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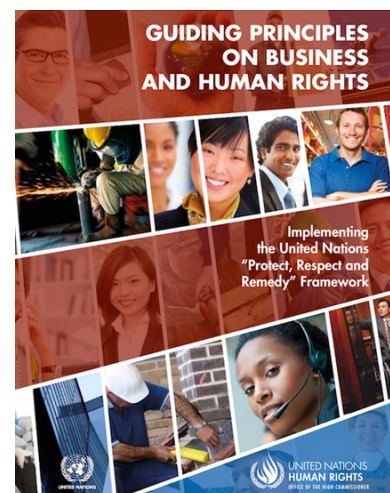
Human Rights and Supply Chains: A Consumer Co-operative Contribution



- Framing the issue

In a globalized economy, businesses source goods and services from complex chains of suppliers that often extend over multiple countries with profoundly different legal, regulatory, and human rights practices. According to the International Labour Organization (ILO), [more than 450 million people work in supply chain-related jobs](#). While composite global supply chains can offer important opportunities for economic and social development, they often present serious human rights risks that many companies fail to successfully address. Human rights violations in the context of global supply chains include labour rights violations, child labour, environmental damage and violations of the right to health, violations of the rights related to land, food, and water and violations of International Humanitarian Law. Although not exhaustive, this list can provide a fair idea of the span of the issue.

One of the tools adopted by the United Nations to tackle this thorny issue is the [United Nations Guiding Principles on Business and Human Rights](#). This code stipulates, among others, that companies should undertake “*human rights due diligence*” measures to ensure their operations respect human rights and do not contribute to abuses. Due diligence includes steps to assess actual and potential human rights risks, take effective measures to mitigate those risks, and act to end abuses and ensure remedy for any that occur in spite of those efforts. Companies should also be fully transparent about these efforts. Nevertheless, the UN Guiding Principles and other international norms dealing with this matter are not legally binding, thus leaving to companies full discretion when it comes to their implementation.



- Consumer co-operatives' initiatives: main segments of action



Consumer co-operatives are enterprises which base their operations on a set of well-known and recognized [values and principles](#), among which social responsibility and caring for others. It is then only natural that they are in many cases at the forefront of action when it comes to making their supply chains more socially sustainable.

This translates among others into a common understanding that the three

dimensions of sustainability – environmental, economic and social – cannot exist in isolation and need to be furthered together. The respect of human rights in supply chains is thus a key issue for the movement, and many actions have been undertaken over time to make it real and bring it to a systemic level.

○ *Internal codes of conduct*

One of the first steps in this direction has been not to consider legal compliance as satisfactory when dealing with complex supply chains. By choosing to go for **moral compliance** instead, many consumer co-operatives have started deep investigations into the work of their suppliers. This process led to the establishment of, for example, several internal codes of conduct expressly mentioning the respect of human rights as a pre-requisite to continue a given business relationship.

○ *International engagement*

Besides internal codes of conduct, many Euro Coop members have also signed up to international initiatives aimed at strengthening the respect of human rights within the global supply chains, like for example the [Amfori BSCI Code of Conduct](#). In addition to that, they are currently engaged in gearing up their efforts towards the fulfilment of the [United Nations Sustainable Development Goals](#), many of which contribute directly to the inclusion of the respect of human rights within supply chains.

○ *Responsible sourcing*

Another key action which has been widely implemented by several Euro Coop members regards the choice of internationally trusted labelling schemes when it comes to sourcing. In this respect, they have been pioneering for example the uptake of **Fairtrade-labelled goods** within their supply chains, thereby opening way for other retailers to emulate their move and contributing to scale up the change.

○ *The tech helping hand*

More recently, technology has also started emerging as an essential ally to make sure that human rights are fully respected along the chain. This is in particular the case of **blockchain**, which looks as an

increasingly interesting instrument when it comes to bringing transparency to supply chains by allowing end buyers and consumers to verify where their goods come from.

○ *Education, information, training*

Consumer co-operatives are founded on, among others, the principle of “Education, Training, and Information”. In this case, this translates into the continuous effort to mainstream internally and externally the importance of making sensible progress in tackling human rights in global supply chains. Internal and external audits and reporting, public campaigning and internal trainings are only a few of the tools used in this regard.

- *A global call to act on different levels*

Euro Coop members believe in the power of partnership and co-operation, a principle which is all the more relevant when it comes to dealing with global and deeply interlinked global supply chains. In this regard, they call on partners, relevant national and international institutions and stakeholders to:

- Build on international norms and principles already in existence like the [United Nations Guiding Principles on Business and Human Rights](#) and the [United Nations Sustainable Development Goals](#) to streamline action throughout operations;
- Join forces to accelerate the change by teaming-up and sharing relevant resources with key stakeholders;
- Prioritise the issue on an internal level by carrying out audits, trainings and reports;
- Carry out relevant internal and external communications activities aimed at amplifying the need for action and raise general awareness about the issue.

- *Conclusions*

Respect of human rights in global supply chains is a complex matter which calls for a joint and co-ordinated effort on many levels. International norms and protocols as well as individual and joint initiatives involving companies highlight growing recognition of the need for stronger action to achieve greater results in this area.

Consumer co-operatives grouped in Euro Coop are well aware of the magnitude of the challenge and have engaged since long in a breadth of different initiatives aimed both at reforming internal operational procedures and teaming up with different institutional and non-institutional stakeholders to make the change more systemic.

A snapshot of such initiatives is contained in the appendix here below: non-exhaustive and to be intended as an open-ended work, it notwithstanding provides a list of concrete examples from which to learn and build on. True to the values and principles on which co-operation is built, Euro Coop remains deeply committed to make progress on this issue in an open and collaborative manner, thereby continuing to contribute to the construction of a fairer, more sustainable and more just economy and society.

- A snapshot of best-practices from our membership

- [Coop Italy](#)

The “Buoni & Giusti” (“Good & Fair”) campaign

IL LAVORO NERO
DÀ SOLO
PESSIMI FRUTTI.

SCEGLI I FRUTTI
DELLA LEGALITÀ.



"Buoni e Giusti", "Good and Fair" is the campaign promoted by Coop Italy to foster ethics in fruit and vegetables (F & V) supply chains which are considered at risk. The campaign has to date involved more than 800 Coop Italy suppliers of F & V on a national and local scale. Since 2016 – the year of launch of the campaign – Coop Italy has inspected 13 F & V supply chains for a

total of 600 companies audited. 7 have been the companies with which Coop Italy has stopped working with because of non-compliance with the standards required. More info [here](#) !

Coop “Origine”



In the early 2000s, Coop Italy was the first Italian retailer to certify the origin and traceability of some food products considered to be at risk. These include oil, tomato sauce, eggs and milk. Since October 2013, considering the greater importance given to such topic even online, Coop has launched the website www.cooporigini.it where consumers can verify, for each product, the origin of the main ingredients which constitute the product itself. Moreover,

Coop has always given priority to the collaboration with national suppliers with the same safety and quality standards: 90% of suppliers are in fact Italian.

Fair Trade



Coop Italy has launched its own-brand Fairtrade certified line “Solidal” back in 1995. The range includes food and non-food items purchased in the global South without intermediaries. For more information about the Fairtrade labelling certification, please click [here](#).

Being Coop own-brands, quality, affordability as well as high environmental standards are also fully respected. The total number of Fairtrade certified Coop own-brand items amount to 67: of these, 50 are included in the Solidal line whereas the remaining 17 form part of other Coop own branded lines like [Viviverde](#), [Fior Fiore](#) and [D'Osa](#).

○ [The Co-operative Group \(UK\)](#)

Food ethical monitoring programme

The Co-operative Group has recently published a [statement](#) showing how it has been working to tackle modern slavery and human trafficking across its supply chains. The Group's **food ethical trading monitoring programme** covers 1,773 sites across six continents in 69 countries. Around half (51% by turnover) of the goods sold in Co-op Food stores are own-brand products. The retailer also sells a wide range of third-party branded products, as well as a variety of products and services through other parts of its business. The statement reveals that suppliers are expected to share the Group's commitments to fair treatment and respect for human rights. These are set out in the Group's policies including its [Ethical Trade and Human Rights Policy Position Statement](#), its [Sound Sourcing Code of Conduct](#), its [Sustainable Procurement and Supplier Policy](#), and its [Human Rights and Trade Policy](#).

The Group was one of the first organisations to join the Ethical Trading Initiative (ETI), an alliance of companies, campaigning groups and trade unions to improve labour standards. Co-op brand suppliers in the food business have been required to join the Supplier Ethical Data Exchange ([Sedex](#)) and complete self-assessment questionnaires on labour and environmental standards. When issues are identified, the retailer works with suppliers to help them meet its standards.



Along with [City Hearts](#), the Co-op has worked to provide paid work placements for victims of modern slavery and will be rolling out [Project Bright Future](#) in 2017. The initiative will see the group develop new partnerships with charities who are experienced in supporting survivors of modern slavery, and create 30 new work placement opportunities across its businesses.

Co-op Food is also a founder sponsor of UK stakeholder alliance [Stronger Together](#), which works to reduce forced labour and human trafficking by providing guidance, tools and training for suppliers. Since 2014, the mutual has been running a Co-op Food Ethical Trade annual conference to raise awareness on how to tackle modern slavery.

Fair Trade



In the UK, the Co-op Group has achieved a number of Fairtrade firsts. In 1998 it was the first supermarket to start selling Fairtrade products in every store. It also led the way in stocking Fairtrade coffee 15 years ago, and the first to stock tea 10 years ago.

It sold the UK's first Fairtrade-labelled chocolate bar in 1994 and switched its entire own-brand chocolate bar range to Fairtrade in 2002. In 2016 it was ahead of other retailers in selling own-brand

Fairtrade Easter eggs. It sold the first Fairtrade bananas (and converted all bananas to Fairtrade in 2012) – and is also the largest seller of Fairtrade wine in the world. More info [here!](#)

IT tool “Provenance”

The Co-operative Group is currently trialling the tool “[Provenance](#)”, i.e. a system for tracking materials and products on a blockchain. Intended to be public, secure and inclusive, it aims at proving transparency and authenticity in the food supply chain.

○ [S-Group Finland](#)

“The Best Place to Live”

The S-Group in Finland has recently launched the ambitious programme “[The Best Place to Live](#)”, aimed at playing an incisive role in improving Finland’s living conditions in many respects. A part of the initiative is dedicated to the promotion of human rights along the supply chains. Specific objectives include:



- 1) The creation of a model to promote human rights in high-risk countries by the end of 2019, in addition to supplier audits. The goal is to discover the typical and current human rights issues characterizing supply chains which are central to the co-operative business and tackle them. The assessment of the challenges is carried out by an entrusted external partner which is knowledgeable of the critical areas of action and the tool itself is being developed in partnership with several additional stakeholders (NGOs & others);
- 2) The provision of training for their partners by the end of 2019.

Blockchain technology

The tech giant IBM has developed a blockchain solution for the Finnish consumer co-operative S-Group to enable full traceability of pike fillet. More info [here](#).

Ethics index to measure personnel’s trust of the employer

In 2017, the S-Group deployed the ethics index, which is part of the co-operative’s job satisfaction survey. The index maps personnel’s trust in their employer, measures how ethical they consider the company’s operating methods and to which extent they think that the company’s values and principles are reflected in their daily work. The index was used for the first time in 2017, and the score was 78.1 (on a scale of 0–100), which is a very positive and encouraging result.

Responsible procurement

The suppliers' contracts are all subject to the observation of fundamental labour rights and need to ensure that supply chains are fully traceable. Third-party factory audits are required for suppliers of private labels whose products are manufactured in countries which are considered at high risk from a human rights perspective. The same applies for ingredients sourced in such countries. 99% of suppliers operating in there have been currently audited by a 3rd party auditor.



The S-Group is then a member of the [Amfori BSCI](#) initiative, to whose development it has actively participated. Amfori BSCI aims to bring the working conditions of workers manufacturing products in risk countries to the level required by international agreements and to streamline and harmonise supplier monitoring carried out by companies. In addition to the Amfori, the S-Group uses the [Supplier Ethical Data Exchange \(SEDEX\)](#) database to monitor supplier responsibility.

- [Coop Norway](#)



Coop Norway is a founding member of the [Ethical Trading Initiative – Norway](#). Through this

organization they are currently conducting a due diligence project on cashew nuts and have been working in partnership with other consumer co-operatives on the issue of ethical tomatoes from Italy. Besides that, Coop Norway is currently implementing through Coop Trading a new Code of Conduct which require third party audits for suppliers from/in risk countries.

- [Coop Denmark](#)

Code of Conduct

All Coop Denmark's suppliers must sign a Code of Conduct (CoC) through which they commit to respect fundamental human and labour rights. Compliance must be ensured throughout the chain, from the raw material to the finished product.

Third party CSR audits and certifications

Coop Denmark works with third party certification audits as part to the CoC follow-up. Based on the results of such audits, Coop Denmark develops further improvements in its supply chains. More info is available [here](#).

For more information, please contact:

Rosita Zilli – Deputy Secretary-General

rzilli@eurocoop.coop - **+32-(0)2-285-00-72**