

MODERN SLAVERY STATEMENT 2018

“ Southern Co-op prides itself on its ethical approach to business. ”

Introduction

The Southern Co-operative Limited has always prided itself on its ethical approach to business. The practice of modern slavery and human trafficking is unacceptable. We continue to wholeheartedly endorse that we should all take steps to eradicate modern slavery of any type from our operations and workplace.

The Modern Slavery Act 2015 was brought into force to tackle the worryingly widespread problems of slavery, servitude, forced or compulsory labour and human trafficking which have caused concern in recent times. One of the areas it has dealt with is the introduction of transparency and reporting obligations. Like all large businesses, we are obliged to publish a 'Modern Slavery Statement' after the end of each financial year, detailing what steps we are taking to ensure the prevention of modern slavery and human trafficking within our business and supply chains.

We issued our first such statement last year and this is our second. We continue to be committed to acting with integrity and transparency, proactively applying our values and principles to safeguard against modern slavery within our business and supply chains.

This is our Modern Slavery Statement which sets out the progress we have made in the last year to ensure that modern slavery and human trafficking and similarly unacceptable practices are and continue to remain absent in our organisation and supply chain.



Our business and supply chains

Southern Co-op is a large, independent co-operative society established in Portsmouth over 140 years ago. Owned by our 160,000 plus members, we operate across 11 counties in the south of England, with our main business being food where we have a network of over 200 stores. We also offer end of life services, including funeral homes, mason, a florist, crematoria and a natural burial ground in addition to Co-operative Mobility, an online business selling mobility and daily living aids.



We are licensed to use the national brands associated with Co-operative Food and Co-operative Funeralcare but operate as an independent society with a team of over 4,000 employees and an annual turnover in the region of £430m.

As a co-operative, we have a purpose beyond profit and apply sustainable, ethical business practices with a longstanding commitment to local communities which includes a zero tolerance to modern slavery.

In relation to our food business, approximately 90% of the products we sell in store are supplied by The Co-operative Group Limited, the separate independent co-operative based in Manchester, via a joint buying arrangement managed by Federal Retail and Trading Services Limited which represents a number of independent retail co-operatives. We directly manage our many other suppliers who provide the range of services we require in our business from cleaning services, stationery and security to IT support, software and hardware; from flowers, facilities management and end of life products to Local Flavours our range of local food and drink stocked in many of our food stores.



Our policies

This year we established a Modern Slavery Working Group, chaired by our Director of Sustainability and Communications, and constituted appropriately from different business areas. The Working Group is tasked with considering our policies, processes, training and reporting to ensure our business and supply chains continue to be safeguarded from the abhorrent practice of modern slavery and that we are transparent and effective in this. One of the first tasks of the new group has been to review the existing policy framework that we reported on last year.

As reported last year, we already have a number of policies which demonstrate our commitment to trading in an ethical manner. Our Code of Business Conduct sets out our expectations as to the standard of behaviour required from suppliers and employees and how we, as an organisation, act towards our stakeholders. The Working Group is reviewing this to check it remains appropriate and effective in relation to eliminating the risks of modern slavery. We have a whistleblowing policy which encourages employees and others such as customers and suppliers to report in confidence, without fear of reprisals, any instances of wrongdoing such as modern slavery. This is backed up by an anonymous, free, confidential helpline service provided by an external independent specialist company. In accordance with the Immigration, Asylum and Nationality Act 2006, which aims to safeguard workers from exploitation and mistreatment, our recruitment procedures ensure checks on eligibility to work in the UK are carried out for all employees.

Our suppliers

Our main supplier in relation to our food business, Co-operative Group Limited, has a robust, proactive anti-slavery policy consistent with its ethical trading stance as set out in its annual Co-op Way Report showing how it does business responsibly and its Modern Slavery Statement. It has a longstanding Sound Sourcing Code of Conduct based on the Ethical Trading Initiative Base Code. All its suppliers are expected to share the principles set out in that Code. It also issued an Ethical Trade and Human Rights Policy Position Statement in 2016 which sets out its approach to the protection of fundamental rights of workers in its supply chains. As a result, we are confident that it has taken considerable steps to minimise the risk of modern slavery within its operations and ensure its commitment in this area is applied across the business and supply chains.

Although we do not have any suppliers directly supplying goods and services of any significance in geographical areas which are traditionally seen as high risk, we have undertaken an exercise to identify any risks in our mainly UK based supply chain so that we can deal with any risks by contacting the relevant suppliers to obtain confirmation that there are no instances of modern slavery or trafficking within their businesses.

At the end of 2017, we brought the auditing of our



contractors in-house, so we now have greater control over the checks carried out and these will continue to include investigating whether our contractors have suitable arrangements to combat modern slavery and human trafficking within their businesses. We have begun to further develop our due diligence processes in relation to these suppliers to ensure any risks are identified at an early stage and dealt with appropriately. We have contractual clauses requiring compliance with the Modern Slavery Act 2015 in our standard terms and, when negotiating with suppliers on the basis of their terms and conditions, we continue to insist on appropriate clauses being included. Specifically, these provisions require statutory compliance, confirmation that no offence has been committed and notification in the event of any investigations into or suspicions of instances of modern slavery.

The Modern Slavery Working Group is responsible for overseeing the implementation and monitoring the efficacy of these processes in protecting the business and its supply chains from modern slavery.

Training

This year, key employees in the business have undertaken training on the subject of modern slavery, including attendance at presentations given by Co-operative Group Limited demonstrating the commitment and importance our largest supplier is attaching to tackling this issue. Our Director of Sustainability and Communications attended the 2017 Co-op Ethical Trade Supplier Conference. The Modern Slavery Working Group is considering where else training is required in our business to ensure that employees keep the issue uppermost in their minds in their everyday jobs; understanding the risks, identifying the warning signs and knowing what action to take where they suspect there might be instances of modern slavery.

Assessment of effectiveness

It is important for us to assess whether the steps we are taking are working to achieve the goal of defending our organisation as a whole from any modern slavery incidents. We can again confirm that this year we have not been made aware of any breaches of the Modern Slavery Act 2015 which have occurred in our business or supply chains. We will remain attentive to the risks and dangers so that we are confident that we are in a position to prevent modern slavery and human trafficking in all its forms within our sphere of influence. We will report again on our progress towards this aim next year.

Approval for this Modern Slavery Statement

This statement was approved by the Board of Directors of The Southern Co-operative Limited on 26th April 2018.

Signed

MICHAEL HASTILOW, CHAIRMAN