help support families through their grief. We've also introduced new ways to help families have a 'delayed celebration of life' for their loved one.

## Fair access to education and employment for young people

The economic impact of the pandemic will be felt for years to come. We want to be able to provide joined up, sustainable solutions that will make a difference to the lives of the next generation. But it's clear from our insight that we can't do this alone. Through sharing capabilities, resources and funding with partners, we can achieve more together. So our aim is that, through co-operation, we will enable young people to change their lives and play an active role in changing the world around them for the better.

Our key focus will be around enabling young people to **be heard, make a difference** and **access opportunities**.

### Be heard

As part of our work with Damilola Taylor Trust and the Hope 2020 collective, we partnered with the [Rio Ferdinand Foundation](#) to provide the opportunity for 200 young people from our most marginalised and vulnerable communities to take part in a youth voice project. This helped them to develop skills in creative expression and producing online youth voice content.

### Make a difference

We worked with NCS ([National Citizen Service](#)) to pilot a co-operative local model in Hendon. By connecting young people in NCS Local Action Groups with our Co-op community assets, they were able to use the Community Wellbeing Index to understand more about their communities, learn how our Co-operate platform could help them to connect with their communities, and access support from their local Member Pioneer.

### Access opportunities

During 2020, 65 young people went through our pre-apprenticeship programme, helping them obtain GCSEs in Maths and English; a pre-requisite for the apprenticeship programme. We also worked with Connell Sixth Form College to develop the Co-op Young Business Leaders Programme – a work placement programme for 20 Business Studies BTEC students.

See p39 for more on our Apprenticeship programme.

Launched in 2018, our 'Safer Colleagues, Safer Communities' campaign aims to protect our colleagues and others from violence; tackling the root causes of crime. We believe providing fair access to opportunities for training and employment for young people is a strong enabler of this. You can read more on this campaign on p42.

2021 will see us further develop our work in this area by identifying and onboarding new youth partners to work with us in delivering projects. We will also grow our youth employability offer, opening up 150 Kickstart placements in the communities that need the opportunities most.



### Co-op Academies

The Co-op Academies Trust provides an education based on co-operative Values and Principles for over 17,000 young people. It's their ambition to provide fairer access to education as well as to inspire a new generation of high-achieving, ambitious, skilled and confident co-operators.

In line with our mission to provide fairer access to education and employment, we are supporting our academies to deliver their Careers Education, Advice, Information and Guidance (CEAIG) activity, including work experience and opportunities to develop key employability skills. Some sessions were delivered whilst the students were not able to attend college.

As part of our commitment to the Trust, we provide governance expertise from our business, which includes over 80 Co-op governors.

Despite the challenges Covid-19 has presented, we remain committed to developing opportunities for more students to move from a Co-op education into a Co-op apprenticeship and career. We're also proud of how our Co-op values and approach have been a positive support for pupils and staff during this challenging period.

We're proud that, by the end of 2020, Co-op Academies Trust ran 26 academy schools (2019: 24) in Greater Manchester, Yorkshire, Merseyside and North Staffordshire. The Trust has also been selected to open two new academies, in 2021 and 2022 in Manchester and Leeds respectively.

**26 academy schools in the Co-op Academies Trust (2019: 24)**



## Helping Communities to Co-operate across the UK

### Member Pioneers

Member Pioneers make great things happen in our communities. They are the boots on the ground, working together with our Co-operate platform, other Co-op colleagues, members and local causes to make a difference and make our communities better places to work, play, live and learn.

In 2020, we focused on building our network and now have Member Pioneers in place across the UK. This meant that during the pandemic, Member Pioneers were at the forefront of our community response supporting those who are vulnerable, finding volunteers and keeping people connected.

**1,000 Member Pioneers & Member Pioneer Coordinators**

based in communities across the UK

**90,000 hours invested**

in UK communities in 2020 including...

**...more than 30,000 hours supporting Community Coronavirus Response**

**Member Pioneers engage an average of 30,000 people a month**

As well as encouraging member activity and engagement, they bring our community plan to life focusing on our 3 missions which will continue into 2021. For more information, or to get involved, visit [www.communityspirit.co.uk](http://www.communityspirit.co.uk)

## Co-operate Platform

We want to amplify the good things happening in local communities, making it easier to connect with others and get stuff done. Launched in 2019, Co-operate is our online platform that pulls together local events and activities to create one place for people to go to make things happen in their local community.

Last year, we committed to driving impact and engagement for national Co-op campaigns, while continuing geographical roll out to more communities across the UK. At the start of the pandemic, we worked swiftly to move the platform from 9 communities across Trafford and Leeds to a national presence so we could provide ways for people to connect virtually in their communities. We also supported campaigns such as **Mental Health Awareness Day**, supported the vulnerable customer shopping scheme and connected people locally through the [Hold Still](#) campaign.

Moving into 2021, we'll continue to focus on organisers and how we can support them in getting behind our 3 community missions, kicking off with access to food.

## Colleague support for communities

We encourage all colleagues to play an active role in the community, whether volunteering through the Co-operate Platform, running or participating in community projects, or taking part in social action.

Over 183,000 visits to Co-operate

In 2020, colleagues supported their communities in a variety of ways, from volunteering with local charities, organising fundraising events and serving as trustees or governors, to supporting causes participating in the Local Community Fund. For more examples of our activity, see our Co-op blogs page [here](#).

In 2020 we worked with a small number of stores to better understand how we can support colleagues to really make a difference locally.

We found that supporting colleagues to be more active in their communities resulted in colleagues feeling like they were more connected to their community and with our Vision of Co-operating for a Fairer World. We also saw positive outcomes in terms of colleague wellbeing and confidence. We plan to extend this learning in 2021.



## The Co-op Foundation

The Co-op Foundation is our charity. It helps people challenge inequality and co-operate for change so they can share a fairer future. In 2020, the Foundation responded to the pandemic by committing to being as flexible as possible for its UK-wide network of partners, enabling them to adapt their work to the changing needs of their communities. It also built on its £6.5m of grants tackling youth loneliness by launching phase two of its Lonely Not Alone campaign, made by young people to beat the stigma of youth loneliness.

The Foundation awarded almost £1.8m in grants in 2020 to help young people make spaces better for their peers and support each other through bereavement and during the move from primary to secondary school. In 2021, The Foundation will continue to work alongside the Co-op to support young people and communities to tackle inequality and build a fairer future. See [here](#) for more detail.

### Awarded £1.8m

to 42 community organisations that support young people to help their peers

### Committed to investing more than £380,000

in helping community spaces UK-wide to become more financially sustainable

### Engaged 57 young people

to create year two of Lonely Not Alone

## Spaces

Towards the end of 2019, we identified the protection and creation of community spaces as one of the core pillars of our Co-operate 2022 community strategy. Although this is no longer a central element of our strategy, we continued to champion community spaces throughout 2020.

The pandemic has acted as a catalyst in exposing just how important public spaces are to community wellbeing. As the ability to leave our homes to visit our local park was restricted, appreciation for vital and under threat community spaces increased. In 2019, we commissioned research with three charity partners on the most effective ways to empower communities to reverse the impact of lost community spaces.

In March, we published '[In Community Hands](#)' with our partners Locality. It set out clear recommendations to Government which, if adopted, would empower more communities to benefit from Community Asset Transfer. We hosted a parliamentary roundtable with contributions from Members of Parliament, Local Authorities, and community groups.

In May, we supported Fields in Trust with the launch of their [Green Space Index](#), publishing insight for the first time into how population change is likely to impact on the provision of parks and green spaces over time. In July, with the Plunkett Foundation, we published '[Ripple Effect](#)'.

Originally commissioned to provide an Impact Statement on the benefits that community businesses provide in rural communities, the report included inspirational examples of communities coming together in local spaces to launch vital services in response to the pandemic.

The Co-op Foundation also continued its support for community spaces in 2020 by committing to invest more than £380,000 in interest-free loans and grants, and agreeing 16 repayment breaks to help partners funded through our loans programme survive through lockdown.





## ⌚ 2021 targets

By 2022, we will signpost over a million people to mental wellbeing support including information, services and community activity.

By 2022, we will support 10,000 people to improve their resilience and mental wellbeing through our charity partnership services.

We will provide a network of 100 community fridges in places of most need in 2021 that will support 187,500 people with 5m meals annually by end of 2022.

By 2022, our Youth Mission will enable young people to be heard, make a difference and access opportunities. Delivered through:

- A peer research and social action initiative in partnership with Youth Endowment Fund. Giving 6,400 young people the platform, skills and support to be heard and make a difference on the issues that matter to them.
- Supporting 150 young people (16-25) from disadvantaged communities to access work through the Kickstart scheme. We will also offer at least 50% of those meaningful employment after their Kickstart scheme has finished (after 6 months).

We will encourage 300,000 people to engage with their local community through our Co-operate platform by the end of 2021.

We will generate at least £24m of funding for our Local Community Fund and Community Partnerships Fund in 2021 to support fairer access to food, mental wellbeing services and opportunities for young people.

In 2021 we will invest 113,000 hours for Member Pioneers to engage with people to increase co-operation in our communities.

We will increase the number of Academies in the Co-op Academies Trust to at least 40 by the end of the academic year 2021-22.

To ensure our Academies are governed in line with co-operative values and principles, we will provide a current or former colleague as Chair of Governors and an additional 1 - 4 Co-op Governors per Academy, depending on the needs of the Academy.



Fairer for our People

# Our people

We're working to create the conditions where every colleague is proud of their Co-op and uses their full potential to co-operate for a fairer world.

When we established our 2020 People Vision we had no idea what lay ahead. Covid-19 has dramatically changed the way we live and work; it's affected virtually every element of life for our communities, customers, members and colleagues.

The scale of the pandemic meant we needed to be agile in delivering our plans, whilst ensuring we did what mattered most to support our colleagues during challenging times. So, last year we really focused on the wellbeing of our colleagues as well as our Diversity & Inclusion agenda, with the launch of our commitments to reduce racial inequalities.

We will continue to focus on these and our other people priorities in 2021, including Leadership, Engagement & Recognition, Building Skills (Apprenticeships) and Providing Fair Pay and Meaningful Work to all colleagues.



## Wellbeing

The Wellbeing of our colleagues has long been a top priority for us, and in 2020 more so than ever.

At the start of the pandemic, we established a Wellbeing Steering Committee representing all areas of the business which allowed us to understand in real time where our colleagues needed our support, enabling us to swiftly evolve our plans.

As a result we launched Co-op Care, a weekly communication to all colleagues covering guidance and advice on how to cope with the impact of Covid-19 on their health and financial wellbeing. We also provided free Flu jab vouchers to all our colleagues, which were taken up by over 10,000 colleagues.

**Underpinning this, we continued to extend the range of initiatives to support colleagues, including:**

- Delivering mental health training to all our managers. By the end of 2020 we reached over 1,000 managers, extending to all managers in early 2021. The training will then become a part of our core leader induction.
- Launching a partnership with Smart Health, through YuLife, to provide all colleagues and their families with access to virtual GP, mental health, complex medical case, nutrition and fitness support.
- Our wellbeing platform, provided by LifeWorks, has continued to grow in popularity. 40% of colleagues have registered and can now access a range of self-help wellbeing resources.

- Continuing to partner with Stepchange, Neyber, Co-operative Credit Union and Keep Credit Union to bring quality financial wellbeing guidance to colleagues.
- Creating a wellbeing hub to help our leaders easily access all wellbeing content from one place to support their teams.
- Implementing a pay advance product, which will give our colleagues access to pay between pay days. This will be made available to colleagues in 2021.

Our Talkback survey showed that 66% of colleagues feel equipped to manage their wellbeing using the resources Co-op provides. In the coming year, we will continue to focus on physical, mental and financial resilience and helping colleagues to better access and understand how to use our tools.

We'll continue to be led by what colleagues tell us matters most and work with them to shape future solutions.



## Inclusion & Diversity

We've set ourselves a bold Vision to Co-operate for a Fairer World, and that requires all of our colleagues and leaders to bring their diverse talents to the table to make change happen. Creating an inclusive culture, where all our colleagues can come to work to be their best selves is key to helping deliver this Vision. Our strategy remained focused on designing the foundations that enable us to create and sustain an inclusive culture. For us, these are:

### 1. Building a more inclusive culture

In 2019, we audited our people processes through an inclusion lens and found that we had more work to do to ensure that our Black, Asian and Ethnic Minority colleagues felt more included.

We continued to educate colleagues in other areas of diversity such as gender, LGBTQ +, disability and neuro diversity through events and learning sessions in National Inclusion week, International Women's day, Pride and International Day of Disability.

We also piloted our inclusive leadership programme to help leaders to develop the skills and behaviours to lead diverse teams more inclusively.

We continued to empower our colleague networks and pioneers to educate and inspire colleagues at a local level.

### Our commitments to reducing racial inequality

In September we launched our inclusion commitments to reduce racial inequality; a holistic set of commitments across colleagues, customers, membership and communities which go beyond our focus on colleagues to put inclusion at the heart of everything we do.

#### Headline commitments include:

- Doubling the representation of Black, Asian, and minority ethnic leaders and managers by the end of 2022, moving from 3% to 6%, and then to 10% by 2025.
- Annually publishing our ethnicity pay gap from 2021 and calling on the Government to make this mandatory for all businesses.
- Working with our Co-op Academies Trust to develop a new curriculum on anti-racism.
- Increasing the number of local causes whose projects include Black, Asian, and ethnic minority beneficiaries to 25% through the Local Community Fund.

You can see a full list of our commitments [here](#). We will report on our progress against these commitments in 2021.



We currently have:

**125 pioneers<sup>1</sup>** (2019: 106) and  
**5 colleague networks** (2019: 4)

### 2. Focusing on respect at work

Having a zero-tolerance approach to bullying, harassment and discrimination is important to us, and this year we've been looking to understand how colleagues' lived experiences are impacted by their identity.

From the insight gathered in 2020, we know that we have more to do in this space and will undertake a deep dive in 2021 to get a greater understanding of the issues we face and help create more meaningful interventions.

<sup>1</sup> Our pioneers are colleagues who support the implementation of the Inclusion Strategy by leading the conversation.

### 3. Attracting and engaging colleagues

In 2020 we continued the work to diversify our talent pipeline, ensuring that we are attracting and recruiting colleagues that represent the communities in which we serve, maintaining our focus on both gender and ethnicity.

Our approach includes partnering with organisations that can help us to reach diverse talent outside of our existing channels, so we continue to partner with The Prince's Trust, Catch 22 and Black Young Professionals, as well as rolling out inclusive hiring training for our recruitment teams which we plan to extend to our hiring managers in 2021.

We have also started to scope our approach to how we support colleagues with a disability and ensure that they can easily access reasonable adjustments.

#### Diversity Data

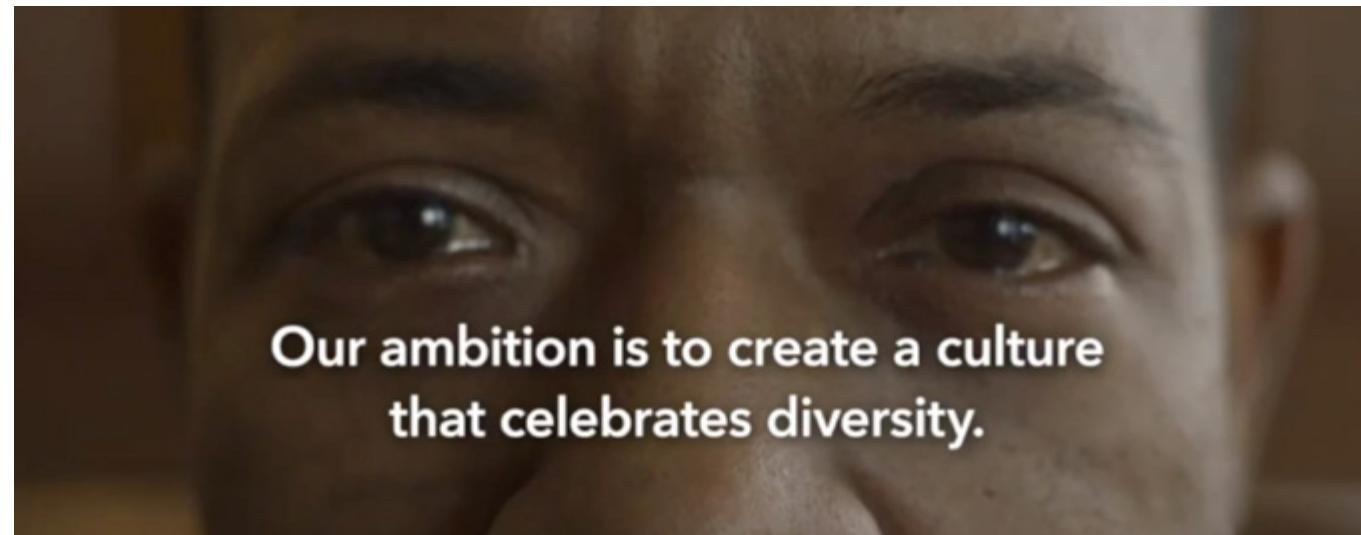
In 2020 we strengthened our diversity data strategy by collecting all diversity data in our central HR system. Our data set incorporates all identities as well as additional insight on caring responsibilities and socio-economic indicators. We will use this data to help shape our strategy, goals and priorities for 2021-2025.

#### Inclusive Leadership

In 2020 we helped our leaders to connect to the Inclusion agenda on a personal level. From coaching members of the Exec, to delivering bespoke inclusive leadership training, workshops and webinars, we tailored our training programmes to suit colleagues at all stages of their leadership journey.

#### Gender Pay Gap

We're committed to being open and fair in how we pay our colleagues. Gender pay gap reporting shows the overall difference in the average pay for all men and women across our Co-op. We published our 4th report in April 2021. The full report is available [here](#).



**Our ambition is to create a culture  
that celebrates diversity.**

As we move into 2021, we remain focused on developing a diverse and inclusive culture and we will do this through:

#### Representation

Ensuring that our colleague base reflects the communities we serve through publishing our base level of diversity data as well as developing our own approach to ethnicity pay gap reporting and lobbying the Government to make it mandatory.

#### Removing Barriers

Continuing to remove barriers to progression for all diverse colleagues through for example launching our development programme specifically for our Black, Asian and Ethnic Minority colleagues.

#### Inclusive Culture

We will continue to use our inclusion events to engage and educate colleagues.

#### Effective Leaders and skilled people

All leaders will have a core priority goal which centres around making a positive impact in their role, through creating an inclusive culture and supporting our Co-op Vision.

#### Performance Benchmark

In 2020, we ranked 58th in the Social Mobility Employer Index - which ranks Britain's employers on the actions they are taking to ensure they are open to accessing and progressing talent from all backgrounds (2018: 45th).

## Leadership

To help us deliver our Vision of Co-operating For a Fairer World, we need leaders who:

- Are connected to our Vision and motivated by our Purpose
- Lead with humility and vulnerability, creating safety and trust for those they lead
- Are committed to their personal growth
- Are courageous to ask for help, co-create and innovate to positively disrupt

Our Leadership strategy evolved in 2020, forming the basis for an ambitious new leadership development plan that provides timely and relevant development opportunities to all leaders, this plan continues to put our leadership behaviours at the foundation of all we do.

Our Leadership themes are informed by insight about what our leaders need to help deliver our Vision. In 2020 we launched our first theme of "Adaptability", helping leaders to move from a reactive mindset into a more sustainable, adaptive one. In 2021 we will be focusing on Vision, Purpose and Wellbeing, and Leader as Coach.

During 2020, we delivered Virtual Leadfest, a festival of learning and development open to all colleagues. We ran 499 sessions, delivered in a number of ways including virtually facilitated sessions, leaders unplugged sessions, tent talks, book clubs and panel discussions. These were supplemented by 12 podcasts, which achieved nearly 1,400 listens.

To help us measure the success of our programmes, we use questions in our Talkback survey to calculate our Leadership Index.

### In 2020 the index was 72%

(2019: 79%)<sup>2</sup>. The UK Private Sector benchmark for this index is 68%.

In 2021 we will continue to focus on our 3 pillars of leadership:

#### **Removing Barriers**

Build on our Leadership StrengthsBuild resilience in self and others.

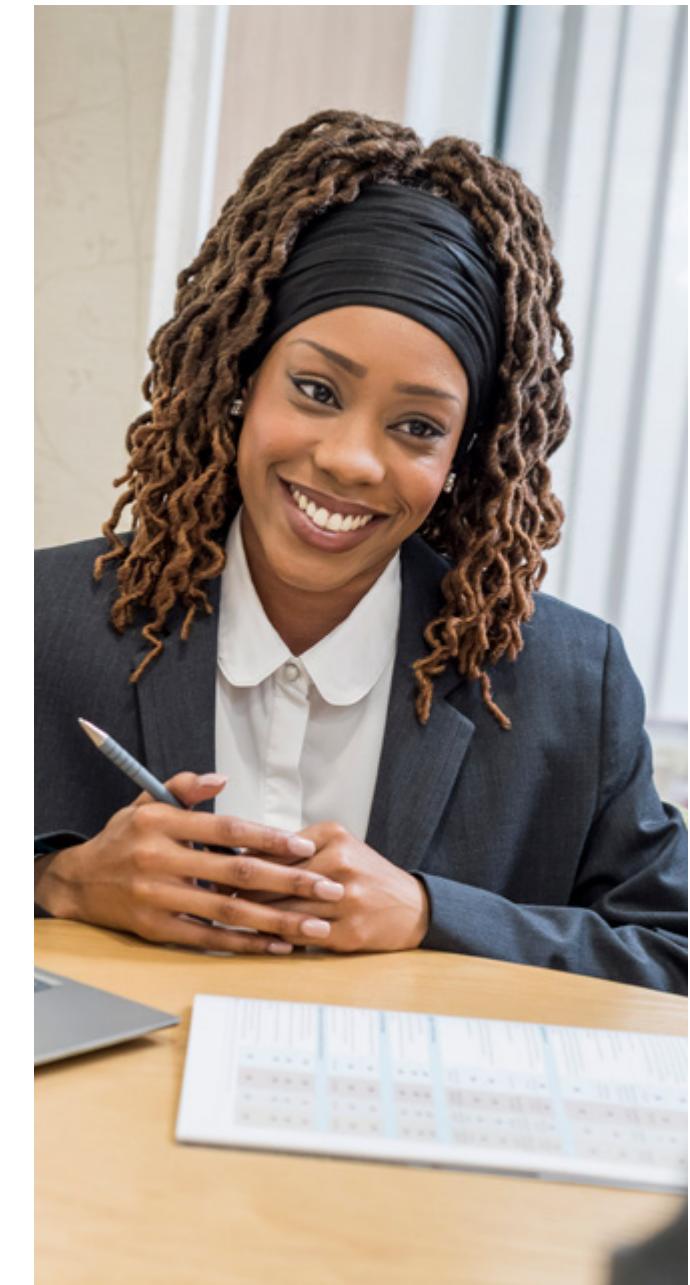
#### **Create our Co-op Environment**

Create the conditions for our colleagues to succeed.

#### **Co-operate & Lead for a Fairer world**

Show up and have an impact in society.

<sup>2</sup> See commentary [here](#) for more detail



## Building skills - Apprenticeships

We want to create an environment where every colleague can thrive. Our apprenticeship programme provides access to lifelong skills for our colleagues and communities.

Throughout 2020, we used our apprenticeship levy to launch several new programmes across the business.

### We have continued to be recognised for our apprenticeship programmes:

- **RateMyApprenticeship (RMA)**

Top 100 Employer

- **National Apprenticeship**

Top 100 Employer

- **Aron Marshall - Logistics**

- RMA Outstanding Intermediate Apprentice of the Year
- National Apprenticeship Service East Midlands Region Intermediate Apprentice of the Year
- Highly commended in the national finals.



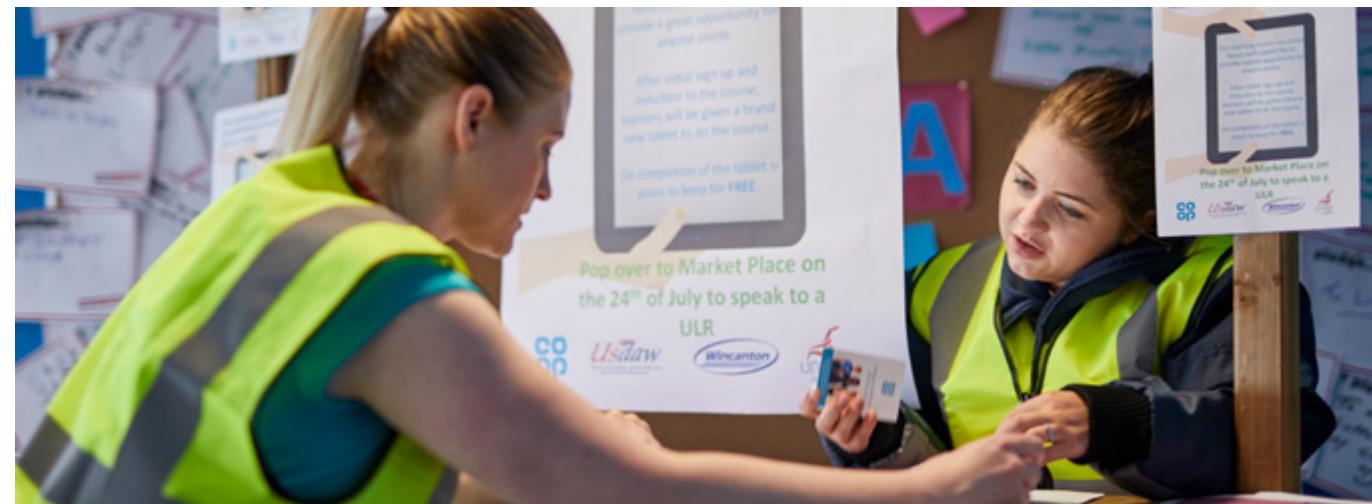
In 2020, we had:

**Over 1,200 apprentices on programme**

**A 36% male 64% female split**

**25+ different programmes**

**Ages ranging from 17 to 60+**



### Support Centre

We have worked hard to identify more entry level apprenticeship roles which can be filled by school leavers and have recruited apprentices into our Sales and Services, Robotics, Food Technology and Digital User Experience teams.

### Food

Our portfolio of apprenticeship programmes in our Food business enables colleagues to progress from one programme to another, demonstrating our commitment to career pathways; from the pre-apprenticeship right through to the degree programme.

### Legal Services

Access to legal careers is usually synonymous with traditional university routes. We've been working to change perceptions by partnering with schools and colleges in disadvantaged areas of Stratford and Bristol to recruit apprentices onto a Paralegal apprenticeship programme for the first time.

### Logistics

By creating a pipeline of talent from entry level warehouse roles into Driver and Team Leader apprenticeships, we are enabling colleagues to move forward in their careers.

### Funeralcare

We now have around 250 apprentices on the new apprenticeship standards which we also helped to create. We will see some of the first apprentices in the sector completing their assessments by the end of the year.

We're also working with our Academies to open up opportunities for students to move from a Co-op education into a Co-op apprenticeship and career. See our Academies on page 29.

## Engagement & Recognition

Having engaged colleagues who are connected to our Co-op and feel valued for their contribution is fundamental to our ongoing success.

We measure colleague engagement and experience through our listening tools - Talkback, Talkback Pulse (which this year focused on Covid-19 wellbeing support) and Colleague Voice. These tools highlight where we need to focus to improve the everyday experience of our colleagues.

In 2020 our engagement score remained strong at 76% (2019, 76%), which is, in the main, ahead of the external industry benchmarks. Three quarters of colleagues would recommend Co-op as a place to work, a 2 percentage point increase on 2019.

Our 2020 Talkback survey highlighted that colleagues value support for wellbeing, team working and learning and development opportunities. Analysis shows that physical and psychological safety are clear priorities for us, as is our purpose and community involvement.

Our Colleague Voice forum – a group of colleagues providing insight from across the Co-op – has continued to gain momentum. We've successfully digitalised our national forum as well as supported the growth and development of our 'local' forums.

Our recognition framework aims to encourage the behaviours that underpin our Ways of Being and celebrate delivering our Vision - Co-operating for a Fairer World.

Our colleagues do amazing things for our members, customers and communities and have shone more than ever during the extraordinary times faced over the last year.

In 2020, 50,000 front-line workers received a 'local hero' badge and the #BeingCoop award 'local hero' category was created to recognise great work during the pandemic. 'You're Incredible' digital cards were created for home working colleagues to show appreciation online with 4,500 sent in the first 6 months.

We celebrated more winners than ever at our #BeingCoop Awards virtual ceremony and all Co-op colleagues joined our new career celebration scheme which recognises our colleagues earlier and more frequently for their commitment and loyalty. We now celebrate 9,000 more colleagues a year with a career celebration gift.

Our 2020 Talkback survey identified recognition for their contributions and achievement as a top 5 behaviour colleagues want to see more of from their manager. Through a series of virtual leaders unplugged sessions and events, Co-op leaders are supported to role model truly authentic appreciation.



## 12 days of Togetherness

As a way to say a thank you for their hard word, our colleagues co-created the 12 Days of Togetherness campaign, which brought all Co-op colleagues together in the run up to Christmas. The campaign focused on creating a sense of connection, belonging and appreciation by providing gifts, discounts, joining-in activities and recognition opportunities through a virtual advent calendar.

- Available to all 63,000 colleagues
- 1.7 million page views
- over 6,500 e-recognition cards sent

"I've worked for the Co-op for 30 years and this was the most fantastic way to show how much our colleagues have worked hard in this tough year".

**Our engagement score remained at 76%  
(2019: 76%)**

Co-op Colleague band  
The Blue Clovers were highly commended in the #BeingCoop Succeeding Together Award (Team of the Year).

## Reward

Our colleagues worked exceptionally hard in 2020, going above and beyond to ensure that we were able to support our members and customers during the Covid-19 crisis. In May all 56,000 of our frontline colleagues received a Thank You package in recognition of their efforts during lockdown, which included an additional payment, a Co-op gift card and an extra holiday.

We've always believed in a fair wage and in 2020 we continued to pay all our colleagues above the National Minimum Wage rate.

**In recognition of the vital role played by frontline colleagues, we're aligning hourly pay rates to the Real Living Wage from 2021.**

This will give a pay boost of 5.6% to Customer Team Members in our stores as well as increasing pay for colleagues in other roles across our Co-op.

We know some members want to see pay ratios. We've published our figures using the same methodologies as we did last year. For further details, please refer to our Report of the Remuneration Committee in our [2020 Annual Report](#).

## Pensions

Our pension scheme is available to all our colleagues from day one of joining the Co-op, including those who do not meet automatic enrolment criteria, and our automatic enrolment offer exceeds the minimum required. In 2020, 43,000 colleagues were in the scheme, which equates to 67% of all colleagues.

Our pension scheme is also responsible for the pensions of colleagues who have left the business, and in 2020 this comprised 45,000 pensioners (2019: 47,000) and 60,500 deferred pensioners yet to retire (2019: 58,000).

## Engagement with Trade Unions

We have formal recognition agreements with trades unions (Unite and Usdaw) across all areas of our business. We actively encourage colleagues to become union members, but also respect the right of colleagues not to join a union. We communicate and consult with each union regularly to maintain positive and constructive relationships.

## Whistleblowing

To ensure we do the right thing by our values and principles, we operate a whistleblowing procedure. The policy is included in the Code of Business Conduct and is available on our website.

An external independent company operates a hotline and weblink known as "Speak Up", that allows colleagues and suppliers to raise concerns about business practices confidentially. In 2020 we received 235 reports through this process (2019: 199). As well as whistleblowing reports this included the provision of additional information, requests for feedback and the seeking of advice.

In addition to the reports made via the external provider, 26 reports were made direct to Co-op colleagues (2019: 34). We have a procedure for recording and investigating whistleblowing reports, which are presented to our Risk and Audit Committee.



## 2021 targets

We will increase our Black, Asian and Ethnic Minority leadership representation from 3% to 6% by 2022 and 10% by 2025.

We will continue our commitment to hosting a minimum of 1,000 apprentices on our programmes at any one time, and make sure these programmes enable personal development and align to our business priorities.

We will maintain levels of colleague engagement as measured by our engagement index (currently 76%).

## Campaign: Safer Colleagues, Safer Communities

In 2018, we launched our 'Safer Colleagues, Safer Communities' campaign<sup>1</sup>. We're supporting shop workers' safety on a national scale, protecting our colleagues and others from violence, and tackling the root causes of crime.

At our 2019 AGM, our members voted overwhelmingly to support maintaining the current level of funding for the next three years, which will allow us to invest £140m between 2017 and 2022.

In 2020 we focused on the 50 stores that account for 26% of our reported crime, ensuring that these stores are using the most innovative and sophisticated operational support available, such as body-worn cameras which are rolling out to 250 more stores following a successful trial.

Throughout 2020, we've been keen to show the Government our full support for our shopworkers and tackling crime in the community. This has been especially relevant throughout the pandemic where anti-social behaviour, physical and verbal abuse towards our store colleagues has increased by 36%.

2020 opened with more than 5,000 Co-op colleagues and members personally writing to their local MPs showing their support for shopworkers and urging Government to publish its response to their own Call for Evidence.

A consultation was opened to aid the Government's understanding of violence and abuse towards shop staff in England and Wales and over 600 Co-op colleagues responded.

<sup>1</sup> This campaign was unanimously agreed by our National Members' Council.

In response, the Government set up 4 task and finish groups to tackle shopworker violence focusing on: reporting, victim support, communications and data sharing. Our Co-op is involved with all four of these groups.

Jo Whitfield, our Chief Executive, Food, has written to the Prime Minister, asking the Government to support the retail key workers and prioritise shopworkers violence. Jo also brought together 23 leading CEOs to call for new legislation to be put in place.

We also continued our support of Usdaw's Freedom From Fear campaign, co-hosting 5 regional events with Usdaw reps, Co-op colleagues and Police and Crime commissioners as well as hosting a number of visits from cross-party MPs.

In October 2020, we published a second piece of academic research from Dr Emmeline Taylor, Associate Dean at City, University of London, examining the role young people play in the abuse and violence against shopworkers.

The research focused on the public health approach to tackling violent crime, the starting point being the 'strong conviction that violent behaviour and its consequences can be prevented'.

In 2020, following on from the successful collaboration with the Damilola Taylor Trust, we announced our support of the Hope 2020 campaign which brings our Co-op into a 'hope collective' of youth organisations. This is a powerful example of working together towards the same mission of creating positive futures for all young people and spreading hope in our communities.



# Health and safety

The safety of our colleagues, members and everyone who visits our premises is always a priority for our business.

In a difficult year, we remained committed to enhancing our positive safety culture and developing our Co-op minimum safety standards, recognising that strong risk safety governance is key to the health, safety and wellbeing of our colleagues. Despite our focus turning to creating Covid-safe environments for our customers and colleagues, we have continued to drive improvement through training and further developing our incident management system 'MySafety'.

## Our response to Covid-19

From the onset of the pandemic, our priority has been to protect the health and safety of our colleagues. We had to work in a more agile way to support colleagues with practical safety measures and, while acquiring protective equipment for our key workers has been critical, ensuring that colleagues felt informed and assured of our support has been just as important.

We supported our colleagues to work at home where they could, but also ensured we provided a safe environment for those who couldn't.



Last year as part of our campaign to protect frontline colleagues from violence, we committed to engaging with partners and statutory bodies, including the Police and Home Office, to develop partnerships to make our colleagues feel safer at work. We launched Project Zeal - a collaborative partnership with Nottinghamshire Police to tackle persistent and violent offending within Co-op stores and have also supported other pilot projects to enable direct incident reporting to Police.

## Case study: Keeping our customers and colleagues safe

From the start of the pandemic, great logistics has been key to ensuring our stores received what they needed to service all our customers safely.

We needed to react quickly and, using government guidance, we removed and reduced risk across all high volume touchpoints and processes supported by social distancing measures. Within a couple of weeks we had an anti-bacterial spray and enhanced cleaning regime in place alongside a communication routine which connected every colleague across the whole of logistics to any changes and advice on a daily basis supported by regular senior team updates and clear and decisive decision making.

Throughout this period, we've continued to review and refine our controls responding to colleague feedback and changes to guidance to ensure we remained compliant and where possible exceed the expected measures.



**5,897**

Non-reportable accidents  
(colleagues) in 2020 (2019: 4,406)

**6,280**

per 100,000 colleagues  
(2019: 7,037)

**233**

Reportable accidents (colleagues)  
in 2020 (2019: 243)

**340**

per 100,000 colleagues  
(2019: 388)

## How we manage safety

Colleague accidents is one of the key indicators of how effectively we're managing workplace safety. Our accident data enables us to review trends and take more proactive steps to avoid them. Using more mobile technology, such as tablets, has also made it easier for colleagues to report accidents, increasing reporting rates as well as our ability to react quickly and look for lessons learned.

We also record customer accidents. We've seen a decrease in non-reportable accidents and a small increase in reportable accidents but the numbers remain low, reflecting our ongoing commitment to provide a safe environment for our members and customers.

We measure progress on how we're driving improvements through a 'Balanced Scorecard' approach, using indicators such as how our colleagues are trained. This is reported to the Board on a monthly basis and has been developed further this year to drive continuous improvement.

## Looking ahead

Our focus will always be on continuous improvement through embedding our Co-op minimum safety standards, using KPIs and colleague feedback to ensure we have the right processes in place. We recognise the strong link between work and wellbeing and led the way in 2020 with our leadership messaging and support for colleagues during a challenging year, and we want to take this further by reflecting this in our safety governance.

In 2021 we will be creating a new Co-op Minimum Safety Standard to formally recognise the link between work and wellbeing, incorporating into our Health and Safety Governance Framework.

## 2021 targets

In 2021 we will create a new Co-op Minimum Safety Standard<sup>1</sup> to formally recognise the link between work and wellbeing and to incorporate wellbeing into our Health and Safety Governance framework.

<sup>1</sup> Standards set across the Co-op to set out how we achieve legal compliance or higher.

# Ethical trade and human rights

Our focus is to provide support for our suppliers, work collaboratively to protect the most vulnerable, protect workers and continue to champion resilient livelihoods for everyone in our supply chain.

Around the world, growers and producers face everyday challenges caused by low wages, irregular income and an uncertain future. In 2020, these challenges were further exacerbated by the impacts of Covid-19.

Our [Future of Food](#) ambition commits us to ensuring the people in our supply chains are secure from end to end. We focus on labour rights, including fair reward, safe and decent working conditions, protection from forced labour, modern slavery and harsh or inhumane treatment. Our main responsibility is towards our Co-op brand suppliers and supply chains, where we can create positive change and influence.



## Our Global Wellbeing Charter

Communities around the UK and the world have been affected by the Covid-19 pandemic. In June 2020 we launched our [Global Wellbeing Charter](#), a new initiative which provides close to £1m in monetary support to help support global projects and people in our supply chain through the Covid-19 emergency.

Progress against this five-point plan includes:

### 1. Protecting Fairtrade producers and workers during extreme hardship

£320k of existing funding has been repurposed to support Fairtrade producers and their communities through the Covid-19 emergency. We've reallocated funding to Fairtrade producer support, including Fairtrade International's Economic Recovery and Resilience Initiatives fund, in a bid to help some of the most vulnerable farmers in the supply chain at risk of being pushed into poverty. We're also supporting a number of projects with our suppliers and other supply chain partners (page 50).

### 2. Ensuring the world's most vulnerable communities have access to safe drinking water

We've redirected £647k of funding to communities for clean water and sanitation projects and to help tackle the spread and impact of Covid-19 (page 52).

### 3. Protecting human and workers' rights in global labour markets

We've pivoted resources to focus on protecting workers and supporting suppliers in supply chains. We took a leadership role bringing a coalition of partners together to roll out 10 supplier webinars reaching [thousands of participants globally](#).

We supported the launch of guidance and a new website to provide suppliers with practical guidance on [handling Covid-19 outbreaks](#) and undertook research to understand the impact of the pandemic on our suppliers across the African continent.

### 4. Taking action against climate change

We became a signatory of the United Nations Recover Better campaign to prioritise a recovery from Covid-19 consistent with a sustainable world for future generations. More detail on our approach to tackling climate change can be found on pages 61-65.

### 5. Increasing visibility of Fairtrade products

We've grown our Fairtrade range and also launched Fairtrade Sourced Ingredient (FSI) Cocoa Labelling, making Fairtrade products more visible in store (page 51).

## Case studies: Global Wellbeing Charter

### Fairtrade supplier support

Along with our supplier, ICAM Chocolate UK Ltd, we provided £42,500 for the Cat-Tocache cocoa co-operative in Peru - a key supplier of the cocoa beans used in Co-op Irresistible block chocolate. Funding provided emergency relief food parcels, essential personal protective equipment and medicines, directly supporting 7,706 people.

### Supporting workers in East Africa

We're co-funding two long-term projects through the [FCDO Vulnerable Supply Chains Facility](#) to build the long-term response of workers in East Africa to the impact of Covid-19:

- [Building resilience](#) in the flower supply chain in Kenya, to reach over 6,000 workers.
- Through a coalition of food retailers and suppliers and the Ethical Trading Initiative, [providing technical assistance](#) to farms across four countries, reaching 10,000 workers.

- Driving innovation in due diligence and transparency (see right)
- Embedding ethical trade into core business activities and winning hearts and minds - we continued internal engagement and training for colleagues, as well as raising awareness of our approach to tackling modern slavery in our business and supply chains
- Building capacity and resilience in our supply base to address the underlying causes of human rights issues (page 47)
- Tackling modern slavery and mitigating human rights risks (page 47-48)

These four key strategic areas will remain a focus of our work into 2021 and beyond.

We work with key partners and member groups because we know that human rights violations will only stop if we work together to share what we know and combine our efforts. As well as collaborating to tackle the impacts of Covid-19 through our Global Wellbeing Charter, we continued to work with partners during 2020, such as the [Food Network for Ethical Trade \(FNET\)](#), [Responsible Recruitment Toolkit \(RRT\)](#), [Stronger Together \(ST\)](#) and [Seafood Ethics Action Alliance](#). We became a founding member of the Modern Slavery Intelligence Network and joined [Unseen's Helpline Business Portal](#). This gives us access to Helpline reports of modern slavery or labour abuses within our operations and supply chains. And we support the Modern Slavery and Exploitation Helpline.

You can read more on our [website](#) and our [Modern Slavery Statement](#).

### Monitoring labour standards and driving due diligence and transparency for Co-op Food own-brand suppliers

We're founder-members of the [Ethical Trading Initiative \(ETI\)](#) and we adopt the ETI Base Code, which is founded on the conventions of the International Labour Organization and is an internationally recognised code of labour practice.

We drive improvements to working conditions, making sure that the workers who make our products are treated responsibly and ethically. Co-op Food has a robust programme in place to assess and monitor labour rights issues in our supply base. Where issues are raised, we expect suppliers to put action plans in place, and we support them to address the root causes of issues. Our programme covers all our tier 1 and tier 2<sup>1</sup> supplier sites - 2,480 sites in 72 countries, across 6 continents with over half a million workers.

We require all Co-op own-brand suppliers<sup>2</sup> in our food business to join [Sedex](#) (Supplier Ethical Data Exchange<sup>3</sup>) and Tier 1 sites in high-risk countries need an independent audit in place prior to approval. On an ongoing basis, we identify suppliers for audit using a risk-based approach determined by supplier responses to Sedex self-assessment questionnaires (SAQs), worker profiles, use of temporary workers, country of origin and industry sector, and external intelligence from experts, trade unions and NGOs. In 2020 we also rolled out a new Sedex SAQ providing access to more worker data.

<sup>1</sup> 769 Tier 1, 1,711 Tier 2. 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.

<sup>2</sup> Defined at the Co-op as bakery, beer, wine and spirits, dairy, food to go, grocery, prepared non-food, produce, and protein.

<sup>3</sup> Sedex is a web-based database where suppliers upload labour standards information, including self-assessments and site audit reports.

In 2020, Covid-19 meant on-site audits couldn't take place as usual, so we found new ways to hear directly from workers about working conditions and potential issues. We carried out Direct Worker Reporting at 4 sites<sup>4</sup> in the UK, South Africa, Thailand and Egypt, while in Africa we worked collaboratively to understand how the pandemic impacted over 7,000 workers. 196 sites in our supply chain have completed an additional SAQ<sup>5</sup> to help us understand the impact of the pandemic on suppliers' businesses and wellbeing of workers. This information has provided us with more insight into those who are most affected by the virus and where support is most needed.

During 2020, we've expanded the scope of our monitoring programme. We're committed to providing greater transparency to understand the root causes of issues affecting workers in our supply chains so, we've shared details of our Co-op Food own-brand Tier 1 production sites, disaggregated worker data including gender, and have published our plans to mitigate the most significant [human rights risks in our supply chain](#). For our defined high-risk categories<sup>6</sup> we go beyond first-tier, for example we collect data on our growers due to high levels of casual labour and seasonality in those supply chains.

## Building capacity and resilience in our Co-op Food supply base

Our Food business has a programme of supplier workshops in key sourcing countries designed to: raise awareness of our values, expectations and strategy; provide guidance on local labour law

<sup>4</sup> Assessments were conducted with & Wider, who use worker voice technology to gain direct worker feedback.

<sup>5</sup> The Covid-19 bolt-on SAQ was created by Sedex, with consultation with Food Network for Ethical Trade (FNET) members.

<sup>6</sup> More information on our highest risk areas can be found [here](#).

<sup>7</sup> These focused on overcoming the increased risk of modern slavery, building inclusive workforces, addressing harassment and bullying in workplaces, innovation in transparency, engaging workers with effective communication and steps to eliminate recruitment fees.

and our Sound Sourcing Code of Conduct requirements; and share best practice in addressing common labour standards issues.

In 2020 we refocused our training to meet the needs of our suppliers handling the impact of Covid-19 (see page 45).

In 2020, more than ever, training and wider collaboration have been key to helping identify, manage and mitigate the risks of modern slavery and human rights abuses.

### We supported 35 supplier events and webinars reaching 6,827 participants globally

(2019: 20 events). Five of these were Co-op's own.

## Mitigating human rights risks

As part of our efforts to eliminate illegal and unfair recruitment fees in our global supply chains, in 2020 we provided free access to the Responsible Recruitment Toolkit to all suppliers and labour providers in our supply chain. More details of how we tackle modern slavery can be found on page 48.

We continue to implement our [Human Rights and Trade Policy](#), which identifies the exceptional circumstances under which we'll [suspend trade](#) with a nation state or designated region.

Our approach to ethical trade and human rights for our goods not for resale can be found on pages 53-54.



## 2021 targets

We will improve the lives of workers by carrying out independent human rights impact assessments in three high-risk supply chains by the end of 2022, using our findings to drive change.

We will champion the role of women and vulnerable people in our supply chains and will launch a gender strategy in 2021.

We will eliminate illegal and unfair recruitment fees in our global supply chains by 2025.

We will share details of suppliers at all tiers of three of our highest-risk food categories by the end of 2022.

## Campaign: Modern Slavery

For the past 4 years we've been raising awareness of modern slavery and campaigning for better support for survivors.

Our Bright Future programme, which offers survivors of modern slavery a paid work placement and the opportunity of a permanent job, has been central to our campaign. Since we launched Bright Future in 2017, our partnership with the charity City Hearts has grown into a multi-charity, multi-business partnership, co-ordinated through a 'National Matching System' with the needs of survivors at its heart.

Whilst it has been challenging to facilitate Bright Future placements due to the additional pressures faced by food stores and limited store manager capacity to support placements during the pandemic, we have continued to champion the programme and lobby for change.

### Our focus in 2020 has been on:

- The move to establish Bright Future as a new independent co-operative, marking the culmination of more than 3 years of work to bring businesses and charities together. By the end of 2020, 37 charities and 26 businesses were working as 'partners' within the Bright Future project. The contribution of Co-op to this work was highlighted in the UK Government Modern Slavery [Report](#) published in October 2020.
- The Co-op and Body Shop funded project to assess the value of funding transport for survivors of Modern Slavery.

The research 'Journey to recovery' will be used to lobby Government to fund public transport costs of survivors of Modern Slavery.

- Supporting the development of a [Training Framework for the Identification, Care and Support of Victims and Survivors of Modern Slavery and Human Trafficking](#). Developed by the Snowdrop Project and St Mary's University, the framework was published in September 2020. We provided £25,000 to support this project.

More detail on our work to tackle modern slavery in our supply chain can be found on pages 46-47.



### Engaging with government and lobbying for change

We're proud of what we're achieving through Bright Future. But without changes to the wider support available to survivors from the Government, thousands of individuals are at risk of homelessness, poverty and re-trafficking. During 2020 we continued to push for change through new partnerships, forums and targeted campaigns, including:

- Working with the Home Office through the 'Business Against Slavery Forum' - lobbying for change to the Transparency in Supply Chains clause of the Modern Slavery Act and promoting best practice amongst the business community
- Lobbying for enhanced support for victims of slavery. Working with Anti-Slavery International and the Independent Anti-Slavery Commissioner to secure the right to work for victims of slavery
- Publication of an evaluation of the Modern Slavery Campaign (2017-19) by the Rights Lab at the University of Nottingham

See our [Modern Slavery Statement](#) for more on our awareness raising and other campaign activities.

# Fairtrade

We have a long-standing commitment to Fairtrade, supporting better prices, working conditions and terms of trade.

We're committed to building on our Fairtrade leadership and strengthening producer communities around the world, as set out in our Future of Food ambition.

For over 25 years, driven by our passionate members, we've been proud to support Fairtrade and the difference a fair price, premium and empowerment makes for the lives of farmers across the world.

In 2020 we developed a bold new strategy setting out our objective to become the UK's biggest supporter of Fairtrade by growing the contribution we make to Fairtrade producers through a three-pillar plan and associated targets:

**1. Sourcing:** Grow the contribution we make to Fairtrade producers by maximising the amount of Fairtrade we sell across all our channels.

**2. Innovation:** The cornerstone of our Fairtrade difference is our commitment to producer engagement, the depth and authenticity of our relationship with producers and investment in climate change and international development projects that change lives.

**In 2020, the volume of Fairtrade ingredients used in our own-label products, along with Fairtrade branded wine, amounted to 53,617 tonnes, 14.1 million litres of wine and 41.4 million cut flower stems.**

**3. Communications:** How we champion the Fairtrade movement and voices of producers through communications, campaigns and advocacy on behalf of the Fairtrade movement.

## Sourcing

To demonstrate progress against our new strategy, we've developed new, more sophisticated measures for assessing our Fairtrade impact and performance to track the material impact of our sourcing on Fairtrade producers, in terms of volume of Fairtrade ingredients, range, and customer perception. These are set out on page 93 and measure:

- Our commitment to Fairtrade across seven core categories - 100% of our tea, coffee, bananas, cocoa, bagged sugar and African roses are Fairtrade, and we are the biggest retailer of Fairtrade wine in the world
- The amount of Fairtrade ingredients we sell via our Fairtrade products (volume measured in tonnes/litres/stems)
- The number of Fairtrade lines in our range
- The minimum number of Fairtrade lines in any Co-op store
- Consumer awareness of our Fairtrade leadership
- Fairtrade overtrade and market share<sup>1</sup>



## Case study: Supporting the Fair Trade movement

There are no internationally recognised Fairtrade Standards for charcoal, so we work in a unique partnership with Traidcraft to support burners and workers in Namibia with our Fair Trade charcoal and barbecue set sales.

In 2020, as customers turned to barbecuing at home during lockdown, the Fairtrade premium generated from charcoal sales doubled, providing £132,000 for the community in Namibia. We've developed a 5-year strategic plan to support the development of the Fair Trade committee with Traidcraft and charcoal supplier Rectella International Ltd.

<sup>1</sup> Market Share is the proportion of retailers' Fairtrade sales in the take home grocery market in a defined time period. Overtrade is the direct comparison between the market share in Fairtrade vs market share in the total grocery market. An overtrade occurs when a retailer's market share in Fairtrade is higher than its market share in grocery.

## Innovation

We're working to build on our Fairtrade leadership, strengthening producer communities around the world. In 2020 we launched a new **Fairtrade Producer Engagement Strategy**. Producer Engagement is the cornerstone of our Co-op difference on Fairtrade - the depth and authenticity of our relationship with producers, some spanning decades.

Under normal circumstances we would visit Fairtrade producers and have producers visit us. However, during the pandemic, we've focused on maintaining our relationships remotely and building support for Fairtrade producers through our pioneering projects.

In 2020 we delivered 5 planned Co-op Future of Food [Sourcing Projects](#) despite the pandemic, investing in international development and climate change resilience of Fairtrade communities.

This has resulted in:

- **Cocoa:** Women's empowerment and leadership - a second cohort of students graduated from the Women's School of Leadership, which we've funded in Cote d'Ivoire
- **Roses:** Renovation of the Maua Primary School, Kenya
- **Coffee:** Tackling climate change and training young farmers in the Fairtrade East Africa Youth Programme, Kenya (a case study on this project can be found on page 62)
- **Coffee:** Raising health and safety in Coffee in Fields programme, Brazil
- **Sugar:** Protecting workers' rights in Good Hiring Practices in the Cane Farming Sector, Belize



In November, Jo Whitfield, Chief Executive, Food, issued letters to 24 key Fairtrade producers in our supply chain to offer solidarity and on behalf of Co-op colleagues, members and customers, we thanked them for their hard work that has ensured people across the world have been supplied with products during this global pandemic.

For more information on our project work see our Fairtrade [web-pages](#).

More information on our response to Covid-19 in our supply chains, is detailed on pages 45-46.

## Communications

We're working to champion the Fairtrade movement, campaigning on the issues that matter most for producers. Despite plans for 2020 being disrupted by the pandemic, highlights from the year include:

- The launch of our [Global Wellbeing Charter](#) reached 7.5m with 17 interviews across national and regional radio, raising awareness of the impact of the pandemic on Fairtrade producers
- Fairtrade Fortnight 2020 - we issued 3,902 Fairtrade packs to members, stores and academies
- We launched a new podcast series, [In It Together](#), and the sixth in the series is all about Fairtrade
- We celebrated [20 years of Fairtrade Bananas](#) on social channels and in store
- We held our first [online](#) Fairtrade Co-op wine tasting for members

## Growing Co-op contribution to Fairtrade producers – increasing our range

In 2020 we grew our Fairtrade range and also launched [Fairtrade Source Ingredient \(FSI\) Cocoa Labelling](#), making Fairtrade products more visible in store.

Coffee prices have recently been lower than they've been since 2004, sparking a global coffee crisis affecting more than 25 million smallholder coffee farmers. Fairtrade farmers and workers are protected from price volatility, thanks to the Fairtrade Minimum Price, yet they are reliant on customers buying their coffee on Fairtrade terms.

In response, we've expanded and revamped our Fairtrade coffee range, introduced new origins and a series of Limited Editions, as well as expanding our Fairtrade tea range. We've also launched Ever Ground, Co-op's new Coffee to Go brand, bringing Fairtrade coffee, tea and hot chocolate in trial participating stores. And our Honest Value range, which we launched in 2020, is the only own-label value brand in the UK that includes Fairtrade products.

Beyond our own-brand products, we've expanded our Fairtrade branded offering available such as launching CaféDirect's new Fairtrade London Tea range and expanding branded Fairtrade wines.

In addition, by making Co-op branded goods available in Nisa partners' stores we're getting Fairtrade products onto more shelves and into more communities.



### Case study: Long-term impacts of our Fairtrade support

We're delighted that Fairtrade wine producer La Riojana celebrated the 10th anniversary of the Tilimuki school that we funded.

Since opening in May 2010 with just 33 students, the school now has an intake of over 530 students and 79 staff. It's Argentina's first Fairtrade-funded secondary school offering the youth of Tilimuki and the surrounding areas the chance of a free technical education specialising in agriculture.



### ⌚ 2021 target

In 2021, we will set targets to achieve our ambition to be the UK's biggest supporter of Fairtrade, based on the new metrics we developed in 2020.



**£13m raised with the One Foundation from sales of Co-op bottled water over 14 years (£1.9m in 2020)**

**£2m raised for Water Unite since 2017 (£560,000 in 2020)**

# International development

## The One Foundation

Our Future of Food commitment to Clean Water for all remains a core part of our international development work. We raise money through Co-op own-label bottled water sales to support projects bringing clean water, sanitation and hygiene solutions to some of the world's poorest communities, donating over £13m over the past 14 years and over £1.9m in 2020 alone.

In partnership with The One Foundation, these funds helped deliver safe water and improved sanitation to over 254,000 people living and working in Kenya, Rwanda, Ghana and Malawi during 2020. More than 2.3m lives have been changed over the last 13 years.

## Water Unite

Through our branded bottled water sales we're continuing our pioneering investment in Water Unite - an innovative finance fund addressing issues surrounding plastic waste pollution alongside lack of access to clean water and decent sanitation worldwide. In 2020 we donated over £560,000 to Water Unite.

Our funding has helped create watershed rehabilitation programs in South Africa to address the severe drought crisis there. Additionally, we've supported programs to create innovative infrastructure to divert hundreds of metric tonnes of plastic from the waste stream thereby reducing plastic pollution, curtailing emissions and improving livelihoods of workers in waste and recycling industries.

## Disasters Emergency Committee

We are long-standing supporters of the Disasters Emergency Committee (DEC).

In July, DEC launched the Coronavirus Appeal. As part of this appeal a donation of £50k was made to Oxfam via The One Foundation with funds generated from the sales of our own-label bottled water. This was to support public health messaging, medical aid and WASH provisions in vulnerable communities<sup>1</sup> most severely affected by the pandemic.

## Carbon offset projects

In 2020 we provided £300,000 of support for projects funded by carbon offsets from our insurance and funeral businesses. These included fuel-efficient stoves (reducing the amount of wood needed for cooking) in Ghana; conservation of standing forest in Sierra Leone; wind farms providing renewable energy and employment in India; and clean water provision by distributing water filters in Kenya.

<sup>1</sup> Oxfam GB is specifically looking at seven countries to deepen its support in view of poor access to healthcare further exacerbated by new and protracted humanitarian crises; these include high density population areas such as refugee and IDP camps as well as areas of conflict and displacement. Funding from The One Foundation will be lightly restricted to support WASH activities in the following countries: Syria, Iraq, Lebanon, Bangladesh, Kenya, Zimbabwe, Myanmar.



# Responsible procurement

Through our Goods and Services Not for Resale (GNFR) buying processes, we have a real opportunity to co-operate with our suppliers for a fairer world.

During 2020, we undertook a full review of our GNFR Ethical Trade, Sustainability and Shared Value Strategy, in part to reflect the changing landscape as a result of Covid-19. Launched in September, our new strategy outlines our ambition that by doing business differently, our £1.3bn of commercial relationships can help protect the planet, improve people's wellbeing and strengthen local communities.

**To embed the strategy into everything we do, we established Working Groups covering five workstreams:**

- Diversity and Inclusion
- Shared Value
- Covid-19 Response
- Ethical Trade and Labour Standards
- Environment

## Our GNFR Shared Value Charter

In 2019 we launched our Shared Value Charter, which outlines how we want to do business differently. The charter is now issued with all GNFR tenders and, for contracts over £5m, suppliers' responses are used in the evaluation of tenders.

The charter has been updated to reflect our revised community and sustainability objectives and our Commitments to Racial Inclusion. We're working with suppliers to identify opportunities to deliver on this, which we'll report in 2021.

## Ethical trade and human rights

We've continued to focus our ethical trade and human rights activities on some of our highest risk areas such as construction, cleaning, and labour providers. In cleaning, for example, we trialled the use of a 'worker voice' programme to enable us to better understand conditions for workers whilst also testing alternative approaches to physical ethical audits. We will also be requiring our primary labour providers to complete the Responsible Recruitment Toolkit online assessment.

We use Sedex<sup>1</sup> to monitor and engage with suppliers in our higher-risk categories. We currently have 84 suppliers in our programme, covering 119 sites.

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

## Pulling together during a difficult year

The impacts of Covid-19 have highlighted the importance of shared value, and we've seen many suppliers go above and beyond to support communities. For example SAP, donated £10k to Co-op Academies Trust to support students without digital learning access during the height of lockdown and DHL colleagues working with the Co-op donated the value of their annual gifted hamper to Crisis, at a value of £5,500, helping provide nearly 200 lunches for homeless people.

Whilst our suppliers supported our communities, we supported them by providing key business support information and reviewing supplier payment terms to ease cashflow for those struggling during restrictions.



## Environmental impact

We have continued to engage with suppliers to better understand their approach to issues such as climate change and responsible resource use, with a focus on uniforms, cleaning products and consumables.

For example, we're working with our uniform supplier to better understand the full environmental footprint of our uniforms. We will also undertake a scoping exercise to inform our approach to our Scope 3 carbon emissions from the products and services we buy.

## Co-operation and leadership

Through our role as steering group members, we have continued to play an active part in the [Greater Manchester Social Value Network](#), contributing to the development of its manifesto for 2021. As a founding member of the Indirect Procurement Human Rights Forum (IPHR) we launched and now chair the **IPHR Waste & Recycling Working Group**, a truly cross-sector network, with over 20 different organisations.

With the launch of our inclusion commitments, a big focus for us in the coming year will be developing detailed diversity and inclusion plans with our suppliers.

## ⌚ 2021 target

Following the launch of our Shared Value Charter, we will commence a programme to measure the shared value activity in our supply chain.

# Supporting British farmers

Our long-standing commitment to British Sourcing helps us to build strong relationships with producers through our Farming Groups, and to offer everyone products produced to good animal welfare standards, regardless of their budget.

Since December 2018, 100% of our own-brand Fresh and Frozen meat range has been British. In 2019 we expanded our commitment to British produce - for example, sourcing 100% of our mushrooms from the UK. In 2020, we have also been able to extend our British season on British Tulips from 3 months to 6 months.

## Our Farming Groups

More than 3,700 farmers and growers feed into our own-brand fresh supply chain and our farming groups, which we set up in 2011, include just over 300 British farmers. By working with our farming groups we can support British farmers to achieve profitable returns, strengthen supply chain relationships, provide our members and customers with high-quality fresh British products, and address challenges such as animal welfare, environmental sustainability, and supply chain transparency.

Each group meets around three times a year to share best practice and get advice from industry experts.

This year, due to the pandemic, we have had to adapt to new ways of working, moving to virtual engagement, and organising free mental wellbeing webinars to help address challenges faced during the year.

We expect our farmers to adhere to our assurance bodies; either Red Tractor or RSPCA, and work in line with our five pillars:

-  Health, welfare and quality
-  Community
-  Responsible resources
-  Environmental
-  People and skills

Due to Covid-19 restrictions, we've been unable to audit our complete farming group, but have maintained a requirement for our farms to meet the standards of our Health, Welfare and Quality pillar as a minimum.

In 2020, we agreed amended targets with our farmers that take the impact of Covid-19 into account, encouraging farmers to seek improvements, and rewarding great results.

We have also been using social media and virtual events to help farmers connect with topics such as mental wellbeing, and share their stories with our customers.

## Co-op continues to invest in British Farming

- **100%** of Co-op branded fresh meat has been British since May 2017
- **100%** of Co-op branded frozen meat has been British since 2018
- **100%** of Co-op branded eggs, milk, fresh cream, cheddar cheese and block butter are British
- First retailer to launch **100% British** grow-your-own cherry tomatoes, beef tomatoes and strawberries selling in pots



## We had ten farming groups in 2020



Dairy



Lamb



Beef



Laying hens



Pork



Salmon



Turkey



Chickens

Livestock farming groups



Field and Vegetable Crops



Fruit and Protected Crops

Produce grower groups

In 2020, we started looking at how we could build on our insights collected from previous years. Working with environmental specialist ADAS RSK Ltd we are developing plans with our farmers and supplier partners to reduce the on-farm GHG emissions across our Farming Groups, by setting ambitious targets to reduce emissions from our dairy and beef production. To enable this, we are developing a suite of tools that will empower our farmers to make practical changes on their farms to reduce their carbon footprint aligned to Co-op's broader science-based targets.

For more information on our Environmental Mapping project, you can read our report [here](#).

## Farming Pioneers

Now in its sixth year, our Farming Pioneers programme continues to champion the next generation of farmers and growers, aged between 21 and 35. Through a free 30-month training programme, we're teaching business skills like lean management and succession planning, as well as exploring salient issues like mental health.

The first two cohorts have now graduated, enabling them to make changes within their farming enterprise to create a more efficient, forward-thinking business.

We aim to continue investing in and expanding the Farming Pioneers programme so more young people can benefit from the scheme.

We continued the programme throughout the pandemic, bringing pioneers together through virtual sessions to discuss how their own businesses were coping and adapting, as well as guest speakers.



**“**The programme has been a great opportunity to develop my business skills and has helped me focus on taking our business forward. I'm now in joint partnership with my father and in 2019, I succeeded the farm tenancy, something which would not have happened as quickly and easily without the support and competence I have gained from the programme.

**“**The pioneers allowed me to meet some forward-thinking farmers and make connections which will last a lifetime. **”**

Mary Ankers joined the first group of Co-op Pioneers in 2016

**64\*** active members of our Farming Pioneer programme (2019: 104)

\*We were unable to recruit new members in 2020 due to Covid-19.

## Environmental - Mapping

We believe that taking a proactive approach to finding a more sustainable future for farmers will not only help to increase efficiency, but will also show our members and customers that we're taking their requirements seriously. In 2019 we completed the third year of our Environmental Mapping project, which measures carbon footprints and biodiversity across our Farming Groups. Our farmers have been able to use their individual reports to see how their carbon footprint has changed between Year 1 and Year 3, benchmarking themselves against the average performance for their group.

# Local sourcing

Our members are keen for us to build our innovation, range and choice of local products. They tell us that provenance, quality and trust are important to them, so our local sourcing programme covers the whole of the UK.

In 2020, we introduced 57 new local suppliers and 325 local products. We have a market-leading local and craft beer offer along with local ambient and bakery products in over 2,240 of our stores, bringing more than 546 local suppliers to our members, customers and communities.

We launched a Local Scottish range with a dedicated space in 26 of our Scottish stores, introducing 40 locally sourced products and supporting 15 new suppliers. We sent 5,000 'Love Local' boxes to organisations in Scotland to strengthen our relationship with local communities, including locally sourced treats and brochures showcasing our Local Suppliers and Producers. We plan to roll this out in Wales in 2021.

We partnered with the Quality Food Awards again this year to search for the nation's Small Producer of the Year, a national competition to support and champion smaller suppliers and their locally loved products. We've also committed to supporting the winner towards gaining a listing at the Co-op.

2020 winner Dapur Mariae with their Malaysian Meat Curry Paste will be listed in around 65 Co-op stores this year, their first ever retail listing.

Our investment in celebrating local producers helps us get closer to what our members and customers want, need and care about in the communities in which they live and work.

Our approach builds deeper relationships with our smaller suppliers who tell us that our work with them helps to raise awareness of their brand and supports their business development.

It's important to us to see local businesses grow and thrive in our communities, create jobs and benefit the local economy.

**We sold £215m<sup>1</sup> worth of locally sourced products across the UK**

(2019: £206m)



<sup>1</sup>Includes local bakery.

# Healthy living

We have an important role to play in helping our members, colleagues and customers lead healthy lives.

We do this through the products we sell, our campaigns and by inspiring healthy, sustainable behaviours in communities.

Our Health and Wellbeing Programme was developed in 2019, to help our business deliver on our ambition to make it easier for our customers and colleagues to make healthier choices and enhance the wellbeing of the communities we serve. In 2020 we moved the key activities of this programme into individual teams' plans.

In July 2020 the Government published its Obesity Strategy<sup>1</sup> which set out plans to restrict the marketing, promotion and placement of high fat, salt and sugar foods and drinks. We have begun to work through the implications of the proposals.

## Healthier products

Our Future of Food ambition sets out our commitment to designing products with quality, health and sustainability at front-of-mind. It commits us to increase the amount of fruit and vegetables as ingredients in Co-op brand products and continue to take a responsible approach to reducing the amount of salt, sugar and calories in Co-op brand products.

In 2020 98% of Co-op brand products met the Department of Health 2017 maximum salt targets (2019: 98%). In 2020 we removed 18 million teaspoons of sugar from customers' baskets over a year, through product reformulation. This brings the total removed since 2014 to 674 million teaspoons.

## Accessibility

We remove barriers to choosing healthy options and help our customers to identify and locate healthy products in store, and to make healthier and more informed choices. We make healthier options more affordable through promotions such as our 'Fresh 3' and we use our communication channels to promote healthier lifestyle choices.

We've led the way on clear and honest labelling over the years. Our traffic light labelling provides front-of-pack, colour-coded nutritional information at a glance. At the end of 2020, 46% of our Co-op branded food and drink recipe products carried no red traffic light (2019: 46%). We've also expanded our 'free from' offer by launching two own-brand gluten-free breads.

## Price Parity

One of our key commitments to our customers is that 100% of our Co-op brand products which are 'reduced' or 'light' alternatives to a standard line will be no more expensive (based on price/kg). Compliance is tracked through spot checks and one product was found to be in exception to this commitment in 2020 (page 96).

## Inspiring healthy behaviour change

We made a commitment in Future of Food to work with partners to inspire healthy, sustainable behaviour change in communities.

In 2020, we ran campaigns to highlight healthier choices by calling out the nutritional benefits of products, such as 1 of your 5 a day, and by suggesting simple swaps to a healthier version of the same product.

We supported the Veg Power ITV advertising campaign launch again in 2020, and we've been a supporter of Parkrun since 2017, using the partnership to reach and engage with a passionate community to promote health and wellbeing.

As part of our support for the [Peas Please](#) campaign, we're helping customers to eat more vegetables. As set out in our Future of Food commitments, we're increasing vegetable content in key product categories by 2021, and Peas Please scored us 'yellow' this year, meaning that we're 'on the road to success' with our commitments.



<sup>1</sup> [Tackling obesity: empowering adults and children to live healthier lives](#)

In summer 2019, as part of the Consumer Goods Forum 'Collaboration for Healthier Lives UK' initiative, we ran a behaviour change trial to reduce sales of sugary soft drinks and encourage sugar-free choices, through point of sale materials. The results were analysed by Oxford University and the report, published in 2020, found that there was no impact on sales of sugary drinks. While this was disappointing, the trial adds to the body of knowledge around education, labelling and behaviour change. Further trials had to be postponed due to the impact of Covid-19, but we intend to revisit plans in 2021.

## Indian ready meals reformulation

In 2020 we reformulated 9 products in our Indian ready meals range, reducing saturated fat by an average of 10% and removing 519 million calories from customers' baskets over a year.

## Alcohol and tobacco

We sell e-cigarettes and smoking cessation products in the majority of our stores. We're also committed to selling alcohol responsibly. We work in partnership with the Drinkaware Trust, providing £249,000 of funding to them in 2020.

## Plant-based

There is an increasing appetite from customers to purchase meat-free options, whether they are vegetarian, vegan or simply active in reducing their meat intake. In January 2020 we launched 40 products in a new sub brand, GRO, which celebrates plant-based food. We added a further 10 lines to the range during the year.

## National Food Strategy

We're committed to playing our part in helping to tackle food inequality, including how we help people access the nutritious food they need to thrive. The [National Food Strategy Part One](#), released in August, forecast the impacts of food inequality on future generations and called for a sharp focus on providing children and families with the nutritious food they need.

We now ensure that anyone redeeming the Healthy Start voucher in a Co-op store receives an additional £1 to spend on fruit and veg, in order to boost the amount of nutritious food parents who are tied to the most limited budgets can feed their families.

## Co-op Health

During 2020 we made considerable progress with Co-op Health and, by the end of the year, the business was ranked as the 6th largest dispensary by volume in England, having started just a year earlier as 7,000th largest. Despite this progress, it also became clear that to keep pace with a market, accelerated by Covid-19, would require additional investment in our ongoing operations and automation. The combination of these factors, alongside the requirements for further capital investment to be made in other areas of the Co-op, meant that we have decided to exit the pharmacy digital prescription market.

Alongside building the customer base and some compelling technology we were able to sell the business to Phoenix, a well-established player in the market who shares our values and approach and who can better provide the dedicated support for the business going forwards.



## 2021 target

Co-op brand products which are 'reduced' or 'light' alternatives to a standard line will continue to be no more expensive, based on price per kg.



# Fairer for our Planet

# Climate change

Our changing climate is not a new problem. Governments, businesses and civil society have known for decades that greenhouse gas (GHG) emissions are trapping huge amounts of heat energy in the atmosphere and that, unchecked, this threatens communities across the world.



It cannot be overstated; climate change is real and life-threatening. The science is clear and indisputable. Climate volatility is already affecting the foods we all rely on and the people who produce them.

In 2019 our members took the historic decision for Co-op to formally recognise the climate emergency, to commit to science-based GHG reduction, and to take responsibility for both the direct impacts of running our business and for the products that we sell.

**Voting remotely due to the pandemic, 52,423 of our members used our 2020 AGM to call for us to go further and faster:**

- To determine the risk to our supply chains from the effects of climate change
- To take the necessary action to achieve net zero GHG emissions as soon as practically possible
- To engage across the wider sector to tackle these unprecedented challenges

## Engaging the wider sector

We're proud to have worked closely with the British Retail Consortium (BRC) during 2020 to agree a roadmap not just for ourselves to achieve these stretching commitments, but for the retail sector to do so together. 62 retailers have joined us and signed up to a joint plan to reach net zero GHG emissions by 2040, across our businesses as well as our supply chains, 10 years ahead of international agreements.

We funded and steered the development of the [BRC Climate Action Roadmap](#) alongside 19 founding retailers including IKEA, M&S and Central England Co-operative.



## Risk to our supply chain

It should be very clear that climate change is a human issue as much as it is an environmental one. Sourcing each ingredient that goes into Co-op products supports people, their livelihoods, their families and communities. Many of these producer communities face huge risks as a result of climate change.

Throughout 2020 we've worked together with experts from the University of York IKnowFood programme to identify the potential impacts of climate change upon a selection of our key ingredients. This is an important piece of research which will inform our planning and work with suppliers over the coming years.



## Case study: Climate change impact on Fairtrade coffee producers

The effects of climate change are already being felt by our coffee producers. As temperatures rise, bugs and diseases such as leaf rust are spreading which is affecting production, yield and incomes. It also means that land suitable for coffee growing is moving to higher altitudes, resulting in deforestation as land is cleared for planting, causing further biodiversity loss and soil degradation. By 2050, it is expected that the total area of land suitable for coffee growing will have reduced by 50%.

To tackle the twin issues of the climate crisis and falling numbers of young people seeing coffee farming as a viable future, we've supported Fairtrade Africa's East Africa Youth in Coffee Programme, which creates opportunities to involve young people in the coffee value chain. We funded the implementation of this programme at the Mutira Farmers' Co-operative Society in Kenya, who sit in our supply chain. The six-month project trained 61 youths on agricultural practices, coffee nutrition and establishing nurseries for more climate-resilient coffee beans.

In the 2021 main season, 200,000 seedlings will be distributed to farmers with priority given to youths and women at Mutira Farmers' Co-operative Society, to increase production.

## Taking action

The GHG emissions from running our business have continued to reduce at pace, driven by a combination of using less energy and our ongoing strategy to replace refrigerant gases with low impact alternatives. The UK power grid has continued to decarbonise and we continue to support this by sourcing 100% renewable electricity from UK wind farms, solar and small-scale hydro-power.

Our product-related GHG emissions are accounted and reported two-yearly. Our key actions in 2020 have been collaborative working with farmers, academics and agricultural suppliers to identify practical actions to reduce the climate impact of beef and dairy, (page 56) increasing packaging recyclability (pages 66-67) and removing peat growing media from sale entirely (pages 70-71).

Our GHG reduction targets have been set and approved by the Science Based Targets initiative (SBTi), a coalition of leading environmental NGOs including [WWF](#), [CDP](#), [WRI](#) and the [UN Global Compact](#). This coalition endorses targets in line with the action needed to avoid the most dangerous impacts of climate change.

Our pathway to reducing GHG emissions from running our business is in line with the required action to limit global warming to no more than 1.5°C above pre-industrial levels.



## Direct emissions

**Target:**  
**50% reduction**  
(2016 to 2025)

**Progress:**  
**47% reduction**  
(2016 to 2020)

## Product-related emissions

**Target:**  
**11% reduction**  
(2016 to 2025)

**Progress:**  
**2.5% reduction**  
(2016/17 to 2018/19)



## Case study:

### Energy with integrity: better value for all

Since 1844, it's been our point of difference to find better ways of doing business. Co-op Power was originally established in 2003 to buy green electricity for the Co-op. Today, it's the biggest energy buying co-operative in the UK, helping some of Britain's biggest brands to save money and source 100% green energy in an ethical, sustainable way.

Our commitments to the environment and tackling climate change are longstanding. That's why in 2020, as the pandemic continued and green targets remain, we launched our first ever recruitment drive for Co-op Power.

Despite the challenges of Covid-19, we welcomed 5 new members including Roadchef, Nationwide Building Society and The Royal National Lifeboat Institution. We also worked to draw attention to businesses obliged to pay premiums for unused energy at premises that were closed or not consuming as usual during the pandemic; an injustice Co-op Power fought hard to negotiate out of its own framework agreement and replace with a disruptive 'No Take No Pay' policy which protected its members from close to £1million of additional costs.

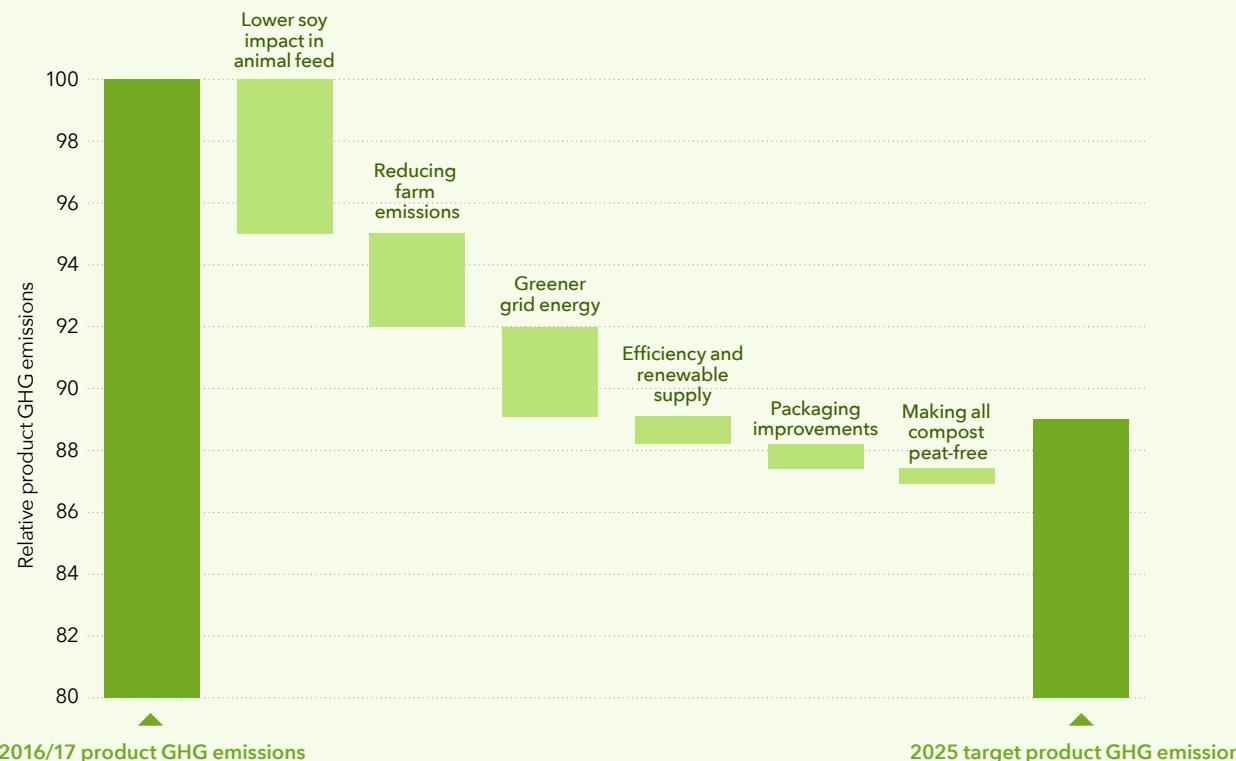
Co-op Power strives to save energy costs for its members. The Co-op alone avoided 143,000 tonnes of carbon in 2020 by purchasing renewable energy.

## Tackling product emissions

In 2020 we've worked with food system experts to review our full product GHG footprint and the key steps we can take to hit our science-based target of 11% reduction between 2016 and 2025.

We've identified the following areas as having a potentially significant contribution to reducing our product-related GHG emissions.

## Estimated contribution to Co-op science-based target



This diagram shows an indicative scale of contribution from the different elements of our plan to address product-related GHG emissions. Achieving this stretching ambition will rely on close work with suppliers and producers such as our work to reduce farm emissions (right) but also shows our dependence on wider societal change, such as the rapid decarbonisation of the UK energy grid.

## Case study: Working closely with British farmers

We're committed to reducing GHG emissions in line with a science-based target to limit global warming. Supporting farmers to make British meat and dairy better for the world is one of the best things we can do to achieve that.

We launched the 'Enviromap' programme in 2016 (page 56), an environmental impact measurement tool for our farming groups, backed up by expert and peer-to-peer support.

For our farmers, it means less waste, more productivity, and a set of practical actions to improve environmental impact. For the Co-op it means we can help to support our British farmers deliver on our commitments to reduce our total carbon footprint, and track the impact of our agriculture supply chain over time.



## Task force on climate-related Financial Disclosures (TCFD)

Climate change poses both risks and opportunities for businesses. The [Taskforce on Climate-related Financial Disclosures \(TCFD\)](#) recommends a framework for identifying and reporting how climate-related risks and opportunities are measured, monitored and managed by companies and others.

We already recognise sustainability and climate change as a Key Priority Risk, and report on it in our Annual Report and Accounts. We are currently exploring options to go further and to report on our climate-related risk exposure in line with leading practice as per the TCFD Framework.



### Case study: Reducing GHG emissions from running our business

Our specification for all new stores includes energy-efficient equipment and natural refrigerants as standard. We also continue to deliver energy efficiency and refrigerant improvements to our existing estate through our refit programme.

In 2020 we invested approximately £1m in energy efficiency in our older buildings to keep driving down the GHG emissions from running our business. We're also looking at ways to reduce

the carbon impact of our new stores throughout their full life cycle, through design improvements and the materials and construction methods used.

Our total energy consumption has reduced by 5% between 2019 and 2020 and our emissions from refrigeration have reduced by 23% in 2020.

We expect a proportion of the decrease to be due to lower site occupancy and restricted opening hours as a result of Covid-19 lockdowns.



### 2021 targets

#### Approved science-based target:

We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures.

#### Approved science-based target:

We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition.

#### Long-term goal:

We will reach net zero GHG emissions from both operations and products by 2040 at the latest.

We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power.

# Resource use

While we recognise that our biggest environmental impacts will come from changes in the way we source our ingredients, we also recognise that issues around recyclability of packaging, plastic pollution and the reduction of food that goes to waste are also very important.

## Plastics and packaging

We're aware that plastics and packaging are important areas of concern to our members, and that's why we launched our ambitious plan to make all Co-op branded packaging easy to recycle as part of our Action on Plastics plan when we launched our Future of Food ambition in 2018.

Packaging has a place, it protects our food and keeps it fresher and safe for longer. But we want to keep it in the economy and out of the oceans by using less and making our products easy to recycle. Our approach to recycling is about looking at the entire chain, from manufacture to waste management, taking into account the impact on shelf-life, to minimise the impact overall.

**78% of our own-brand packaging is easy to recycle** (by product line) (2019: 76%)

**11.2% reduction in our plastic footprint per 1% market share**  
since 2018 (2019: 4.3%)

## Making packaging easy to recycle

Our ambition is to make all of our packaging easy to recycle, whether that is through local council collections or collection points at stores. We knew that to do this, we needed to be part of the solution by redesigning our packaging. We've made great strides forward in making unrecyclable packaging recyclable - increasing our easy to recycle packaging from 46% in 2015 to 78% in 2020.

Our film collection in stores work will capture all of the remaining packaging, allowing us to make 100% of our packaging easy to recycle.

The Covid-19 pandemic delayed some of our progress, but we've been working hard to achieve our ambition even during lockdown.



## Moving to 100% of our packaging being easy to recycle

### Easy to recycle (78%)

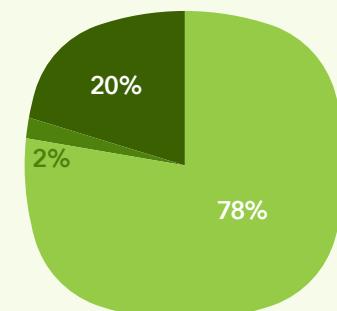
In 2020 we changed the plastic trays for our pâté, bacon and white fish to single materials, and reduced the plastic to paper ratio on our Irresistible sandwich bags and bakery grab bags to make them compatible with paper recycling streams. We have also started trials on continental meats in a single material tray.

### Our current focus (2%)

More challenging mixed material plastics such as skin packs for red meat and salmon, and laminates of paper, foil and plastic such as sachets for sauce mixes and cup soups. We are working hard to complete these last projects in 2021 to bring us to 100% recyclability.

### Flexible plastic film (20%)

Around a fifth of our current products are packed in flexible plastic films which we intend to collect through our new front of store takeback scheme (until local authorities are ready to include them in kerbside collections).



## Case study: Film Recycling

In September 2020 we launched a trial to allow customers and members to return all types of flexible plastics to front of store recycling bins. We return this waste to our recycling partner's advanced sorting facility in Birmingham (using empty delivery vehicles which are already returning cages, cardboard and other waste), where it is sorted into various polymer streams and sent on for recycling – all done within the UK.

Even within a social distancing environment, we completed a 10-week trial in 50 stores, collecting scrunchable plastics (bags and wrappers) which are not yet collected for recycling at kerbside in most areas of the country.

We learned that our customers are willing to bring back clean, good quality material that can be recycled into new non-food items such as waste sacks and other plastic items.

We only had 4% contamination from non-target materials. We learnt that we need to do some more work to get the message just right, but we're very encouraged by the results of the trial and so we aim to roll this scheme out to over 1,400 stores in 2021.

Working with our recycling partner gave us some key learnings on the design of the materials we are using to pack our products, for example, that metallised films like crisp bags can be recycled successfully.

### Increasing recycled content

2020 has seen more progress on closing the loop by increasing the amount of recycled content in our packaging. We moved all our 500ml, 750ml, 1 litre and 2 litre PET bottles for water, soft drinks and mixers to 100% recycled content, bringing the average amount of recycled content in our own-brand plastic packaging to 37% (2019: 33%).

We're committed to using a minimum of 50% recycled content in PET bottles, pots, tubs, trays and punnets and HDPE bottles by the end of 2021.

### Compostable Carrier Bags

All Co-op stores will sell BS EN 13432 certified compostable carrier bags at 10p each, in place of conventional "single-use" from April 2021. Bags for Life will be removed from the range. Our analysis of industry data has shown that, in stores that have removed single-use bags from sale, many customers use a Bag for Life only once, which wastes much more plastic than using a single-use bag only once. We believe that the best approach for the environment and for customers is to offer a low-cost compostable bag, as well as offering high quality, really durable reusable bags that will last for years (and can still be recycled).

### Plastic reduction

In 2018 we set a target to reduce our plastic footprint by 6% per 1% market share over 2 years. Our total weight of own-brand plastic packaging sold decreased from 20,178 tonnes in 2018 to 19,383 tonnes in 2020, whilst our market share grew from 6.2% to 6.6%, which results in a reduction in our plastic footprint of 11.2% (2019: 4.3%).

Some of the things we have delivered in 2020 to achieve this target are:

- For our Christmas 2020 range, we removed all the plastic toys from our Christmas crackers and made our entire gifting range recyclable
- We removed unnecessary plastics such as overcaps on cream, plastic shelf trays, and the trays in baby sweetcorn, pies and food-to-go snacks
- We downgauged and lightweighted many plastic items such as juice bottles, cheese slice trays, exotic produce packaging, prawn cocktail pots and packaging for ground coffee.

Having met our 6% reduction target in 2020, we are increasing this to a new plastic reduction target of 15% by the end of 2022 (compared to 2018). We will continue to review and update this target as new opportunities arise.



## Food waste

**We follow the food waste hierarchy and take the best decisions for the environment:**

First solution

We aim to prevent food waste in the first place, recording our food waste in detail, and forecasting and managing our stock, aiming to get the amount available in store right.

When food is about to go past its 'use by' or 'best before' date, we reduce the prices of our products, aiming to make sure it gets sold and eaten instead of wasted.

We've rolled out Co-op Food Share to donate unsold food to local causes across the country, partnering 79% of Co-op stores with local causes to date.

If we get incorrect deliveries to our depots, we donate what our stores can't use to FareShare, who distribute to local charities.

Finally, if we can't avoid excess food, sell it, or donate it to a charity or local cause, then we use it to make green energy.

Last resort

Our Foodshare programme, which redistributes surplus food to local community groups, has grown by 80% compared to last year.

We've now reached active engagement through 79% of our stores, and donated 3,536 tonnes of edible food (2019: 1,951 tonnes).

Depot teams shared 509 tonnes of surplus food with FareShare in 2020.

Despite significant work at all levels of our business to make sure we follow the food waste hierarchy, we're disappointed that we've created 6% more store waste in 2020 (20,931 tonnes) than in 2019 (19,679 tonnes <sup>(R)</sup>), this is driven in part by increased sales in 2020. We're pleased that our food waste intensity (the % of products our stores handle that becomes food waste) is very slightly reduced in 2020. Our food waste from stores is 1.15% of the product we move through stores (we sell 98.6%) compared to 1.29% in 2019.

In 2021 our teams will be refocusing their efforts, with an emphasis on high waste products, to ensure we prevent food waste as far as possible and keep moving towards our 50% reduction target.

## Operational waste

The amount of operational waste we produce has reduced over the past year, and the operational waste that we recover or recycle has remained steady at a little over 98% of total waste. As of 2020 we also use the energy generated from our waste to provide energy through Co-op Power.

## Water

Water scarcity is a global concern with serious environmental, social and economic consequences. We're working to reduce the amount of water we use across our own operations. We've moved all our sites on to electronic billing this year and so expect the totals we report to be more accurate (see page 101). Water usage accounting remains challenging given the nature of water billing, access to meters and high prevalence of estimated bills. We'll report against our improved baseline next year and target a 10% reduction across our properties by 2025.

We also recognise that we use more water in our supply chains, particularly in agriculture. More detail on our work in supply chains can be found on page 71.

## 2021 targets

We will reduce food waste generated in our stores and depots by 50% by 2030, compared to 2015.

All Co-op own-brand packaging will be easy to recycle by Q2 2021.

We will reduce our plastic packaging by 15% by the end of 2022, compared to 2018.

We will reduce water consumption across our properties by 10% by 2025 compared to 2020.

# Sustainable sourcing

Sourcing the ingredients and raw materials we use can have a significant impact on the natural environment, whether that's in waterways, agricultural land, soil or forests.

As set out in our Future of Food ambition, we're committed to caring for the environments our ingredients are sourced from. Where it drives change, we support credible certification and work with key partners to take a restorative approach to nature. As part of our commitment to responsible sourcing we've worked with stakeholders to identify our 30 key ingredients (see page 105 for full list), allowing us to focus actions on those areas with the greatest sourcing risk.

Sustainable sourcing has remained in the spotlight during 2020, particularly with NGO campaigns on environmental impacts of supply chains and the [UK Government's consultation on due diligence in forest risk commodities](#).

## Aquaculture and fisheries

We work to conserve our oceans, fish and the livelihoods of our suppliers. We apply a risk assessment process to all our fish products, which ensures we continue to source seafood responsibly. We're members of the Sustainable Seafood Coalition and we use its voluntary codes of conduct for the responsible sourcing and labelling of fish and seafood

products. We work with the Sustainable Fisheries Partnership to ensure we are up to date with the latest industry science, and are members of the Global Ghost Gear Initiative, which helps to promote solutions to the problem of discarded and lost fishing gear, improving the health of marine ecosystems.

We've made good progress in sourcing Marine Stewardship Council (MSC) certified seafood over the last few years. 67 (75%) of our wild capture seafood products are labelled as MSC certified, so our customers know which products contain sustainable seafood (2019: 63 products or 79%).

As well as meeting our commitment to improve seafood sustainability, this makes us one of the top retailers in the UK selling sustainable fish,

and ensures we're meeting our commitment to continue to improve our seafood sustainability through our [healthy oceans strategy](#).

All of our wild capture fisheries and farmed seafood sources can be found on the [Ocean Disclosure Project website](#).

We support Fisheries Improvement Projects (FIPs) as a key step towards fisheries sustainability and certification within a defined five-year time frame. We're innovating with the industry by supporting a number of UK FIPs through [Project UK](#).



## Forests and peatlands

We take a restorative approach to the forests where our ingredients come from. We can't solve deforestation in isolation and this year we've responded to the Government's consultation on due diligence legislation, joining other businesses in urging them to go further with the proposed laws. We're continuing to develop our business-wide approach, managing risks within our own-brand products and in our operations - taking in to account any requirements that come with new legislation.

## Palm oil and soy

Palm oil and soy production can impact communities, deforestation, climate change and habitat loss. To achieve a sustainable approach to sourcing, we engage across the industry and with environmental NGOs to understand the best approach and set clear policies. The advice from NGOs is to source responsibly, as this is the most effective way to drive change. Furthermore, alternatives to crops such as palm oil are often more environmentally damaging with regards to their land use.

All our palm oil is certified by one of the Roundtable on Sustainable Palm Oil (RSPO) schemes. We've been working towards using 100% segregated RSPO certified palm oil by the end of 2020 in our own-brand products. During 2020 78% of the palm oil used in our products was segregated (2019: 73%), and we know that some products will still be using non-segregated in 2021.

The coronavirus pandemic has affected supply in some cases, so certain products will switch to segregated during 2021.

However, even outside of these factors, challenges in certain product types mean segregated solutions aren't yet been possible.

We're still committed to sourcing segregated palm oil wherever we can and will continue to report annually on the amount and type of palm oil we use. Collaborative efforts through our membership of the Retailers' Palm Oil Group remain a key route to tackle the issues shared across the industry.

To address the risks in sourcing palm oil we know we must go beyond certifying our own supply. We've supported Chester Zoo's [reforestation of former palm oil plantations in Borneo](#) and in 2021 we'll set out the next steps in our palm oil strategy for the next five years. These will focus on: supporting smallholders, engaging with brands, expanding our transparency and understanding the use of palm oil in animal feed, as well as building on our reforestation work.

You can read more about our palm oil strategy and the initial goals we've set [here](#).

Our most significant use of soy is in feed for livestock for our meat, dairy, egg and farmed fish products. As members of the Round Table on Responsible Soy (RTRS) and the Retailers' Soy Group, we continue our support of RTRS through credit purchases. We currently cover our entire own-brand soy footprint (71,500 tonnes) with RTRS credits.

We're also signatories of the Cerrado Manifesto, a group of businesses committed to protecting this area of Brazil, and the UK Round Table on Soy. Through these groups we've engaged with soy traders to improve transparency and were signatories to an [open letter](#) to the National Congress of Brazil on protection of the Amazon.

We're committed to reaching 100% physical, sustainable and deforestation-free soy across our own-brand supply chain by 2025 - you can read this commitment and the steps we're taking to achieve it in full [here](#).

**During 2020 78% of the palm oil used in our products was segregated** (2019: 73%)

## Peat

Peat is a vital natural resource, providing carbon storage and natural flood defences. From 2021 we're becoming the first UK retailer to ban the use of peat in bagged growing medium sold in our stores, covering both own-brand and branded products (last year we sold branded products - two peat-free options within a range of five). While this is an important first step, we recognise peat can also be used in our supply chains. In 2021 we'll work to map the scale of its use so that we can plan how to reduce its impact.



## Case study: Peatland restoration

Damaged peatlands mean they're emitting – rather than absorbing – carbon dioxide. Restoring these areas into saturated wetlands will trap additional carbon through laying down of organic matter, as well as reducing biodegradation and associated greenhouse gas emissions. These carbon capture benefits are almost immediate, allowing peatlands to deliver significant amounts of emissions reductions soon after restoration.

Co-op and suppliers of Jura, The Glenlivet and Laphroaig whiskies are working with climate and sustainable development experts, ClimateCare to support the restoration of peatland in East Ayrshire. In addition to the carbon benefits, the work will improve the local soil and water quality (peat is a natural water filter), and provide habitat for numerous birds, insects and mosses.

Read more about the project [here](#).

## Wood and paper

We ensure that the wood and paper used in own-brand products<sup>1</sup> for Co-op food comes from a responsible source and is of known origin. 99% comes from Forest Stewardship Council (FSC) or recycled sources (2019: 97%).

98% of coffins manufactured by our funeral business were made from FSC®-certified wood<sup>2</sup> (2019: 97%).

## Fields and orchards

We work with producers and growers, focusing on protecting our precious natural resources, water, soil and biodiversity and building resilience in the changing climate. We also understand that whilst doing this, we must also consider impacts on people and their livelihoods. See our commitments on Fairtrade (page 49) and Ethical Trade (page 45).

## Water stewardship

Water represents an ongoing risk in our supply chains - both locally, where 86% of English rivers don't hold 'good' ecological status, and internationally, with 8 of the top 10 countries for food sourced to the UK prone to drought.

We've supported the call for collaborative action regarding water in key sourcing areas, bringing our Co-op and other retailers and suppliers together under the [Courtauld Commitment 2025 Water Ambition](#). The projects are taking place in six catchments areas in the UK and are supporting farmers and growers with better water management.

## Crop protection

We acknowledge that the use of pesticides impacts on biodiversity and soil health and can have risks linked to human health. However, their responsible application helps protect crops from diseases and reduces food waste. Crop protection plays a role in food production but must be implemented responsibly.

In 2020 we launched our new [Crop Protection Policy](#) which means we can be more customer-focused and transparent, as well as reshaping how we collaborate to share best practices and tackle challenges in partnership with suppliers. We've structured the policy to allow us to review and evolve over the coming years.

We'll be implementing the Policy during 2021 and have started by focusing on garden products sold in store, using our new risk-assessment process to change the range we sell.

## Performance Benchmark

Ranked **2nd highest UK retailer** on the 2020 WWF Palm Oil Scorecard for our progress and commitments (18/22 points achieved).

**5/6** received in the 2019 WWF Retailer Scorecard on Soy Commitments.

We were **ranked 4th** in Pesticide Action Network's 2019 scorecard of UK supermarkets on pesticides.

We received '**Three Trees**' (the highest score) in the WWF UK Timber 2019 Scorecard Benchmark for our commitments to FSC and recycled timber, timber products and reporting.

<sup>1</sup> Excluding packaging

<sup>2</sup> FSC® C008811

## Livestock

Respecting animal welfare is an important part of our work in agriculture. For all our Co-op branded fresh, frozen and prepared meat and poultry products, our minimum welfare standard, and our main focus is Red Tractor. For higher welfare, we use RSPCA Assured certifications or equivalent.

Since 2008, all shell-eggs sold (Co-op brand and branded) have been free range as a minimum, and we only use free-range eggs as ingredients in Co-op brand products. In 2020, 95% of Co-op brand shell-egg sales were RSPCA assured and the remainder were certified organic (2019, 94% RSPCA assured and the remainder certified organic).

## Monitoring animal welfare

More than 3,700 farmers and growers feed into our own-brand fresh supply chain, supplying us with meat, dairy, poultry, fresh produce and prepared products for our Co-op brand products. All farms, whether they're part of our Farming Groups (pages 55-56) or not, may be subject to announced and unannounced visits or audits by us or an appointed independent audit body to check compliance with our animal welfare requirements.

## Performance Benchmark

Tier 2 achieved in the Business Benchmark on Farm Animal Welfare (BBFAW) in 2020, for the ninth year running<sup>1</sup>.



## Antibiotics

Antimicrobial Resistance is an increasing global challenge and threat. Food retailers have a responsibility to take action. We're a member of the food industry initiative on antimicrobials ([FIIA](#)) and have signed a code of conduct to work pre-competitively as an industry to reduce antibiotic use. We therefore no longer publish our antibiotics usage data in compliance with this agreement. The initiative agrees a common set of principles and commitments and has developed joint initiatives to support responsible use at farm level.

We're also supporting research, through membership of Responsible Use of Medicines in Agriculture ([RUMA](#)) and farm antibiotics, that helps identify alternatives to antibiotics, and our Farming Group performance annually.

Our antibiotics strategy, in line with the industry approach, is based on the '3Rs' framework to Reduce, Replace and Refine the use of medicines. Read more about our [animal welfare and antibiotics policies](#).

## Animal testing

All Co-op branded toiletry and household products are approved cruelty free under the Leaping Bunny programme, managed by Cruelty Free International (CFI).



Leaping Bunny is the only internationally recognised programme that requires approved businesses to implement a supplier monitoring system, checking for animal testing right down to ingredient level.

It requires adherence to a fixed cut-off date policy and ongoing independent auditing to ensure and safeguard compliance.

Our commitment, systems and processes were most recently audited, against both Leaping Bunny programmes for toiletries and household products, in October 2020. This endorsed our new processes which incorporated the updated CFI criteria from 2019.

In December 2020 we signed an open letter from CFI to the EU constitutional bodies about upholding the EU Cosmetics Regulation's ban on animal testing, alongside 450 other cruelty-free brands. We also shared our own press release to raise awareness and our history in campaigning for animal rights.

## 2021 targets

We will source all our 30 key ingredients sustainably:

- 100% of palm oil in Co-op products will be segregated RSPO certified, with the vast majority of this being achieved by the end of 2021. We will report on our 2021 progress towards this target.
- 100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025.

We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2022.

We will develop action plans for our restorative approach to nature by the end of 2022.

We will ban use of peat in compost sold in Co-op stores, reviewing use across our supply base in 2021.

<sup>1</sup> 1-6 scale, where 1 is the highest. BBFAW classes businesses that reach Tier 2 as having 'farm animal welfare as an integral part of business strategy'.



Each issue explored in the first part of our Report has a supporting data report in this section, to help readers understand more about our performance. Our [Basis of Reporting document](#) provides further detail on how our key data is calculated and targets measured.

## Key

### Performance data icons



### Assurance icons

Data and claims across the whole of this Report are reviewed by our external assurance provider. Certain data and claims undergo a more in-depth review as described on page 107 and these are identified with the following symbol in the data tables. **A**

### Sustainable Development Goals

Our targets have been mapped against the UN Sustainable Development Goals (SDGs). Click on the SDG icons for more detail.

## Business ethics

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Economic Impact	We will retain Fair Tax Mark accreditation in 2020.	We retained Fair Tax Mark Accreditation.	Fair Tax Mark accreditation	yes	yes	yes	yes		We will retain Fair Tax Mark accreditation in 2021.	
Responsible data and technology	As part of our ambition to be 'Trusted with Data', all our work to improve existing and/or develop new data driven products and services will be assessed against the Data Ethics principles by the end of 2020.	All of our prioritised work to improve or develop new data products and services were assessed against the Data Ethics principles.	Number of colleagues trained on Data Ethics	-	-	12	12		We will refresh our Data Governance Policies and publish these externally, where it is appropriate to do so - in order to share best practice openly and transparently.	 
Responsible finance			Number of activities (including project & BAU) that have been assessed against Data Ethics principles	-	-	7	7			
	Our pension arrangements will operate leading Responsible Investment Policies and reporting.	Our pension arrangements have continued to operate leading Responsible Investment Policies and reporting as set out on page 16.	Insurance business: number of fixed income investment opportunities screened against Ethical Policy	16	11	6	10	The sale of CIS General Insurance, our insurance underwriting business was completed on 2 December 2020. As such these investments are no longer held within the Co-operative Group.	Our pension arrangements will operate leading Responsible Investment Policies and Reporting.	
	Where we raise additional finance, and where it is possible within financial markets, we will seek to align the structure or KPIs of the financing to our sustainability goals.	In 2020 we extended our sustainable RCF with our banks to run for an additional year to September 2023.								
	All material Board-level decisions are informed by our Ethical Decision-Making Tool.	All material decisions made by the Board were informed by the EDMT in 2020.						All material Board-level decisions are informed by our Ethical Decision-Making Tool. ----- We will develop a Task Force on Climate-related Financial Disclosures (TCFD) reporting framework for our largest pension scheme, including a science-based target on the carbon impact of our pension schemes.		 

## Business ethics

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
<b>Embedding ethics and sustainability</b>	As part of our aspiration for Co-op products to demonstrate our ethical approach and Co-op difference, we will report on progress annually.	<p>Our 2020 Co-operate report includes many examples of how our ethical approach and Co-op difference are reflected in our products, including championing of Fairtrade products, work on recyclable plastic packaging, and sustainable sourcing. We will review how best to formalise the way we embed ethics and sustainability into our products.</p> 								
<b>Our reporting</b>	In line with our Co-op Values of openness and honesty, we will deliver world class, open and honest reporting on our ethics and sustainability performance annually.	<p>Our reporting is published, externally audited, and aligned with leading standards (GRI Core, UNGC 'advanced').</p> 							<p>In line with our Co-op Values of openness and honesty, we will deliver world class open and honest reporting on our ethics and sustainability performance in our Co-operate Report annually.</p>	

## Public policy engagement

For reporting purposes, 'engagement' is restricted to instances where we've raised or supported a significant initiative relating to one of our material sustainability issues.

Issue	Audience	Engagement	Policy Position
<b>Community</b>			
<b>Safer Colleagues, Safer Communities</b>	Government Home Office	Our Co-op is a long-standing member of the National Retail Crime Steering Group and sits on the four task and finish groups that have been set up in response to the call for evidence into abuse on retail workers.	Call on Government to prioritise retail crime to protect our colleagues and to legislate to protect them. We have been very vocal in our support of MP Alex Norris's Assault on Retail Workers Bill which will do this.
	Members of the House of Commons	5,000 letters sent from Co-op colleagues asking their MP to encourage the Home Office to respond to the call for evidence into abuse on retail workers.	
	Members of the House of Commons	Briefing key MPs ahead of Westminster Hall debate on protection of retail workers.	
	HM Government	Organised a letter to the Prime Minister from 23 CEOs.	
	Members of the House of Commons	Store visits and teams calls with MPs to raise awareness of verbal and physical abuse towards colleagues.	
	Members of the House of Commons	Regular engagement with Parliamentarians to raise awareness of verbal and physical abuse towards colleagues.	
	Members of the House of Commons	Social media campaign from our colleagues to share their stories of abuse with their MP and asking them to support Alex Norris's MPs Bill.	
<b>Business Rates</b>	Members of the House of Commons and Police and Crime Commissioners	Online summit to close Respect for Shopworkers week, in partnership with USDAW. Key speakers included Alex Norris MP, Sarah Jones MP and Katy Bourne OBE PCC.	Attacks on retail workers who are simply doing their job are unacceptable. We want to find solutions that will make a difference to how our colleagues feel at work so that violent incidents against them are taken seriously and are deterred.
	Scottish Parliament	Submission of written and oral evidence to the Economy, Energy and Fair Work Committee when considering the Protection of Workers (Retail and Age-restricted Goods and services) (Scotland) Bill.	Calling on the Scottish Parliament to support Daniel Johnson MSP to legislate to protect retail workers.
	Sentencing Council	Submission of written evidence to the Sentencing Council Guidelines Consultation on Assault Offences.	We believe that the current sentencing guidelines and implementation does nothing to deter, punish or rehabilitate offenders, which means that shopworkers are especially vulnerable at their place of work when enforcing the law. Changes need to be made so shopworkers have the confidence and belief in the law to protect them at their place of work.
<b>Business Rates</b>	Members of the House of Commons	Launch of Dr Emmeline Taylor's research into young people and their future. With a focus on young people aged 15-25, this research shows how entrenched inequalities and social disadvantage affect the lives of these young people. The effects which will only be deepened due to the Covid-19 pandemic, with this research carried out at the height of the crisis.	Call on Government to reform Business Rates and level the playing field between 'bricks and mortar' and 'clicks and mortar' businesses, for the benefit of local communities.
	HM Treasury	Written submission to the Government's consultation on the future of Business Rates.	

## Public policy engagement

Issue	Audience	Engagement	Policy Position
<b>Covid-19</b>			
<b>Coronavirus Response</b>	The UK Government, Devolved Administrations and Local Authorities	Extensive engagement on the Government's handling of the outbreak of Covid-19, and the Co-op's response.	Throughout the pandemic, it's been vital that we understand the steps needed so that we can continue to serve our members and customers whilst keeping them and all our colleagues safe.
<b>Ethical trade and human rights</b>			
<b>Modern Slavery Support for victims</b>	Government Home Office and Department for Work and Pensions (DWP) Members of the House of Commons and House of Lords NGOs	A series of Westminster interventions in the course of 2020 reflecting the significance of this national Co-op campaign, including: continued participation in the 'Free for Good' coalition to support Lord McColl's Bill (H1 2020).	Call on businesses and Government to do more to support victims of slavery in the UK. Explicit support for provision in Lord McColl's PMB for extension of Government support for victims up from 45 days to one year.
<b>Modern Slavery Project Bright Future: employment opportunities for victims</b>	NGOs	Bright Future registered as a new co-operative in May 2020 marking the culmination of more than 3 years of work - moving from the formal announcement of Bright Future as a Co-op Group / City Hearts initiative in March 2017 to a new co-operative, bringing together more than 50 businesses and charities.	Call on businesses and Government to do more to support victims of slavery in the UK.
	NGOs, Members of the House of Commons and House of Lords, Independent Anti-Slavery Commissioner	Bright Future highlighted by Government as a positive example of business support by Home Office Ministers in Parliament and the UK Government 2020 Modern Slavery Report.	
<b>Modern Slavery Business reporting under the Modern Slavery Act</b>	Government Home Office, NGOs	Modern Slavery Statement for 2019 published (April 2020) and widely distributed to stakeholders, including Home Office and IASC.	
	Members of the House of Commons and Lords	Briefings led to positive mentions in Parliament and in correspondence with Ministers throughout 2020.	Call on Government to promote business compliance with the Modern Slavery Act.
	Government Home Office, Business community	Membership of Home Office CEO Business Against Slavery Forum led by the Home Secretary.	
<b>Food and Farming</b>			
<b>Front of Pack Nutritional Labelling</b>	Department for Health and Social Care	Submission of a written response to the Government's consultation on Front of Pack Nutritional Labelling.	Call on Government to continue to follow a consistent, evidence-based front of pack labelling scheme to support consumers in making healthier choices.

## Business ethics: public policy engagement

Issue	Audience	Engagement	Policy Position
<b>Environment and resource use</b>			
<b>Plastics Packaging Tax</b>	HM Treasury	Submission of a written response to the Government's consultation on the introduction of a Plastics Tax (August 2020).	Call on Government to ensure the proposed Plastics Tax is developed with input from industry to ensure it achieves its aim to be beneficial for the environment.
<b>Forest risk commodities</b>	Department for the Environment, Food and Rural Affairs	Submission of a written response to the Government's consultation on the introduction of additional due diligence requirements (October 2020).	Welcome the Government's intention to introduce Due Diligence and this opportunity for industry to work with Government in tackling illegal deforestation.
<b>Single Use Plastics</b>	Welsh Government	Submission of a written response to the Welsh Government's consultation on the introduction of a ban on Single Use Plastics (October 2020).	Welcome the Welsh Government's intention to ban single use plastics.
<b>Funeralcare</b>			
<b>Funeral costs/ affordability</b>	Government, Department for Work and Pensions (DWP)	Engagement with Parliamentarians to brief on steps to promote affordability.	Call on Government to improve Funeral Expenses scheme, making it easier for those in need to claim.
<b>Funeral Plans Regulation</b>	Government, HM Treasury and DWP, Members of the House of Commons, NGOs	Engagement to discuss regulation of funeral plans.	Better regulation of funeral plan market to protect consumers and promote consumer confidence.
<b>Insurance</b>			
<b>T-plates</b>	Transport Select Committee	Written submission to the Transport Select Committee inquiry into Young and Novice Drivers.	Young drivers need more support, the offer of sharing insight of our T-plate trial.
<b>Legal Services</b>			
<b>Competition and Market Authority's Review of the legal services market in England and Wales</b>	Competition and Market Authority Review of the legal services market in England and Wales	Written submission to the CMA review of the legal services market in England and Wales Call for inputs.	The drive for transparency of fees and service information must not be limited to regulated legal service providers. Similarly, if consumers are to be afforded the appropriate protections then there must be some form of regulation applied consistently to all. Unless the requirements are applicable to all legal service providers, it is impossible for consumers to make an informed choice and ensure that there can be true competition in the legal services industry. In order to achieve a level playing field when seeking to drive competition, the same regulatory oversight must be applied to all legal service providers.
<b>People</b>			
<b>Apprenticeships</b>	Members of Parliament and Peers	Written submission to the All Party Apprenticeships Group Call for Evidence (July 2020).	Apprenticeships can be a route to social mobility and opportunities for individuals.
<b>Lifelong Skills</b>	Department for Education	Steve Murrells became a member of the DfE Business Engagement Forum.	Lifelong skills are key to individual's working life progression.
<b>Apprenticeships</b>	Government, DfE, DWP, Members of the House of Commons, NGOs	Publication of research undertaken by Institute for Employment Research 'Future Proofing Apprenticeships' (November 2020).	Apprenticeships can be a route to social mobility and opportunities for individuals.

## Trade and business association membership fees

We disclose all of our principal memberships, subscription fees and donations to trade and business associations that engage in public policy activities. We report those with a value of £5,000 or greater.

Donations and subscriptions, 2020 (£)	
Co-operatives UK	711,300
Drinkaware Trust	248,742
National Association of Funeral Directors	242,568
British Retail Consortium	169,006
Funeral Planning Authority	82,400
International Co-operative Alliance <sup>1</sup>	68,634
Institute of Grocery Distribution Services	55,000
Downstream Fuel Association	40,482

Donations and subscriptions, 2020 (£)	
Ethical Trading Initiative	39,996
Waste and Resource Action Programme (WRAP)	55,000
Incorporated Society of British Advertisers	32,045
The Wine and Spirit Trade Association	23,433
Inclusive Employers	37,000
The Association of Convenience Stores	14,610
The Law Society	10,824

Donations and subscriptions, 2020 (£)	
Business In The Community (BITC)	25,300
Scottish Grocers Federation	9,500
Marine Stewardship Council	9,000
Business Disability Forum	8,140
RECYcling Of Used Plastics Limited (RECOUP)	8,200
Retail Palm Oil Group	5,000
Institute of Environmental Management and Assessment	5,000

## Distribution of economic value added (£m)

Donations and subscriptions, 2019 (£)		2017	2018	2019	2020
Colleague wages and pension benefits		1,353	1,332	1,362	1,425
Payments to Government (mainly business rates, employers' National Insurance and irrecoverable VAT)		201	195	207	150
Distribution to members	(members' 5% reward)	61	60	54	45*
Community investment		30	32	35	47
Payments to providers of capital (interest paid to bankers or bondholders for loans)		64	64	64	63
Payments to providers of capital (interest paid on leases) <sup>2</sup>				74	72
Set aside for capital maintenance and future growth (ie after accounting for other payments, including payments to Government, members and community investment) <sup>3</sup>		95	94 <sup>④</sup>	266 <sup>④</sup>	357
<b>Total</b>		<b>1,804</b>	<b>1,777</b>	<b>2,062 <sup>④</sup></b>	<b>2,159</b>

## Sustainability Bond Allocation Report 2020

Total value of bond	Investments and expenditure in Eligible Sustainability Projects Portfolio			Unallocated proceeds	
	Cost value of Fairtrade Purchases				
	2018-19	2020	Total 2018-20 <sup>4</sup>		
£300m	£240.3m	£121.5m	£361.8m	0	

<sup>1</sup> Federal Retail and Trading Services Limited (FRTS) is a member and pays the subscription.

<sup>2</sup> The Co-op initially applied the new accounting standard on leases (IFRS 16) in its 2019 report and accounts using the modified retrospective approach. Under that approach, comparative information was not restated. Therefore to allow a meaningful comparison with prior year figures in 2019 then the impact of adopting IFRS 16 was not reflected in the equivalent table above in the prior year. As we are now 1 year on then we now have comparative figures and have included the impact of IFRS 16 in 2020 and adjusted the 2019 figures accordingly. Under IFRS 16 the main impact on the Value Added Statement is that we now show the net interest on lease liabilities of £72m (2019: £74m) as a separate distribution of value. Furthermore £113m (2019: £110m) of depreciation on right-of-use assets and impairment charges of £11m (2019: £25m) against right-of-use assets are included within the value added total within amounts set aside for future growth.

<sup>3</sup> In our 2020 accounts the Co-op has also restated its 2019 results following a change in the way that we recognise revenue on funeral plans. More detail of the impact of the restatement can be found in Note 35 of the Co-op Group's Annual Report and Accounts. Under the new accounting treatment then net finance income on funeral plans of £26m (2019: £49m charge) is recognised in the Group's Income statement. This net finance income / (cost) is not deemed to be a specific distribution of value and as such is not shown on a separate line in the table above but is included in the amounts set aside for future growth.

<sup>4</sup> Purchases of Fairtrade products totalled over £360m from 2018-20, of which £300m was from our sustainability bond.

## Membership and co-operation

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Membership numbers	35% of new members will be aged 35 and under at the point of recruitment.	In 2020, 33% of new members were aged 35 and under (see commentary). 	Number of active members (million) (those who have traded with us in the last year in Co-op Food, Funeral and Life Planning, Insurance and Legal Services)	4.6	4.6	4.6	4.34	The Covid-19 pandemic has impacted our membership activity aimed at encouraging membership amongst young people due to lower attendances and the cancellation of music festivals	Recruit 900,000 new members by the end of 2021.	
Membership scheme			Number of new members (m)	1.0	0.6	0.5	0.4			
			⑧ Number of active (see definition above) young members, aged 25 and under	192,986	189,312	180,360	162,696	In 2020, we've seen fewer membership cards presented in our Food stores, which is how we measure our active member numbers - so this translates to a fall in our number of active members. During the Covid-19 pandemic, we know that there has been a significant switch to online shopping, and people tending to make fewer larger shopping trips - or not visiting stores at all. These trends, together with the desire for 'contactless' shopping and social distancing, have resulted in lower membership card swiping in our stores - which has been seen across the Food retail industry in the UK.		
Member engagement	We will increase the number of members participating in 'Join In' activity to 200,000.	We achieved our target in 2020, thanks to 243,544 members participating in 'Join In' activity. 	Amount earned by members for themselves through our membership scheme (£m) (amount redeemed in brackets). See Community section for data on the amount earned by members for their communities	61 (50.6)	60.4 (55.4)	54.4 (50.9)	50 (45.5)	We reduced personal reward in 2020 in order to give more back to the communities we serve when it was desperately needed. In 2020, amount earned includes £5.4m to colleague members in recognition of their support during the Covid-19 pandemic.		
Financial support for co-operatives			Number of members voting at our AGM and elections (number voting in person in brackets)	76,883 (800)	94,725 (730)	60,549 (620)	47,862	Due to Covid-19 restrictions - in person attendance was limited to 20 attendees. (850 members watched the event live on YouTube)		
Democracy			AGM and election voter turnout among eligible members (%)	3.5	3.5	2.2	2	In 2020, we had 47,862 members voting in our AGM and elections. (2019: 60,549) Although turnout and overall members voting at the AGM has declined in recent years, this is only one form of engagement and participation and we have seen increasing levels of participation from members in other opportunities offered by our Co-op.		
			Members participating in Join In live events in communities across the UK	1,100	1,395	1,276	463 A	Rather than face-to-face events across the UK. In 2020, Join In Activity consisted of 4 online events		
			Members participating in our Join In programme online (number of opportunities to join in brackets)	20,800 (93)	97,403 (69)	147,637 (75)	243,544 (88) A			
			Young members participating in our Join In programme online	1,169	5,283	7,240	29,699 A			
			Financial support for representative and affiliated bodies of the co-operative movement (£m)	1.97	2.35	3.12	6.27	This includes £2.9m support by way of provision of Co-op Vouchers for Pupil Premium eligible pupils and students during national school closures and periods of self isolation.		
								The National Members' Council will take action to increase the number of BAME Candidates standing for election to the Council, in order to be reflective of our Co-op Communities. 		

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

Organisation	
Co-op Academies Trust	£4,600,000
Co-operatives UK	£711,300
Co-operative Party	£598,600
Co-operative Press	£106,000
Co-operative College	£88,000
International Co-operative Alliance	£68,634
Social Enterprise UK	£40,000
Woodcraft Folk	£25,000
Co-operative Heritage Trust	£15,000
People's History Museum	£8,000
Robert Owen Museum	£3,000
New Lanark Museum	£3,000
Plunkett Foundation	£2,650
Society for Co-op Studies	£2,000
<b>Total</b>	<b>£6,271,184</b>



## Community

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Community Investment	<p>Our Local Community Fund and Co-op Foundation together will provide funding of at least £17m in 2020 to community spaces, skills and wellbeing projects.</p>  <p>We reached our target in 2020</p>	<p>Total investment in UK and international communities (£m)</p> <p>Total investment in UK communities (£m)</p> <p>Total UK community investment (£m) Cash</p> <p>Total UK community investment (£m) Colleague Time</p> <p>Total UK community investment (£m) Gifts in Kind</p> <p>Total UK community investment (£m) Management Costs</p> <p>Total UK Leverage (donations by members, customers, partners and suppliers) (£m)</p> <p>£ given back through LCF (member contribution + Carrier Bag Levy) (£m)</p> <p>£ raised through Carrier Bag Levy (£m)</p>	29.7	31.7	35.0	47.4 A	Overall community investment up by £12m on 2019.	<p>We will generate at least £24m of funding for our Local Community Fund and Community Partnerships Fund in 2021 to support fairer access to food, mental wellbeing services and opportunities for young people.</p> 	<p>UK community investment increased by £12.6m as Co-op funded a portfolio of initiatives aimed at supporting communities through the Coronavirus pandemic.</p> <p>Cash community investment has gone up considerably in 2020, primarily as a result of our response to the Coronavirus pandemic. This includes £2.9m spent on free school meal vouchers for Academy students, a donation of £1.5m to the National Emergencies Trust (NET) supporting food security/coronavirus response and £1m donation through the Music Heals festival partnership. We also invested significantly in our "Co-operate" platform.</p> <p>Whilst "traditional" opportunities for employees to volunteer in work time were limited by the impact of the pandemic, the contribution of a full-strength, 1,000 strong, Member Pioneer programme and in-store/home support for community response to the pandemic meant that 2020 saw the value of colleague time invested in communities rise by £1.8m.</p> <p>Our response to the Coronavirus pandemic, including donation of media airtime in support of FareShare fundraising campaign and Co-op stock directly to FareShare increased in-kind donations by over £5m in 2020.</p> <p>Funds raised during our first full year of charity partnership with Mind, SAMH and Inspire, as well as fundraising for FareShare, and match funding leveraged by the Co-op Foundation counterbalanced the reduction in Carrier Bag Levy received as compostable bags were rolled out through more of our store estate.</p> <p>Reduction in size of overall LCF payout driven primarily by the reduction of funds received through Carrier Bag Levy.</p> <p>Funds raised through Carrier Bag Levy continued to reduce as compostable bags (which do not attract the levy) were rolled out across more of the store estate.</p>	
			27.6	28.8	32.0	44.6 A				
			14.5	14	15.9	22.1 A				
			2	2.2	4.3	6.1 A				
			0.5	0.5	0.7	6.1 A				
			N/A	N/A	N/A	N/A				
			10.6	12.1	11.1	10.2 A				
			20	19	17.3	15				
			7.0	7.2	5.6	3.9				

## Community

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Local Community Fund			Number of causes supported by LCF	8,015	4,400	4,495	4,558	More than one million cause selections were made through the course of 2020, the highest annual total to date.		
			Number of Cause selections made	–	670,000	709,000	1,072,747			
Member Pioneers	By the end of 2020 we will have Member Pioneers active across all Co-op communities.	 Our Member Pioneer Programme reached full strength in 2020.	Number of Member Pioneers (total since launch 2017)	200	300	600	1,000	In 2021 we will invest 113,000 hours for Member Pioneers to engage with people to support the delivery of our Co-op missions and increase co-operation in our communities.		
			Hours invested by Member Pioneers	–	–	–	89,927			
Co-operate Platform	We will use our online community platform to drive impact and engagement for national Co-op campaigns in 2020, while continuing geographical roll out to more communities across the UK.	 We've achieved this by supporting numerous campaigns such as being involved in Mental Health Awareness Day, supporting the vulnerable customer shopping scheme and connecting people locally through the Hold Still campaign. Throughout the year we've also moved from 9 communities across Trafford and Leeds to a light national presence with over 183,000 visits to Co-operate this year.	Number of people engaging with local communities through Co-operate platform	–	–	–	–	Outcomes will be reported in 2021 report.	We will encourage 300,000 people to engage with local communities through our Co-operate platform by the end of 2021.	
			Number of Visits to Platform	–	–	–	183,000			
Foundation			£ awarded since 2016 (£m)	–	6.2	6.5	6.5	We didn't make any new Belong grants in 2020 but we continued to support partners tackling youth loneliness through our Building Connections Fund partnership with Government, our #iwill Fund and our youth programme funding for Scotland, Wales and Northern Ireland.		
			Number of young people engaged in Belong projects since 2016	–	2,631	18,734	26,783	Elsewhere, we awarded £1.8m of grants to partners supporting young people to improve community spaces and provide peer support through bereavement and moving schools. Please note, this is not Belong funding.		

## Community

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Colleagues involved in community activity during work time			Number of colleagues involved in community activity	9,543	7,129	10,106	11,472 <span style="color: green;">A</span>	Time invested in community activity increased significantly in 2020, driven largely by the full-strength Member Pioneer network and colleague support for fundraising and Coronavirus response activities		
			Number of days (hrs)	17,757 (133,180)	16,348 (122,613)	31,297 (234,724)	43,236 (324,270) <span style="color: green;">A</span>			
			Value of colleague time (£m)	2.0	2.2	4.3	6.1 <span style="color: green;">A</span>			
Wellbeing	We will support >1 million people to take wellbeing actions resulting in happier, more resilient communities by end 2022	 Target has been updated to reflect our focus on fair access to mental wellbeing support as part of our Co-operating for a Fairer World Vision	Number of people signposted to sources of mental wellbeing support, including information, services and community activity	-	-	-	-	Outcomes will be reported in 2021 report	 By 2022, we will signpost over a million people to mental wellbeing support including information, services and community activity	
			Number of people supported by campaigning work	-	-	-	-	Pilots to test and learn the role of community in mental wellbeing rolled out late 2020.		
			£ raised in support of access to mental wellbeing support Mission (total since start) (£)	-	-	500,000	£3m	Outcomes will be reported in 2021 report	 By 2022 we will support 10,000 people to improve their resilience and mental wellbeing through our charity partnership services	
Spaces	2,000 spaces will be saved or supported through our Endangered Spaces campaign by the end of 2022	 Over 2,500 individuals and organisations were supported with advice to protect or improve spaces	Individuals/ organisations supported with advice to protect and improve spaces	-	-	350	2,524	Since the launch of the Steel Warriors partnership we have built and activated two gyms in London. As part of our review of plans in light of the crisis, we made the difficult decision to scale back our ambition in this space. The change in circumstances led to mutual agreement with Steel Warriors to end our formal partnership. We still maintain a working relationship and will support them through our community programmes such as Member Pioneers and Co-operate.		
			Steel warrior gyms opened	-	-	2	0			

## Community

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs																													
Access to Food				-	-	-	-	Outcomes to be reported 2021	We will provide a network of 100 community fridges in places of most need in 2021 that will support 187,500 people with 5m meals annually by end of 2022.																														
Skills	<p>We will increase the number of academies in the Co-op Academies Trust to at least 40 by the end of 2021.</p> <p> On track to increase the number of Academies in the Co-op Academies Trust to at least 40 by the end of the academic year 2021-22.</p> <p>We will pilot new skills share programme to enable co-operation in communities in 2020.</p> <p> Activity re-focused during 2020 to reflect the changing needs of communities through and as a result of the pandemic.</p>		<table> <tbody> <tr> <td>Number of Academies</td> <td>11</td> <td>18</td> <td>24</td> <td>26</td> </tr> <tr> <td>Number of governors</td> <td>-</td> <td>50</td> <td>74</td> <td>80</td> </tr> <tr> <td>Contribution to Co-op Academies (£)</td> <td>334,000</td> <td>600,000</td> <td>1,481,000</td> <td>4,600,000</td> </tr> <tr> <td>Number of young people participating in peer research and social action initiative</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Number of young people (16-25) accessing work through the Kickstart scheme</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>% of which offered meaningful employment after their Kickstart scheme has finished</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Number of Academies	11	18	24	26	Number of governors	-	50	74	80	Contribution to Co-op Academies (£)	334,000	600,000	1,481,000	4,600,000	Number of young people participating in peer research and social action initiative	-	-	-	-	Number of young people (16-25) accessing work through the Kickstart scheme	-	-	-	-	% of which offered meaningful employment after their Kickstart scheme has finished	-	-	-	-				<p>Free school meal vouchers for Academy students totalled £2.9m in 2020. We also spent over £237k on the provision of laptops for pupils studying from home as a result of the pandemic.</p> <p>Outcomes to be reported 2021</p>	<p>We will increase the number of Academies in the Co-op Academies Trust to at least 40 by the end of the academic year 2021-22.</p> <p>To ensure our Academies are governed in line with co-operative Values and Principles, we will provide a current or former colleague as Chair of Governors and an additional 1 - 4 Co-op Governors per Academy, depending on the needs of the Academy.</p> <p>By 2022 we will:</p> <p>Deliver a peer research and social action initiative in partnership with Youth Endowment Fund. Giving 6,400 young people the platform, skills and support to be heard and make a difference on the issues that matter to them and</p> <p>Support 150 young people (16-25) from disadvantaged communities to access work through the Kickstart scheme. We will also offer at least 50% of those meaningful employment after their Kickstart scheme has finished (after 6 months).</p>	    
Number of Academies	11	18	24	26																																			
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% of which offered meaningful employment after their Kickstart scheme has finished	-	-	-	-																																			

## Our people

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Leadership			Number of Leadfest sessions delivered (colleagues trained)	–	–	346 (2,087)	499 (4,975)	Colleagues trained is number of colleagues attending session, not unique attendees.		
			Leadership index	–	–	79%	72%	All Leadership Index questions have fallen, with an overall drop of seven points since 2019, albeit we are doing better than other comparable organisations. This decline has, however been offset by a rise in manager advocacy because during the time of crisis, the behaviours measured by the Leadership Index are not the things that colleagues find most important. Rather, colleagues want different things placing more importance on developmental conversations. Our leaders have responded to these changing needs by focussing their efforts on the things most valued by colleagues right now.		
Wellbeing			% colleagues downloaded wellbeing app	–	20	33	41			
			Calls received to colleague assistance programme	2,427	3,166	2,300	1,052			
Inclusion and Diversity	By the end of 2020, we will have co-created our inclusion strategy for 2021-2025 with colleagues and set out our organisational Inclusion targets, outcomes and measures.	Achieved. We used the insights gathered in 2019 to build a set of medium and long term commitments across colleagues, customers, membership and communities that put inclusion at the heart of everything we do. 	Cases covered through colleague assistance programme	1,250	1,188	1,099	1,052			
			Number of cases referred for follow-up counselling with a trained counsellor	193	398	478	404			
			Absence rate (%)	4.1	4.1	4.0	3.8			
			% of colleagues who feel their leader creates an environment where they can be themselves	–	–	77	78			
			Number of Diversity and Inclusion pioneers across the organisation	50	85	106	125			
			Number of Colleague networks	2	4	4	5			
			Number of members in networks	2,100	2,000	2,000	2,000			

## Our people

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Inclusion and Diversity			% colleagues who feel that they have experienced bullying, harassment or discrimination	10	12	13	14	<p>We will increase our Black, Asian and Ethnic Minority leadership representation from 3% to 6% by 2022 and 10% by 2025.</p> 		
			Gender balance of applications and hires	–	70% men, 30% women	50% men, 50% women	47% men, 53% women			
			% female colleagues	55	55	51	55 <span style="color: green;">▲</span>			
			% female colleagues in leadership roles	41	32	34	37			
			% BAME colleagues in leadership roles	–	–	–	4			
			% colleagues in each age group	–	–	–	–			
			24 and under	20	19	20	22 <span style="color: green;">▲</span>			
			25-34	23	24	23	22 <span style="color: green;">▲</span>			
			35-49	28	27	27	26 <span style="color: green;">▲</span>			
			50-64	26	27	27	27 <span style="color: green;">▲</span>			
			65 and over	3	3	3	3 <span style="color: green;">▲</span>			
			% colleagues identify as Non-heterosexual	–	–	7	8			
			% colleagues identify as having a disability	4	4	6	7			
			% colleagues identify as belonging to an ethnic minority group	10	10	11	11 <span style="color: green;">▲</span>			
			% colleagues have dependant or caring responsibilities	33	33	29	30			

## Our people

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs																																									
Apprenticeships	We will continue our commitment to having a minimum of 1,000 apprentices on our programmes at any one time and that their programmes enable personal development and align to our business priorities.		<table> <tr> <td>Apprentice starts</td> <td>742</td> <td>572</td> <td>936</td> <td>367</td> </tr> <tr> <td>Total apprentices on programme (at end of year)</td> <td>–</td> <td>1,034</td> <td>1,376</td> <td>1,232</td> </tr> <tr> <td>% apprentices male and female</td> <td>–</td> <td>40% male 60% female</td> <td>40% male 60% female</td> <td>36% male 64% female</td> </tr> <tr> <td><b>Funeralcare:</b> Number of apprentices and types</td> <td>–</td> <td>–</td> <td>817</td> <td>685</td> </tr> <tr> <td><b>Support Centre:</b> Number of apprentices and types</td> <td>–</td> <td>–</td> <td>59</td> <td>88</td> </tr> <tr> <td><b>Food:</b> Number of apprentices and types</td> <td>–</td> <td>–</td> <td>450</td> <td>341</td> </tr> <tr> <td><b>Logistics:</b> Number of apprentices and types</td> <td>–</td> <td>–</td> <td>38</td> <td>50</td> </tr> <tr> <td><b>Legal Services:</b> Number of apprentices and types</td> <td>–</td> <td>–</td> <td>12</td> <td>68</td> </tr> <tr> <td>Number of apprentices from Academies</td> <td>–</td> <td>4</td> <td>1</td> <td>1</td> </tr> </table>	Apprentice starts	742	572	936	367	Total apprentices on programme (at end of year)	–	1,034	1,376	1,232	% apprentices male and female	–	40% male 60% female	40% male 60% female	36% male 64% female	<b>Funeralcare:</b> Number of apprentices and types	–	–	817	685	<b>Support Centre:</b> Number of apprentices and types	–	–	59	88	<b>Food:</b> Number of apprentices and types	–	–	450	341	<b>Logistics:</b> Number of apprentices and types	–	–	38	50	<b>Legal Services:</b> Number of apprentices and types	–	–	12	68	Number of apprentices from Academies	–	4	1	1	The reduction in starts is due to the significant increased pressure on our frontline colleagues as an impact of the pandemic. This meant that the focus was shifted onto recruiting the 5,000 additional colleagues needed to support operations.	We will continue our commitment to hosting a minimum of 1,000 apprentices on our programmes at any one time, and make sure these programmes enable personal development and align to our business priorities.	
Apprentice starts	742	572	936	367																																															
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Number of apprentices from Academies	–	4	1	1																																															
Engagement and Recognition	We will maintain levels of colleague engagement as measured by our engagement index.		<table> <tr> <td>Overall engagement score (%)</td> <td>75</td> <td>76</td> <td>76</td> <td>76</td> </tr> <tr> <td>Total colleague headcount at year end</td> <td>63,645</td> <td>62,578</td> <td>62,616</td> <td>63,324</td> </tr> <tr> <td colspan="5"><b>2020 Colleague headcount by business area (total and %)</b></td></tr> <tr> <td>Total voluntary turnover (%)</td> <td>22.6</td> <td>22.1</td> <td>22</td> <td>17</td> </tr> <tr> <td colspan="5"><b>2020 Voluntary turnover by business area (%)</b></td></tr> </table>	Overall engagement score (%)	75	76	76	76	Total colleague headcount at year end	63,645	62,578	62,616	63,324	<b>2020 Colleague headcount by business area (total and %)</b>					Total voluntary turnover (%)	22.6	22.1	22	17	<b>2020 Voluntary turnover by business area (%)</b>					Increased demand particularly across Retail Stores and Funeralcare as a result of the pandemic led to recruitment of 5,000 temporary colleagues. Over 1,800 of these temporary workers have since secured permanent positions with the business.	We will maintain levels of colleague engagement as measured by our engagement index (currently 76%).																					
Overall engagement score (%)	75	76	76	76																																															
Total colleague headcount at year end	63,645	62,578	62,616	63,324																																															
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Pension scheme			<table> <tr> <td>No. Pensioners</td> <td>51,000</td> <td>47,500</td> <td>47,000</td> <td>45,000</td> </tr> <tr> <td>No. deferred pensioners</td> <td>64,000</td> <td>61,000</td> <td>58,000</td> <td>60,500</td> </tr> <tr> <td>% colleagues in a pension scheme</td> <td>60</td> <td>65</td> <td>68</td> <td>67</td> </tr> </table>	No. Pensioners	51,000	47,500	47,000	45,000	No. deferred pensioners	64,000	61,000	58,000	60,500	% colleagues in a pension scheme	60	65	68	67																																	
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Speak Up			<table> <tr> <td>Whistleblowing reports through Speak up</td> <td>74</td> <td>173</td> <td>199</td> <td>235</td> </tr> <tr> <td>Number of whistleblowing reports made direct to Co-op colleagues</td> <td>28</td> <td>43</td> <td>34</td> <td>26</td> </tr> </table>	Whistleblowing reports through Speak up	74	173	199	235	Number of whistleblowing reports made direct to Co-op colleagues	28	43	34	26	The increase in reports reflects an increase in awareness of whistleblowing and this service following a refresh of posters and communication across the Co-op in September.																																					
Whistleblowing reports through Speak up	74	173	199	235																																															
Number of whistleblowing reports made direct to Co-op colleagues	28	43	34	26																																															

To see the pop-out graphs contained on this page, please download the PDF version of the report

## Health and safety

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Health and Safety	We will engage with external partners and statutory bodies, including the Police and Home Office to support the development of collaborative problem-solving partnerships to make our colleagues feel safer at work.	<p>We launched Project Zeal - a collaborative partnership with Nottinghamshire Police to tackle persistent and violent offending within Co-op stores - and have also supported other pilot projects to enable direct incident reporting to Police.</p> 	Reportable accidents (per 100,000 colleagues) Reportable accidents (Colleagues total) Non-reportable accidents (per 100,000 colleagues) Non-reportable accidents (total) Reportable customer accidents Non-reportable customer accidents	360 229 8,229 5,311 35 3,485	382 241 8,073  4,406 32 2,899	388 243 7,037 5,897 16 2,077	340 233 6,280 5,897 18 1,920	<p>In 2021 we will create a new Co-op Minimum Safety Standard to formally recognise the link between work and wellbeing and to incorporate wellbeing into our Health and Safety Governance framework.</p> 		

## Ethical trade and human rights

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Supply Chain Transparency	We will improve the lives of workers by carrying out independent human rights impact assessments in three high-risk supply chains by the end of 2021, using our findings to drive change.	This programme of work has been put on hold in 2020 due to impact of Covid-19. We will be commencing this work in 2021. 	Number of supplier sites globally (Tier 1 and tier 2)	1,873 (891 Tier 1 982 beyond)	1,984 (862 Tier 1 1,122 beyond)	2,026 (824 Tier 1 1,202 beyond)	2,480 <span style="color: green;">▲</span>	<p>We will share details of suppliers at all tiers of three of our highest-risk food categories by the end of 2022.</p> <p>We will improve the lives of workers by carrying out independent human rights impact assessments in three high-risk supply chains by the end of 2022, using our findings to drive change.</p>	 	
			% high-risk Tier 1 suppliers completing self assessment in sedex	100	100	100	100 <span style="color: green;">▲</span>			
			% high-risk Tier 1 sites audited	98	100	100	99 <span style="color: green;">▲</span>			

## Ethical trade and human rights

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Supplier Capacity Building	We will champion the role of women and vulnerable people in our supply chains and will develop and launch a gender strategy in 2020.	<p>Our focus in 2020 has been on responding to the impacts of Covid-19 on suppliers and workers. However, through the new Sedex SAQ (page 47), we are now able to collect and share gender-disaggregated data from suppliers, which is helping inform our work to improve gender equality in our supply chains. In 2020, we also supported two FCDO funded projects which have a focus on gender (page 46). We will launch our gender strategy in 2021.</p> <span style="color: red;">⌚</span>	Number of supplier engagement events	27	18	20	35 <span style="color: green;">A</span>	Of the 35 events, 5 were dedicated Co-op events, 30 of these were online collaborative webinars in Spain and the UK to support suppliers address the impact of Covid-19 and other challenges. In addition, 33 events through our support for Stronger Together and Responsible Recruitment Toolkit are excluded from number of events.	We will champion the role of women and vulnerable people in our supply chains and will develop and launch a gender strategy in 2021.	 
	By the end of 2020 we'll embed training on effective workplace communication, grievance mechanisms and providing access to remedy in our supplier engagement programme.	<p>In 2020, we refocused much of our training to help Food suppliers address the impacts of Covid-19 in the workplace (see pages 46-47). Effective workplace communication and access to remedy was a key part of this, including:</p> <ul style="list-style-type: none"> <li>- revisiting the Effective Communication Toolkit for Multi-Language Workforce with suppliers;</li> <li>- discussions on building more inclusive workforces;</li> <li>- sessions on handling bullying and harassment, detecting and managing issues, and innovative ways of engaging workers and improving communication.</li> </ul> <span style="color: green;">✓</span>	Number of individuals engaged	1,005	903	1,296	6,872 <span style="color: green;">A</span>	6,134 of the participants engaged were from 27 new online collaborative webinars.		
	As part of our work to tackle modern slavery, we will eliminate illegal and unfair recruitment fees in our global supply chains by 2025.	<p>We are continuing our work to understand and map the use of recruitment fees in our supply chains. As above, we have made the Responsible Recruitment Toolkit free to our suppliers and rolled out collaborative training sessions to help equip our suppliers with the tools to address this (page 8). Our key suppliers will have agreed action plans on addressing recruitment fees in 2021.</p> <span style="color: green;">☰</span>	Hrs. engagement	7,000	5,900	8,517	16,361 <span style="color: green;">A</span>	12,268 hours of training were given to those who joined 27 new online collaborative webinars.	We will eliminate illegal and unfair recruitment fees in our global supply chains by 2025.	

## Number of sites and workers on Sedex and location of audits in 2019/20 A

	Sites	Workers	Audits	Issues
Africa	590	182,442	413	2,696
Asia	145	31,759	82	367
Europe	1,444	317,592	514	1,822
North & Central America	47	15,442	32	337
Oceania	19	2,793	2	5
South America	235	123,316	126	1,082
<b>Total</b>	<b>2,480</b>	<b>673,344</b>	<b>1,169</b>	<b>6,309</b>

The Covid-19 pandemic has impacted the way we carry out on-the-ground due diligence. In response to this, we have altered some of our due diligence processes by introducing Sedex Virtual Assessments (SVA), worker surveys and direct worker reporting to gain insights into working conditions and worker feedback.

As a result of the impacts of carrying out on-site audits, we have accepted a 6-month extension for audits to take place. Where audits have been delayed, this has increased the number of outstanding non-conformances whilst we await on-site audits or SVAs to take place and verify improvements made. We are continuing to work closely with suppliers to ensure improvements are made and appropriate due diligence takes place.

## Status of improvement actions identified in valid audits in 2019/20

Status of improvement actions identified in valid audits in 2018/19	Total improvement (Actions raised)		Improvement (Actions completed and verified)		Improvement (Actions completed by supplier; verification due in 2019)		Improvement (Actions due for completion in 2020)		Overdue improvement actions		Tier 1		Beyond Tier 1	
	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor	Critical/Major	Minor
Exploitation of labour	18	36	17	31	1	3	0	0	0	2	0	0	0	0
Freedom of association	59	96	51	81	3	8	4	7	0	0	1	0	0	0
A safe and hygienic working environment	1,715	1,651	1,417	1,411	127	70	156	144	10	18	5	8	0	0
Child labour	13	29	12	25	0	3	1	1	0	0	0	0	0	0
Living wages to be paid	360	322	238	240	52	16	36	39	25	24	9	3	0	0
Working hours are not excessive	421	189	270	155	49	8	71	12	27	11	4	3	0	0
No discrimination	22	45	16	41	0	1	2	3	4	0	0	0	0	0
Regular employment	354	119	308	102	15	5	21	7	9	3	1	2	0	0
No harsh or inhumane treatment	119	40	104	35	6	3	7	1	2	1	0	0	0	0
Other issue types	301	400	207	339	42	19	46	33	6	7	0	2	0	0
<b>Sub Total</b>	<b>3,382</b>	<b>2,927</b>	<b>2,640</b>	<b>2,460</b>	<b>295</b>	<b>136</b>	<b>344</b>	<b>247</b>	<b>149</b>	<b>38</b>				
<b>Total</b>	<b>6,309</b>		<b>5,100</b>		<b>431</b>		<b>591</b>		<b>187</b>					

## Fairtrade

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Fairtrade	<p>We will be the biggest supporter of Fairtrade through our work to empower Fairtrade communities through targeted projects, and campaigns and advocating on behalf of the Fairtrade movement.</p> <p>We set out new KPIs in 2020 – more sophisticated measures of our Fairtrade impact to demonstrate progress against our new strategy.</p> 	<p>Number of core commodities and categories with a Fairtrade Commitment</p> <p>Amount of Fairtrade ingredients we sell via our Fairtrade products (volume measured in tonnes/litres/stems)</p> <p>Number of Fairtrade lines in our range (Own Label and Branded)<sup>3</sup></p> <p>Minimum number of Fairtrade lines in any Co-op store (Own Label and Branded)<sup>3</sup></p> <p>Consumer awareness of our Fairtrade leadership (highest perceived leadership)</p> <p>Fairtrade overtrade</p> <p>Fairtrade market share among UK convenience stores (%)</p> <p>Fairtrade market share among UK total grocery market (%)</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>80%</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>25%</p> <p>360</p> <p>83%</p> <p>-</p>	<p>7</p> <p>49,026 MT<sup>1</sup> 14.9 million litres<sup>2</sup> 40 million stems</p> <p>53,617 MT<sup>1</sup> A 14.1 million litres<sup>2</sup> A 41.4 million stems A</p> <p>329</p> <p>63</p> <p>25%</p> <p>79%</p> <p>19.6% Fairtrade market share (vs 5.2% total grocery market share)</p> <p>21% (vs 5.5% total grocery market share)</p>	<p>Our commitment to Fairtrade across seven core categories - 100% of our tea, coffee, bananas, chocolate, bagged sugar &amp; African roses are Fairtrade, and we are the biggest retailer of Fairtrade wine in the world.</p> <p>Demonstrates maintenance and growth of core commitments in the key areas of focus for Fairtrade producers.</p> <p>Demonstrates material impact to Fairtrade producers. They benefit from Fairtrade Standards, voice, Minimum Price and Premium with every Fairtrade purchase.</p> <p>Shows extent of full range of Fairtrade products. Includes seasonal lines.</p> <p>Ensures a minimum Fairtrade range available in any store.<sup>4</sup></p> <p>Demonstrates Fairtrade leadership perception by general public.</p> <p>Research conducted by ICM for Co-op Ethical Leadership Survey.</p> <p>Overtrade is the direct comparison between the market share in Fairtrade vs market share in the total grocery market. An overtrade occurs when a retailer's market share in Fairtrade is higher than its market share in grocery.</p>	<p>In 2021, we will set targets to achieve our ambition to be the UK's biggest supporter of Fairtrade, based on the new metrics we developed in 2020.</p> 			

<sup>1</sup> Data from Fairtrade Connect system, excluding Fairtrade cotton, including Fair Trade charcoal

<sup>2</sup> Includes Fairtrade Branded wine (2019)

<sup>3</sup> Includes seasonal lines & Fairtrade charcoal

<sup>4</sup> More than 2500 stores. Includes seasonal lines.

## International development and clean water

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
International development and clean water			£ raised for One Foundation (since 2007) (£m)	8.0	9.3	11.4	13.3			
			£ raised for Water Unite (since 2017) (£m)	–	–	1.5	2.1			
			£ raised for Disasters Emergency Committee (DEC)	50,000	65,000	7,000	50,000			
			International community investment (£m) Cash	2.07	2.86	2.98	2.82			
			International community investment (£m) Colleague time	0.02	0.004	0.004	0.004			
			International community investment (£m) Leverage (donations by members, customers and suppliers)	0.05	0.01	0.0001	0			

## Responsible procurement

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs																																																										
Buying our goods and services	<p>Our Shared Value Charter will be issued as part of all new tenders for goods not for resale over £100k in value in 2020 and, where new contract value is over £5m, responses to our Shared Value Charter will form part of the decision-making process.</p> 	<p>Achieved - Our Shared Value Charter is now included in our standard tender templates for Procurement projects over £100k in value.</p> <p>We have tested different approaches to incorporating shared value into the decision making process for contracts over £5m, including scoring shared value questions and evaluating at RFP and at shortlisting stage.</p> <p>We have also embedded shared value into our discussions with strategic suppliers through the use of our One Co-op Supplier Management Framework.</p>							<p>Following the launch of our Shared Value Charter, we will commence a programme to measure the shared value activity in our supply chain.</p> 																																																											
Supporting British Farmers			<table> <tbody> <tr> <td>% Co-op branded fresh and frozen meat is British</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> <td></td> </tr> <tr> <td>% Co-op branded eggs, milk, farmed salmon and cream is British</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> <td></td> </tr> <tr> <td>Number of British farmers and growers in our Farming Groups</td> <td>–</td> <td>400</td> <td>328</td> <td>344</td> <td>New farms have joined the Dairy Farming Group</td> </tr> <tr> <td>Independent audits across Farming Groups</td> <td>199</td> <td>348</td> <td>328</td> <td>181</td> <td>Only Dairy group were audited in 2020 due to the Covid-19 pandemic as they were carried out early in the year</td> </tr> <tr> <td>% farms achieving gold</td> <td>60</td> <td>29</td> <td>55</td> <td>N/A</td> <td>Not completed in 2020 due to Covid-19</td> </tr> <tr> <td>% farms not receiving rating</td> <td>29</td> <td>27</td> <td>12</td> <td>N/A</td> <td>Not completed in 2020 due to Covid-19</td> </tr> <tr> <td>% compliance with animal welfare KPI data from our Farming Groups (tables for more detail)</td> <td>91</td> <td>92.2</td> <td>93.4</td> <td>92.2</td> <td></td> </tr> <tr> <td>% producers completing enviromap</td> <td>94</td> <td>95</td> <td>100</td> <td>100</td> <td></td> </tr> <tr> <td>Farming group carbon footprint</td> <td></td> <td></td> <td></td> <td></td> <td>Due to Covid-19 restrictions, we have not been able to obtain the data needed to complete footprinting on time for report publication</td> </tr> <tr> <td>Number of active members of farming pioneer programme</td> <td>–</td> <td>54</td> <td>104</td> <td>64</td> <td>40 farming pioneers have graduated. We were unable to recruit new members in 2020 due to Covid-19</td> </tr> </tbody> </table>	% Co-op branded fresh and frozen meat is British	100	100	100	100		% Co-op branded eggs, milk, farmed salmon and cream is British	100	100	100	100		Number of British farmers and growers in our Farming Groups	–	400	328	344	New farms have joined the Dairy Farming Group	Independent audits across Farming Groups	199	348	328	181	Only Dairy group were audited in 2020 due to the Covid-19 pandemic as they were carried out early in the year	% farms achieving gold	60	29	55	N/A	Not completed in 2020 due to Covid-19	% farms not receiving rating	29	27	12	N/A	Not completed in 2020 due to Covid-19	% compliance with animal welfare KPI data from our Farming Groups (tables for more detail)	91	92.2	93.4	92.2		% producers completing enviromap	94	95	100	100		Farming group carbon footprint					Due to Covid-19 restrictions, we have not been able to obtain the data needed to complete footprinting on time for report publication	Number of active members of farming pioneer programme	–	54	104	64	40 farming pioneers have graduated. We were unable to recruit new members in 2020 due to Covid-19					
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Local Sourcing			<table> <tbody> <tr> <td>Number of new local suppliers</td> <td>–</td> <td>97</td> <td>75</td> <td>57</td> <td></td> </tr> <tr> <td>Number of new local products</td> <td>250</td> <td>436</td> <td>392</td> <td>325</td> <td></td> </tr> <tr> <td>UK wide sales of locally sourced products (£m)</td> <td>164</td> <td>171</td> <td>206</td> <td>215</td> <td></td> </tr> </tbody> </table>	Number of new local suppliers	–	97	75	57		Number of new local products	250	436	392	325		UK wide sales of locally sourced products (£m)	164	171	206	215																																																
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## Healthy living

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
<b>Healthy Living</b>	We will continue to drive positive behaviour change to help members and customers enjoy healthier lifestyles.	<p>We continued to drive positive behaviour change through activities including: campaigns to highlight healthier choices (eg, calling out the nutritional benefits of products, such as 1 of your 5 a day); we supported the Veg Power and Peas Please campaigns, as well as parkrun; and we ensure that anyone redeeming Healthy Start vouchers in a Co-op store receives an additional £1 to spend on fruit and veg.</p> 	% Co-op branded recipe products carrying traffic light labelling that are healthy (i.e. carry no red traffic lights)	44	45	46	46			
			teaspoons of sugar removed from own-brand categories (based on annual sales) (m)	63	253	74	18	Data fluctuates year on year depending on categories targeted.		
			% Co-op branded products met their maximum Department of Health salt target	97	98	98	98			
			Number of Co-op brand products which are 'reduced' or 'light' alternatives to a standard line that are no more expensive (based on price/kg)	-	-	1	1	<p>Data not collated prior to 2019 A Low Fat Chicken Tikka was found to be an exception to this commitment in 2020. We've been unable to reduce the price due to the pricing structure and offers within ready meals and it was decided not to increase the pack size as this would result in a higher calorie content.</p>	<p><b>Co-op brand products which are 'reduced' or 'light' alternatives to a standard line will continue to be no more expensive (based on price/kg).</b></p> 	

## Climate change

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Direct Emissions	<p><b>Approved science-based target</b> We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures.</p>  <p>47% reduction in GHG emissions in 2020 compared to 2016. A</p>		<b>Scope 1 GHG emissions:</b> Refrigeration (ktCO <sub>2</sub> e)  <b>Scope 1 GHG emissions:</b> Transport (ktCO <sub>2</sub> e)  <b>Scope 1 GHG emissions: Energy:</b> Fuel (ktCO <sub>2</sub> e)  <b>Scope 2 GHG emissions: Energy:</b> Electricity, Location-based accounting (ktCO <sub>2</sub> e)  <b>Total direct emissions from running our business location-based accounting: Scope 1 and 2 GHG emissions (ktCO<sub>2</sub>e)</b>  Total energy use (GWh)  % of electricity from renewable sources <sup>2</sup>  <b>Scope 2 GHG emissions accounting for renewables: Energy:</b> Electricity, Market-based accounting (tCO <sub>2</sub> e)  Carbon emissions offset for our insurance customers since 2006 (mtonnes)	151 119 26 246 542	104 116 27 188 435	95 110 27 165 397	74 A 108 A 24 A 143 A 349 A	<p>The GHG emissions from running our business have continued to reduce at pace<sup>1</sup>.</p> <p>We report and target without counting for renewable energy sourced, to drive energy efficiency and demonstrate the importance of UK grid decarbonisation.</p> <p>Our carbon offset offer during 2020 covered a proportion of customer emissions for all new home and motor policies purchased through Co-op Insurance at no extra cost to our customers, funding carbon reduction projects in the developing world (page 52).</p>	<p><b>Approved science-based target</b> We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures.</p> 	

<sup>1</sup> Assurance and sampling of our refrigerant leak data for 2020 identified minor discrepancies in records provided by one of our responsible contractors. This will be reviewed in 2021 but is not expected to be significant enough to materially impact our reported total GHG emissions.

<sup>2</sup> Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the minority of sites for which we cannot source a renewable supply. We changed to report this as 100% renewable from 2017 onwards, purchasing excess renewable energy guarantee of origin certificates (REGOs) in alignment with the GHG Protocol (and other initiatives such as RE100).

## Climate change

Issue	2020 Target	Performance against target	KPIs	Sept 2016 - Oct 2017	Sept 2018 - Oct 2019	Commentary	2021 Target	SDGs
Indirect Emissions	<p><b>Approved science-based target</b> We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition.</p> 	<p>Our product-related GHG emissions are accounted and reported two-yearly. Page 64 details actions we've taken to address our product-related emissions during 2020.</p>	<b>Scope 3 GHG emissions:</b> Purchased Goods, Sourcing, Ingredient production (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Sourcing, Land use change (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Manufacture, Energy use (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Manufacture, Waste disposal (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Shipping, Primary and secondary packaging materials (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Upstream Transport, Shipping, UK HGV freight (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Waste generated, Running our business, Food waste disposal (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Downstream transport, Customer impact, journeys to store (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> End-of-life, Customer impact, Food waste disposal (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> End-of-life, Customer impact, Packaging disposal (ktCO <sub>2</sub> e)  <b>Total product-related emissions in target scope:</b> Priority Scope 3 GHG emissions (ktCO <sub>2</sub> e)	3,218  508  398  4  404  71  33  92  56  6  4,790	3,114  489  392  5  409  72  23  100  56  9  4,669	<p>Following the best practice guidance of the SBTi we have set a target to reduce our most significant categories of indirect impact over which we have influence.</p>	<p><b>Approved science-based target</b> We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition.</p> 	

<sup>1</sup> Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the minority of sites for which we cannot source a renewable supply. We changed to report this as 100% renewable from 2017 onwards, purchasing excess renewable energy guarantee of origin certificates (REGOs) in alignment with the GHG Protocol (and other initiatives such as RE100).

## Climate change

Issue	2020 Target	Performance against target	KPIs	Sept 2016 - Oct 2017	Sept 2018 - Oct 2019	Commentary	2021 Target	SDGs
Indirect Emissions	<p><b>Long term goal:</b> We will reach net zero GHG emissions from both operations and products by 2050 at the latest.</p> <p>We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power.</p>	<p>Despite the challenges of Covid-19, we welcomed five new members in 2020, including Nationwide Building Society and The Royal National Lifeboat Institution.</p> <p>Co-op Power welcomed 5 new members in 2020, including Nationwide Building Society and The Royal National Lifeboat Institution.</p>	<b>Positive GHG impact:</b> RTRS soy credits, theoretical benefit of avoided deforestation (ktCO <sub>2</sub> e)  <b>Positive GHG impact:</b> Renewable energy, GHG emissions of Scope 2 energy backed by REGOs in 2019 (ktCO <sub>2</sub> e)  <b>Positive GHG impact:</b> Carbon offsets, total VER credits purchased in 2019 (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Use of sold products, Not targeted, Customer cooking, chilling, laundry, fuel use (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Not targeted, Goods and services to run our business (ktCO <sub>2</sub> e)  <b>Scope 3 GHG emissions:</b> Purchased Goods, Not targeted, Investments (ktCO <sub>2</sub> e)	–	325 165 96 2,665 935 527	We have brought our net zero target forward by 10 years.	<p><b>Long-term goal:</b> We will reach net zero GHG emissions from both operations and products by 2040 at the latest.</p> <p>We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power.</p>	  

## Resource use

Issue	2020 Target	Performance against target	KPIs	Baseline	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Operational waste			Total waste from running our business (kt)	156.6 (2006)	98	92	89 <span style="color: blue;">▲</span>	84			
			% of total waste diverted from landfill (including energy-from-waste, anaerobic digestion, recycling or reuse)	–	96	97	99	98			
Food waste	We will reduce food waste generated in our stores and depots by 50% by 2030 compared to 2015.	<p>We created 6% more store waste in 2020 than in 2019, driven in part by increased sales. Our food waste intensity (the % of products our stores handle that becomes food waste) is very slightly reduced in 2020 - food waste from stores is 1.15% of the product we move through stores compared to 1.29% in 2019.</p> <p>In 2021 our teams will be refocusing their efforts, with an emphasis on high waste products, to ensure we prevent food waste as far as possible and keep moving towards our 50% reduction target.</p>	Food waste - store and depot, tonnes (% change since 2015 in brackets) <sup>1</sup>	26,925 (2015)	23,689 (12% reduction)	–	–	–	In 2015 we set our baseline for food waste and started our journey to reduce food waste from stores and depots by 50% by 2030. Improving our data and how we measure food waste is part of the journey to meeting our 50% reduction target and in 2018 we started using product data instead of 'weighbridge' data from the waste disposal process because it is more accurate. We can only access product data at store level at present but we are working to ensure we will have similar accurate depot food waste data available as soon as possible, this means we currently report on store data only and have done so since 2018 but we will aim to share our full operational food waste data including depots by 2022.	We will reduce food waste generated in our stores and depots by 50% by 2030 compared to 2015.	
			Food waste - store only, tonnes (% change year on year)	–	–	19,665	19,679 (0%)	20,931 (6% increase) <span style="color: green;">▲</span>			
			Food surplus redistributed total (tonnes)	–	442	840	2,532	4,045			
			Food surplus redistributed through FareShare (tonnes)	–	426	449	581	509			
			Food surplus redistributed through Co-op Food Share (tonnes)	–	–	391	1,951	3,536			
Plastics and packaging	All Co-op own-brand packaging will be possible to recycle at home or through the collection of plastic film in selected Co-op stores.  -----  We will reduce our plastic packaging by 6% by 2021, compared to 2018, and set a long-term plastic reduction target.	<p>We've increased the proportion of own-brand packaging that is easy to recycle from 76% to 78% in 2020, and launched a trial to allow customers and members to return all types of flexible plastics to front of store recycling bins, which we aim to roll out to over 1,400 stores in 2021.</p> <p>We've reduced our plastic packaging per 1% market share by 11.2% since 2018, and have set a new target.</p>	% own-brand packaging easy to recycle % reduction in plastic packaging per 1% market share (from 2018) Total Packaging handled (tonnes)	–	71	72	76	78		All Co-op own-brand packaging will be easy to recycle by Q2 2021.  -----  We will reduce our plastic packaging by 15% by the end of 2022, compared to 2018.	
			Packaging handled by material (tonnes)	284,979 (2006)	174,485	174,956	175,520	196,777			
			Glass	128,027 (2006)	91,746	94,283	95,063	111,580			
			Plastic	78,492 (2006)	42,886	42,325	41,222	42,165			
			Paper	42,794 (2006)	26,069	25,301	25,782	28,541			
			Steel	27,381 (2006)	7,575	6,310	6,351	6,434			
			Aluminium	8,285 (2006)	6,209	6,738	7,102	8,057			

<sup>1</sup> For 2017 onwards, we have put in place new systems to allow us to accurately track food waste based on the weight of products from all of our stores scanned out as being binned. This is a 'product only' weight and doesn't include packaging. For our 2015 baseline we have used 'whole bin' food waste data from our waste contractor, with a proportion removed for packaging based on our new accurate product weights.

▲ Data from 2019 has been restated to correct an accounting error which included waste collected on behalf of others, therefore slightly over-reporting our total waste.

## Resource use

Issue	2020 Target	Performance against target	KPIs	Baseline	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Water	We will move all our sites onto an electronic database for water consumption tracking in 2020, to allow us to report water consumption data in our 2020 Sustainability Report.	We have moved all sites onto electronic billing during 2020.	Average water used per site (m³)	–	330	320	329	265	We have moved all sites onto electronic billing this year. Therefore, we expect the totals reported to be more accurate. Water usage accounting remains challenging, given the nature of water billing, access to meters and high prevalence of estimated bills. We will report against this improved baseline next year.	We will reduce water consumption across our properties by 10% by 2025 compared to 2020.	
	We will reduce water consumption across our properties by 10% by 2025 compared to 2020.	We set our baseline in 2020 and are on track to progress towards achieving this target.	% water reduction (y/y)	–	3	3	3	19			
			% Farms in our farming groups that have water pollution controls in place	–	100	100	99	–	Audits not completed in 2020 due to Covid-19 pandemic.		
			% Farms in our farming groups that have active plans in place to reduce water consumption	–	–	84	96	–			

## Sustainable Sourcing

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Aquaculture and fisheries			% fish used in Co-op branded food products from farmed sources	43	48	53	37			
			% fish used in Co-op branded food products wild caught	57	52	47	63			
			Number of Marine Stewardship Council (MSC)-certified Co-op branded food products	49	55	63	67			
			% wild-caught seafood is sourced from MSC fisheries (by volume)	67	70 (70% of wild-capture seafood products)	68 (79% of wild-capture seafood products)	64 (75% of wild capture seafood products)			
			% fish used to supply wild fish and seafood products from low-risk, medium-risk and high-risk fisheries	Low-risk: 67% Medium-risk: 32% High-risk and data-deficient: 1%	Low-risk: 70% Medium-risk: 29% High-risk and data-deficient: 1%	Low-risk: 68% Medium-risk: 31% High-risk: <1%	Low-risk: 64% Medium-risk: 36% High-risk: <1%			
			% of wild captured seafood is sourced from FIP (Fisheries Improvement Project) Fisheries (by volume)	N/A	N/A	N/A	29	Not calculated prior to 2020		
Livestock			Tier 2 maintained	yes	yes	yes	yes			
			Number of combined visits by our Farming & Fisheries Team and the Technical Team to monitor animal welfare at Hatcheries, Farms, Abattoirs and Factories	377	500	341	74	Covid-19 Restrictions have meant that visits have been unable to take place as expected		
			2020 welfare assurance standard							
			Higher welfare sales (£m)	76	114	171	188	This figure excludes milk		
			% Co-op branded fresh, frozen and prepared meat and poultry products produced to Red Tractor Farm Assurance Scheme standards or higher	100	100	100	100			
			% Co-op branded shell-egg sales RSPCA Assured	94	94	94	95	The remainder are classified as organic		
			% Co-op milk Red Tractor Dairy Scheme assured	94	94	94	94	The remainder are classified as organic		
			2020 % fresh protein sales, by welfare standard							

To see the pop-out graphs contained on this page, please download the PDF version of the report

## Sustainable sourcing

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Palm Oil	<p>We will source all our 30 key ingredients sustainably: 100% of palm oil in Co-op products will be segregated RSPO certified by the end of 2020;</p>  <p>100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025.</p> 	<p>78% of palm oil used in Co-op products was segregated RSPO. The pandemic has delayed some of the moves to segregated and some challenges in certain product types mean segregated solutions aren't yet available. We're committed to sourcing segregated palm oil wherever we can and will continue to report annually on the amount and type of palm oil we use.</p> <p>100% of our soy footprint is covered by RTRS credits and we're working with suppliers towards our 2025 commitment.</p>	<p>% Palm oil in food and non-food products certified by the Roundtable on Sustainable Palm Oil</p> <p>Palm oil used in Co-op branded food and non-food products (tonnes)</p> <p>% Segregated and Identity Preserved</p> <p>% Mass Balance</p> <p>% GreenPalm/ RSPO credits</p> <p>Palm Oil Importer</p>	100	100	100	100		<p>100% of palm oil in Co-op products will be segregated RSPO certified, with the vast majority of this being achieved by the end of 2021. We will report on our 2021 progress towards this target.</p> 	
Soy	<p>We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2021.</p> 	<p>While we continue to manage risks across ingredients, Covid has impacted on our capacity to continue some of our mapping workshop sessions. As a result we are extending the deadline to deliver this work to the end of 2022.</p>	<p>Soy used in our food products (directly and indirectly through animal feed) (tonnes)</p> <p>% soy linked to an origin</p> <p>% soy linked to an importer</p> <p>Soy footprint breakdown</p>	70,360 (June 2016-May 2017)	80,000	80,000 	71,500	<p>Decrease is due to reduced soy in dairy feed and updated feed conversion ratios resulting in improved accuracy. 2020 data includes pet food which previous data excludes.</p>	<p>We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2022.</p> <p>-----</p> <p>100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025.</p>  	

## Sustainable sourcing

Issue	2020 Target	Performance against target	KPIs	2017	2018	2019	2020	Commentary	2021 Target	SDGs
Peat			% Peat making up growing media sold	Co-op brand: 50	Co-op brand: 20	Co-op brand: 1 peat-free product; 2 products containing 20% peat	Branded: 2 peat-free products within a range of 5		We will ban use of peat in compost sold in Co-op stores, reviewing use across our supply base in 2021	
Wood & Paper	We will develop action plans for our restorative approach to nature by the end of 2022	We've continued to support reforestation in partnership with Chester Zoo, setting a longer-term target as part of our palm oil strategy. We've also supported peat restoration work in Scotland. We'll continue to build our approach further.	Wood and paper products purchased by Co-op Food (m³)	28,361	40,415	52,559	57,995		We will develop action plans for our restorative approach to nature by the end of 2022	
Crop Protection			Co-op Food: sourcing of wood and paper, by origin							
			% Post and pre-consumer recycled waste	13	2	2	2			
			% Known legal source virgin material such as PEFC®	5	3	3	1			
			% Wood and paper purchased for Co-op Food that was (FSC certified) or recycled	(82 FSC)	97 (95 FSC)	97 (95 FSC)	99 (97 FSC)			
			% Wood and paper used in products for Co-op Food is of known origin	100	100	100	100			
			% Coffins manufactured by our funeral business made from FSC®-certified <sup>1</sup> wood	95	96	97	98			
			Number of product samples tested	433	470	480	402			
			Sample with zero residues	–	133 (28%)	168 (35%)	126 (31%)			
			Samples with 1 residue below Maximum Residue Limit - European Food Safety Authority (MRL)	–	110 (23%)	110 (23%)	82 (20%)			
			Samples with multiple residues all below MRL	–	218 (46%)	191 (40%)	181 (45%)			
			Samples with at least 1 MRL exceedance	8 (2%)	9 (2%)	11 (2%)	13 (3%)			
			Number of pesticide actives detected	–	949	842	748			
			Average detections per sample	–	2.02	1.75	1.86			
			Number of these classified by the World Health Organization Recommended Classification of Pesticides by Hazard (Categories 1A and 1B)	–	0 (1A); 7 (1B)	0 (1A); 4 (1B)	0 (1A); 4 (1B)			
			Number of these classified on PAN International List of Highly Hazardous Pesticides	–	278	228	167			

## Own-brand sourcing standards

Ingredient	Sourcing standard
<b>Oceans and aquaculture</b>	
Wild fish	Preferred standard - MSC
Farmed fish	Preferred standards - Global Aquaculture Alliance Best Aquaculture Practice(GAA/BAP) 4*, GLOBALG.A.P. Aquaculture Standard, Aquaculture Stewardship Council Standards, Marine Stewardship Council certification
Salmon	All Co-op 'Irresistible' own-brand farmed, fresh and smoked Atlantic Salmon sourced from Scottish farms accredited to RSPCA Assured higher welfare standards. This does not include salmon used as an ingredient. Co-op own-brand standard tier farmed Atlantic Salmon fresh, smoked and used as an ingredient in Co-op food products may be sourced from either Scottish farms or Norwegian farms (excluding Rogaland and Hordaland)
Prawns	Cold Water prawns - MSC Warm Water prawns - either ASC certified or GAA BAP4*
Tuna	Skipjack tuna, including as an ingredient, sourced from fisheries employing pole and line or hand fishing method which are either MSC certified or in a credible or comprehensive Fishery Improvement Project which is demonstrating measurable progress towards MSC certification
<b>Livestock</b>	
Chicken & poultry	Red Tractor or equivalent (Irresistible range RSPCA Assured) British (Fresh, frozen and ready meals)
Beef	Red Tractor or equivalent, British Only European corned beef
Milk & dairy	Red Tractor, British
Lamb	Red Tractor, British
Pork	RSPCA Assured, Outdoor bred, British Red Tractor for Bacon, Gammon and Ham in Co-op Honest Value products As an ingredient - Red Tractor
Eggs	100% free range, British, Shell eggs RSPCA Assured

Ingredient	Sourcing standard
<b>Forests and peatlands</b>	
Cocoa	100% Fairtrade, including where used as an ingredient within our Fairtrade Sourcing Ingredient (FSI) programme
Coffee	100% Fairtrade Where used as an ingredient Fairtrade producers benefit
Sugar	100% Fairtrade in bagged sugar
Wood, paper & pulp	FSC or recycled content (by exception PEFC accepted)
Palm oil	Certified as sustainable under one of the Roundtable for Sustainable Palm Oil certification schemes
Soy	All the soy we source is covered by Round Table on Responsible Soy (RTRS) through credits
Peat	In 2020 we only sold branded growing medium (In 2021 we are banning the use of peat in growing media sold in our stores)
<b>Fields and orchards</b>	
Tea	100% Fairtrade Where used as an ingredient Fairtrade producers benefit
Bananas	100% Fairtrade Where used as an ingredient Fairtrade producers benefit GLOBALG.A.P.
Grapes & wine	Entry level South African wines are Fairtrade Grapes - GLOBALG.A.P.
Flowers	100% Fairtrade African rose bouquets and African single stem roses
Lettuce	UK - Red Tractor Other - GLOBALG.A.P
Carrots	Red Tractor
Tomatoes	UK - Red Tractor Other - GLOBALG.A.P
Citrus	GLOBALG.A.P.
Potatoes	Red Tractor
Berries	UK - Red Tractor Other - GLOBALG.A.P



WHEN TRUST MATTERS

# Independent Assurance Statement

The Co-operative Group Ltd ("the Co-op") commissioned DNV GL Business Assurance Services UK Limited ("DNV", "we", or "us") to undertake independent assurance of its Sustainability Report 2020 (the "Report") for the year ended 31<sup>st</sup> December 2020.



## Our Opinion:

- On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe the Co-op's adherence to the Principles of stakeholder inclusiveness, sustainability context, completeness, materiality and quality.
- In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Our observations and areas for improvement will be raised in a separate report to the Co-op's Management. Selected observations are provided below. These observations do not affect our conclusion set out above.

## Sustainability context

### *The presentation of the organisation's performance in the wider context of sustainability.*

The Co-op's responsible business strategies continued to evolve, including the re-focusing of the community strategy, and the launch of the commitments to reduce racial inequality. The newly established Vision Activation Steering Group is a positive development that should help to develop Co-op's strategic approach to embedding its Vision as well as providing oversight of the commitments and targets made in the different strategies, across all business areas.

The commitment to net zero GHG emissions by 2040 is a good example of how the Co-op demonstrates the sustainability context of its climate change programme.

## Materiality

### *The process for determining the issues that are most relevant to an organisation and its stakeholders.*

The formal process to determine issues that are most material for the Co-op was last conducted in 2016. The Report mentioned emerging material issues identified through a variety of stakeholder engagement which appears to have covered the key issues. We recommend completing an overall review of the material issues in the scope of the responsible business programme, and that this is reviewed by the Vision Activation Steering Group to ensure that the breadth of responsible business and ethical issues in the Co-op vision are covered, and to ensure emerging issues continue to be monitored.

The Report includes a significant number of targets for 2020 and beyond which include commitments as well as specific outcomes, which have been mapped against the Sustainable Development Goals this year. We carry forward our recommendation that, in the next report, it would be helpful to identify which targets are the key ones that will help to deliver the Co-op's vision, and that all targets are specific and measurable. The Co-op should also consider whether any of these key targets should be monitored and reported internally more frequently, for example through the planned balanced strategic scorecard.

Within the scope of our work, we found that the management approach for priority issues was well embedded within the business, and the Report format provided an accessible summary of this.

## Stakeholder inclusiveness

### *The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.*

The Co-op's membership structure continues to provide a unique foundation for stakeholder engagement. The report includes some examples where stakeholder engagement helped shape strategy, including the AGM motions from members and the Council relating to responsible business activity and the equality and inclusion think tank. Going forward, the Vision Activation Steering Group should consider the outcomes of relevant stakeholder engagement as part of its decision-making processes.

## Completeness

### *How much of all the information that has been identified as material to the organisation and its stakeholders is reported.*

The Report continued to be comprehensive, offering stakeholders confidence that the issues in scope are managed appropriately. This year the Co-op expanded the indicators and reporting on Fairtrade which demonstrates their commitment to the Fairtrade movement.

## Quality

### *The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.*

Overall, for the data in scope and based on the work we performed, we had confidence in the processes and systems to ensure the information presented in the Report was correct. The published basis of reporting continued to add transparency to the Report by providing clarity for the definitions that applied to the data in scope. Data collection processes were documented in some areas and as recommended in prior years, this should be extended to cover all of the complex data sets, to help ensure continuity and consistency in reporting.



## Scope and approach

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines. We evaluated the Report for adherence to the GRI Principles for defining report content of stakeholder inclusiveness, materiality, sustainability context and completeness (the "Principles"). We understand that the reported financial data and information are based on data from the Co-op's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

## Performance data

The scope of our work covers the following disclosures ("Performance data") from the Report, as identified with the symbol:

- **Membership and co-operation:** Members participating in Join In live and online (page 80)
- **Community:** Total investment in UK and international communities; total UK community investment split by cash, colleague time, gifts in kind, leverage (page 82); Colleagues involved in community activity during work time KPIs (page 84)
- **Our People, Diversity KPIs:** % female colleagues; % colleagues by age; % colleagues identified as belonging to an ethnic minority group (page 87)
- **Ethical Trade and Human Rights:** Supply Chain Transparency KPIs (page 90); Supplier Capacity Building KPIs (page 91); Number of sites and workers on Sedex and location of audits in 2019/20 (page 92); Fairtrade ingredients sold via Fairtrade products (page 93)
- **Climate Change:** Total energy use; Direct GHG emissions: Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions; % electricity from renewables; % reduction in GHG emissions (page 97)
- **Resource Use:** Food Waste (tonnes); % change year on year in food waste; % reduction in plastic packaging since 2018 per 1% market share (page 100)

We evaluated the Performance data using the GRI Reporting Principles for defining report quality (accuracy, balance, clarity, comparability, reliability and timeliness) together with [the Co-op's basis of reporting](#) that describes how the data are measured, recorded and reported. This year we continued to rotate some data in scope. We continued to review key claims throughout the report including the outputs of data systems outside the Performance data but didn't test these data systems in depth. The review of any data from prior years is not within the scope of our work (this includes any data in scope in previous years that has been re-stated).

## Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at head office level. We undertook the following activities:

- Review of the current responsible business / issues that could affect the Co-op and are of interest to stakeholders;
- Review of the Co-op's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by the Co-op on its reporting and management processes relating to the Principles;
- Interviews with ten selected Directors and senior managers responsible for management of responsible business issues and review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered community, policy and campaigns, food sustainability policy, diversity and two members of the board;
- Review of supporting evidence for selected claims in the Report, including reported performance against all 2020 targets. Selected claims were chosen based on their perceived importance and the materiality of issues at a consolidated group level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Given most reported data are calculated at group level, we undertook our testing at head office. For energy and food waste, where data is consolidated from site level, we tested a sample back to source sites remotely.

For and on behalf of DNV GL Business Assurance Services UK Limited, London, UK

8<sup>th</sup> April 2021

**Kate Bruintjes**  
Principal Consultant and Lead Assuror  
Sustainability UK

**Shaun Walden**  
Principal Consultant and Reviewer  
Sustainability UK

WHEN TRUST MATTERS

## Responsibilities of the Directors of Co-op and of the assurance providers

The Directors of the Co-op have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Co-op; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

## Level of assurance

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion. We are providing a 'limited level' of assurance. A 'reasonable level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our Assurance Opinion.

## Independence

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with the Co-op which would constitute a conflict of interest with this assurance work.

## DNV Business Assurance

DNV GL Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnvg.co.uk/BetterAssurance](http://www.dnvg.co.uk/BetterAssurance)

**Co-operative Group Limited**

Registered society, registered in England and Wales under the Co-operative and Community Benefit Societies Act

**Registered office:** 1 Angel Square, Manchester, M60 0AG

**Registered number:** 525R

[www.coop.co.uk](http://www.coop.co.uk) [sustainability.report@coop.co.uk](mailto:sustainability.report@coop.co.uk)

Published April 2021



**It's what we do**