

MODERN SLAVERY STATEMENT 2017

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

Introduction

We have always found the practice of modern slavery and human trafficking abhorrently unacceptable and wholeheartedly endorse that we should all take steps to eradicate modern slavery of any type from our operations and workplace. Concerns are growing that slavery, servitude, forced or compulsory labour and human trafficking are widespread in current times. As a result, The Modern Slavery Act 2015, a ground breaking piece of human rights legislation, was passed to tackle this problem. One of the areas it deals with is the introduction of transparency and reporting obligations. Like all large businesses, Southern Co-op is publishing a 'Modern Slavery Statement' after the end of each financial year outlining what steps it is taking to ensure the prevention of modern slavery and human trafficking within our business and supply chains. Southern Co-op is committed to acting with integrity in this area, proactively applying our values and principles to safeguard against modern slavery within our sphere of influence. This statement sets out the steps we are taking to ensure that modern slavery and human trafficking is absent in our business and supply chains.



Our business and supply chains

Southern Co-op is an independent co-operative society owned by our 167,000 plus members who reside within our trading area of southern England. Established in Portsmouth over 140 years ago, we now run more than 260 community food stores and funeral homes across the south of England. Our business also includes a florist, plus monumental masons, a natural burial ground in West Sussex and crematoria in south east Hampshire and Devon. We also have a thriving franchise business where we operate as franchisor in relation to convenience food stores run under the "Welcome" brand and as franchisee in relation to a number of Starbucks outlets. In addition, our business includes an arrangement whereby a separate independent entity operates an online home shopping service selling mobility and daily living aids under our brand. The total turnover across our whole business is approximately £400 million a year. 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 our Local Flavour suppliers from whom we source local produce which is stocked in our stores. The vast majority of these suppliers are UK based.

Our policies



Our internal policies include 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. 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

We have analysed our supply chains and, whilst no country and no business is immune from the risk of modern slavery, the vast majority of our suppliers are UK based.

Our main supplier in relation to our food business, The Co-operative Group Limited, has a robust, proactive anti-slavery policy consistent with its ethical trading stance as set out in its annual Sustainability Report. It is a member of the Ethical Trading Initiative which focuses on tackling the problem. Modern slavery has been a major emphasis of its annual Ethical Trade Conferences. As a result, we are confident that it has taken considerable steps to minimise the risk of modern slavery within its operations.

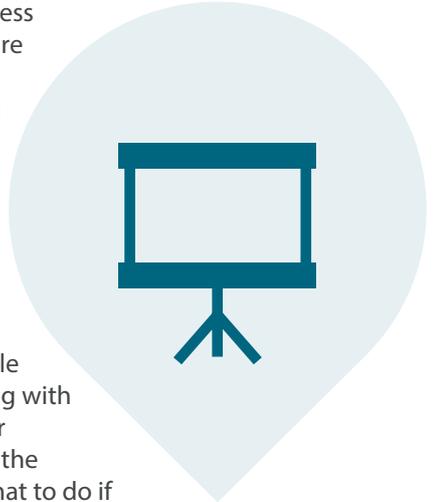
Although we do not have suppliers of any significance in geographical areas which are traditionally seen as high risk, we have undertaken an exercise to identify any risks in our mainly UK based supply chain so that we can deal with any risks by contacting the relevant suppliers to obtain confirmation that there are no instances of modern slavery or trafficking within their businesses. The external consultancy which audits the contractors who come onto our sites checks that they have suitable arrangements to combat modern slavery and human trafficking. We have contractual clauses requiring compliance with the Modern Slavery Act 2015 in our standard terms and, when we are negotiating with suppliers on the basis of their terms and conditions, we insert appropriate clauses, if the requisite clauses are not already included. Specifically, these

provisions require statutory compliance, confirmation that no offence has been committed and notification in the event of any investigations into or suspicion of instances of modern slavery. All suppliers are required to comply with our Code of Business Conduct.



Training

Key employees in the business have made themselves aware of the issues surrounding modern slavery and human trafficking and have undertaken training on the subject, as appropriate. It is an area we intend to focus on in the coming year by rolling out training as a priority for those employees responsible for procurement and dealing with suppliers so that they understand the risks, can identify the warning signs and know what to do if they suspect there are instances of modern slavery within our supply chains.



Assessment of effectiveness

It is important for us to assess whether the steps we are taking are working in ensuring there is no modern slavery within our business or supply chains. Currently, we can confirm that 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 vigilant and alert 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 business and supply chains. 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 27 April 2017

Signed



MICHAEL HASTILOW, CHAIRMAN