

EMPLOYEES AND DIVERSITY

Background

An inclusive work environment where everyone's contribution is recognised and valued, and where colleagues feel supported, developed and motivated, is key to increasing employee performance and creativity.

As the UK population becomes more diverse, the management of diversity and inclusion issues is an imperative for any forward-looking business, and necessary to ensure the development of products and services that meet the needs of a diverse customer base.

Materiality and strategy

With a workforce of nearly 110,000, employees are one of six stakeholder groups identified as key to sustained business success. The Co-operative's approach in this area is informed by co-operative values and principles, as well as extensive employee surveys and industry best practice.

Growing colleague engagement is identified within the KPIs of both the Trading Group and The Co-operative Financial Services (CFS).

Being an 'exemplary employer' is one of six aims supporting the Trading Group's vision, and 'together we will create a great place to work, grow and develop' is an organisational value at CFS. This is particularly critical at present: while the integration of Somerfield is now complete, organisational change following the merger with Britannia is ongoing.

Progress against employee objectives is measured via an Engagement Index (Trading Group) and an Engagement Index and Values Index (CFS), and these scores influence the remuneration of management.

An agreed set of Diversity Principles emphasise a commitment to diversity in nine primary areas¹, and inform diversity policies, strategies and governance structures. Following the merger with Britannia, CFS consulted with staff in order to develop an aligned diversity strategy, which will launch in early 2011.

A Diversity Strategy Group (DSG) including representatives from the Executive, Values & Principles Committee and Group Board oversees the implementation of diversity strategy, and diversity champions for sexual orientation, age, disability and ethnicity are in place within the Trading Group.

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Targets 2010	Progress	Targets 2011
Indicator: Workforce composition and diversity (Performance benchmarks pages 105 and 106)		
Design and implement a publicly available CFS strategy, policy and governance structure for the merged business.	Following the merger with Britannia, CFS has consulted with staff in order to develop an aligned strategy. This is now planned for launch in 2011 (see above).	Refresh and republish CFS and Trading Group diversity-related policies in line with the Equality Act 2010.
Roll out the Trading Group diversity data capture programme to one further business by the end of 2010.	Following a pilot exercise within the Travel business, a 'census' programme will be rolled out across the entire Trading Group in 2011 (page 104).	Complete a diversity census of the Trading Group workforce, and roll out diversity monitoring of CFS employees.
Complete the Trading Group diversity data capture programme in Food stores in the three remaining regions by the end of 2010.	This target was reconsidered, following a decision to roll out an ambitious 'census programme' across the entire Trading Group (page 104).	Within the Trading Group, publish a cultural awareness guide for all line managers.
Formalise disability objectives for the Trading Group and CFS in 2010.	Completion of the Employers' Forum on Disability Standard generated objectives for performance improvement, which have been integrated into the 2011 diversity and inclusion plan (page 106).	
		Introduce supplier diversity monitoring into all CFS tender processes.
		Pilot a mentoring programme for future female leaders within the Trading Group.

(continued over)

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🎯 Targets 2010	Progress	Targets 2011
Indicator: Employee engagement (Performance benchmark and recognition pages 107 and 108)		
Roll out the Trading Group employee survey to former Somerfield, to determine a baseline employee engagement score for the enlarged business in 2010.	✓ As of 2010, all former Somerfield employees are included in the score (page 107).	Maintain the 2010 Trading Group employee index score in 2011.
By the end of 2010, develop a new people measurement strategy for the CFS employee survey.	✓ A new people measurement approach looks not only at engagement but also to what extent the new organisational values are being lived (page 107).	
Produce Trading Group management guidelines on responding to the top 10 issues emerging from the Talkback employee survey at a team level.	✓ Following 2009 survey, guidelines were issued to managers on responding to the top 10 emerging issues (page 108).	
Achieve a CFS employee engagement score consistent with the level attained by the top 25% of benchmark businesses.	D Due to the incomparability of data between other organisations, a revised target of attaining an employee engagement score above 75% has been set (page 107).	Achieve a CFS employee engagement score of 75% during 2011.
Increase the percentage of Trading Group employees who agree that 'Talkback has led to improvements where I work in the last 12 months' from 57% to 60%.	✗ The percentage of Trading Group employees stating that Talkback had led to improvements remained below 60% (page 108).	
Indicator: Organisational change, employee turnover, trades union recognition		
Indicator: Personal development and training (Performance benchmark page 109)		
Deliver diversity awareness training to all CFS employees during 2010.	✓ In response to the Equality Act 2010, CFS refreshed its training programme, and the Trading Group made available a new e-learning package to all managers (page 109).	Pilot diversity awareness training for Co-operative Food store managers in at least one region in 2011.
Indicator: Salary and benefits; health and safety; well-being (Performance benchmark page 110)		
Indicator: Work/life balance and absence (Performance benchmark and recognition pages 111 and 112)		
By the end of 2010, roll out flexible working to a further 200 Trading Group head office employees.	✓ During 2010, provisions were made for a further 200 head office colleagues to work flexibly (page 111).	By the end of 2011, roll out flexible working to a further 400 Trading Group head office employees.
		Implement support for employees who are also unpaid carers, including a policy and support network.

Workforce composition and diversity

The Co-operative seeks to achieve a workforce composition that is diverse, inclusive and representative of its customer base. It is measured separately for the Trading Group and CFS, and reporting periods differ slightly.

🎯 Workforce data for ethnicity and disability is currently incomplete, and, in order to address this, a 'census' programme will be rolled out to all staff across the Trading Group in 2011, following a pilot exercise within the Travel business. Full details of reporting periods and diversity data completeness are presented in the online version of this Report 📄.

The Co-operative is a member of the organisations listed opposite, which promote diversity and inclusion in employment:



Composition by business

Total employees by business ²				
	2007	2008	2009	2010
The Co-operative Food	56,561	56,619	83,830	79,809
Specialist Commercial	962	1,118	2,518	2,717
Specialist Retail Businesses	3,344	3,315	3,162	3,282
The Co-operative Funeralcare	3,633	3,608	3,700	3,855
The Co-operative Pharmacy	6,252	6,606	6,712	6,747
The Co-operative Estates	1,034	732	397	399
Corporate Functions	1,233	1,637	1,380	1,456
Other Businesses	603	659	n/a	n/a
CFS	7,989	7,738	11,692	11,349
Total	81,611	82,032	113,391	109,614

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Employees 2010

109,614 employees
2009: 113,391

Composition: gender

In consultation with senior female managers, discussion took place in 2010 to consider potential barriers to the progression of women within the Trading Group. As a result, a mentoring programme for future women leaders will be piloted across the business in 2011.

At CFS, a 'Tommy's Room' facility is provided, offering a dedicated space for expectant employees and new mothers.

Proportion (%) of female employees and female managers³

Year	Trading Group		CFS (former CFS in brackets)	
	Female employees	Female managers	Female employees	Female managers
2006	63	54	n/a (47)	n/a (39)
2007	64	53	n/a (49)	n/a (41)
2008	64	50	n/a (50)	n/a (42)
2009	64	53	58 (51)	46 (43)
2010	63	49	59	45

Performance benchmark

Women account for 50% of the UK's general workforce⁴, whilst 63% (2009: 64%) of Trading Group and 59% (2009: 58%) of CFS employees are women.

Composition: ethnicity

Proportion (%) of employees and managers from ethnic minority groups

Year	Trading Group		CFS (former CFS in brackets)	
	Employees	Managers ⁵	Employees	Managers
2006	10	10	n/a (6)	n/a (3)
2007	7	8	n/a (6)	n/a (3)
2008	7	8	n/a (6)	n/a (3)
2009	7	n/a	n/a (6)	n/a (3)
2010	9	n/a	4	3

Performance benchmark

9% of Trading Group employees are from an ethnic minority group; this is in line with the proportion of the UK population, which stands at 8.7%⁶.

Composition: disability

Proportion (%) of disabled employees

Year	Trading Group	CFS (former CFS in brackets)
2006	n/a	n/a (3)
2007	1	n/a (3)
2008	1	n/a (2)
2009	4	2% (2)
2010	4	2 ⁷

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The Co-operative is a holder of the JobCentre Plus 'Two Ticks' symbol, signalling agreement to five commitments connected with the recruitment, employment, retention and career development of disabled people. In early 2009, The Co-operative completed the EFD Disability

Standard; a management tool for employers to evaluate and measure performance on disability. Completion of the standard generated objectives for performance improvement, which have been integrated into the 2011 diversity and inclusion plan.

Composition: age



The Co-operative has been named by the Department for Work and Pensions as an 'age positive employer' in recognition of having employment policies and practices that demonstrate a commitment to age diversity. Contracts at The Co-operative have operated without a default retirement age since 2006.

Proportion (%) of employees in each age band

Year		≤24	25-34	35-49	50-64	65+
2006	Trading Group	29	18	31	21	1
	CFS	18	27	40	15	<1
2007	Trading Group	26	18	32	22	2
	CFS	20	26	39	15	<1
2008	Trading Group	26	18	32	22	2
	CFS	16	30	39	15	<1
2009	Trading Group	25	19	32	22	2
	CFS (former CFS in brackets)	14 (13)	32 (30)	39 (41)	15 (15)	<1
2010	Trading Group	27	19	30	22	2
	CFS	14	31	40	15	<1

Performance benchmark

In the UK, 28% of people in employment are over 50 years of age⁸, whilst 24% of Trading Group and 15% of CFS employees are over 50 years of age.

Composition: religion and belief

In the 2010 employee surveys, 48% of Trading Group and 63% of CFS respondents identified themselves as having a religion or belief. A breakdown of responses can be found online [▶](#).

Composition: sexual orientation

Questions on sexual orientation are included in employee attitude surveys, with a view to better understanding and engaging Lesbian Gay Bisexual and Transgender (LGBT) employees. In 2010, 89% of Trading Group (2009: 94%) and 93% of CFS (2009: 93%) staff were willing to declare their sexual orientation.

The Respect Network

The Co-operative has an active Lesbian Gay Bisexual and Transgender (LGBT) employee network, Respect. The Network works alongside a dedicated diversity team, offering support to LGBT staff and advising the business on LGBT matters. Respect has grown dramatically in a short space of time, and now numbers over 500 members. The Network has won awards for its involvement in Manchester Pride where The Co-operative was the major sponsor. The Co-operative has sponsored a number of other Pride festivals across the country.



Performance benchmark

The Trading Group was ranked 79th in Stonewall's Workplace Equality Index 2010 (2009: 112th). Stonewall also conducts an employee feedback questionnaire, which around 34 LGBT Trading Group employees completed. The Trading Group scored above average on all indicators.

Organisational change

Somerfield
Organisational changes associated with the 2009 acquisition of Somerfield were on-going within the Food business during 2010. Strong relationships with the trades unions USDAW and NACO, and the jointly-agreed process for managing organisational change, continued to facilitate changes in a considered and consensual manner.

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The integration of Somerfield saw over 25,000 new colleagues joining the Food business, and some redundancies were unavoidable. By mid 2011, approximately 750 Somerfield head office colleagues will have left the business by way of redundancy, all of whom will have benefited from a comprehensive range of outplacement support services.

Food retail

Elsewhere within the Food business, restructures took place in the Commercial, Central Operations and Retail Training functions in the last quarter of 2010. Whilst these restructures involved a number of redundancies, a corresponding number of new roles were also created, resulting in no significant change to the overall headcount.

All colleagues impacted were given support to secure an alternative role in the new structure, with another Co-operative business, or with another employer. Within Distribution, the integration of the Somerfield network has led to the closure of one depot and the conversion and expansion of another, with further work to continue throughout 2012. Following system developments, the Supply Chain function will see significant change during 2011.

Britannia integration

Since the merger with Britannia in August 2009, CFS has worked extensively with the trades unions to integrate the two businesses. A new Business Change Agreement outlines the key principles to effectively manage organisational change, and ensure CFS meets its legal obligations and manages employees fairly and consistently throughout the process. It also details a redeployment approach designed to ensure that skills and experience are retained within the organisation whilst mitigating redundancies.

At the end of 2010, all employees had either experienced change within their area, or had been informed when they may be impacted. At the end of 2010, 182 colleagues had either been redeployed or were in the process of being redeployed, and 212 colleagues had left the business.

CFS is working with trades unions to develop a new employment package for the merged business. A comprehensive review of the suite of employment policies within CFS and Britannia highlighted nine high-priority policies for alignment in 2010⁹. The new policies, guidance and training will be launched during 2011.

Co-operative Independent Financial Advisers

CFS completed a strategic review of The Co-operative Independent Financial Advisers business (a wholly-owned subsidiary of CFS), which resulted in an agreement to sell the business. Under the terms of the sale, 51 independent financial advisers and 36 staff transferred to the new owner.

Employee engagement

Employee engagement is a broad measure of how committed and motivated people are to do their best at work and generate strong business performance. Employee engagement is measured via an employee attitude survey, which determines an 'engagement index' (EI) score. EI scores are calculated differently for the Trading Group and CFS and are, therefore, not directly comparable.

Engagement index (EI)

		2007	2008	2009	2010
Trading Group EI (mean average; scale 0–100)		74	77	79	April: 79 October: 77
CFS	EI	53%	64%	July: 75% Dec: 82%	June: 79% November: 78%
	Values index	n/a	n/a	n/a	72

Trading Group

📍 The Trading Group carried out an interim employee attitude survey in April 2010, and a full annual employee survey ('Talkback') in October 2010, with all former Somerfield employees included for the first time. The full Talkback survey received responses from 86% (86,905) of employees (April: 85%; 2009: 85%), continuing the year-on-year improvement in response rates¹⁰.

The EI is measured as an average score across 17 questions within Talkback, which focus on: understanding of the aims of the organisation and employees' role in its success; emotional attachment; and behaviour, such as willingness to offer discretionary effort and advocacy.

The Trading Group EI remained steady in 2010, and the slight drop recorded can be attributed to the effects of significant organisational change, and a difficult economic environment. Across the survey, of the 49 questions that can be directly compared with 2009, five scores increased and six stayed the same.

CFS

CFS carried out an interim employee attitude survey in June 2010 and a full survey ('The Voice') in November 2010. The response rate was 82% (9,656) in June and 80% (9,113) in November.

At CFS, EI is based on seven survey questions that measure: emotional attachment; intention to stay; and discretionary effort. 📍 During 2010, an additional measurement was added, looking at the extent to which CFS' new values are embedded within the business – the values index. 📍 Due to the complexity of comparing data across organisations, a previous target benchmarking CFS engagement scores against those of other organisations has been replaced with a new target, to maintain the EI above 75%.

Performance recognition

In 2010, The Co-operative was named as one of the UK's 50 best workplaces by The Great Place to Work Institute.



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Performance benchmark

Results from a number of questions in the Trading Group's employee survey were benchmarked against those of other private-sector organisations in 2010¹¹. The Co-operative scored above the benchmark for all the questions compared.



The co-operative
talkback

Responding to survey results

Survey results are disseminated to managers, and improvement action-planning sessions are held. In 2010, around 6,500 managers across the Trading Group and 900 across CFS were provided with the latest survey results for their team(s).

⊗ Although the percentage of Trading Group employees stating that Talkback had led to improvements remained below 60%, those employees agreeing that they had experienced improvements had an engagement score around 28 points higher than other employees.

⊗ This is considered to be a direct result of action-planning activity following the 2009 survey, which included guidelines on responding to the top 10 emerging issues.

High-level targets to improve engagement scores have been set and incorporated into the performance management and remuneration process for all managers.

Performance recognition

In December 2010, The Co-operative was awarded the national award for Employee Engagement at the Personnel Today Awards. The business was recognised for having derived engagement improvements from its internal and external branding programme and for having clearly demonstrated the links between employee engagement and business performance.

Avoidable employee turnover

'Avoidable' employee turnover is monitored on an ongoing basis, and excludes planned employee departures for reasons such as retirement or redundancy. In 2010, avoidable turnover remained largely stable, with a continued decline within the Food business. A full definition of avoidable turnover, as well as data for each business, by age and gender, is detailed online [▶](#).

Avoidable employee turnover (%)

	2008	2009	2010
The Co-operative Food	28	23	20
Specialist Commercial Businesses	21	19	21
Specialist Retail Businesses	20	15	16
The Co-operative Funeralcare	8	8	8
The Co-operative Pharmacy	21	15	13
The Co-operative Estates	3	6	6
Corporate Functions	8	5	4
Other businesses	30	n/a	n/a
CFS	20	10	11

Trades union recognition

Trades unions make an important contribution to business and society. During 2010, five trades unions were recognised¹² (four by the Trading Group and four by CFS), covering the range of employee roles across the business. Of Trading Group employees, 35%¹³ (2009: 33%) are union members, as are 65%¹⁴ (2009: 73%) of CFS employees.

Personal development and training

Across the four largest businesses of the Trading Group (Food, Pharmacy, Travel and Funeralcare), employees received an average of £143 and 1.2 days' training during 2010¹⁵. In addition to the business-specific training, a small proportion of training is organised centrally. In 2010, investment in centrally-organised training was £195,000 (2009: £180,000), providing 1,315 training places (2009: 1,579).

Average training investment 2010

£143

average training investment per employee across the four largest Trading Group businesses

£164

average training investment per employee within CFS

As former Somerfield stores were rebranded, all new employees attended a 'Co-operative Way' day covering the compelling reasons for joining The Co-operative, and detailing customer service expectations. The leadership population was a key focus of development during the year, including activity around developing senior management and identifying and developing potential Executive successors.

At CFS, employees received an average of £164 of investment and two days of training. During 2010, a new centralised Learning and Development business area was formed, with the purpose of delivering strategic commercial learning.

Full details relating to training per business are available online [▶](#).

Performance recognition

The Trading Group continues to maintain its Investors in People (IiP) accreditation. This national quality award recognises organisations that aim to improve performance by developing their employees.

Diversity training

The Trading Group and CFS operate diversity training programmes to encourage appropriate behaviour in the workplace. Diversity is embedded into the recruitment process via the Trading Group 'Right First Time' interviewing course and the CFS Employee Recruitment Strategy.

🗎 In response to the Equality Act 2010, diversity information and training was refreshed, and a new e-learning package was made available to all managers. The Trading Group will review its diversity training programme in the course of 2011, and pilot diversity training for Food store managers in at least one region.

Graduate programmes

The Co-operative graduate programme offers two routes: an 18-month Business Management Programme and a three-year Chartered Institute of Management Accountants (CIMA) Finance Programme. Applications for the most recent intake increased by 65%, and, despite economic conditions, the number of graduate vacancies has been maintained.

An undergraduate programme was launched in 2008, offering students opportunities to undertake one-year work placements across the business.

Details of the new Apprenticeship Academy can be found on page 58.

The Co-operative Graduate Scheme.



Performance benchmark

The Co-operative ranked 58th in The Times Top 100 Graduate Employers Index 2010/11 (2009: 62nd).

Salary and benefits

Salary

Salary patterns differ across the businesses, with a larger proportion of CFS employees earning wages in higher salary bands than Trading Group employees, reflecting the different types of business. The decline in satisfaction with pay within CFS is believed to be attributable to the ongoing work to align employee terms and conditions, as part of the integration between CFS and Britannia.

Proportion (%) of employees in each basic salary band¹⁶

	Trading Group ¹⁷			CFS ¹⁸		
	2008	2009	2010	2008	2009	2010
Up to £15,000	75	77	77	25	25	19
£15,001 to £20,000	11	9	9	24	25	35
£20,001 to £30,000	10	9	9	17	22	22
£30,001 to 40,000	3	3	3	10	12	12
£40,001+	1	2	2	10	11	13

Benefits

All part-time employees are entitled to the same benefits as their full-time equivalents¹⁹ and the majority of benefits that are available to permanent employees are also available to temporary employees²⁰. Employee-members are entitled to a range of discounts from across the family of businesses.

Employee dividend 2010

£500 dividend paid to all employee-members
 2009: **£500**

Former Somerfield staff benefits were aligned with those of the Trading Group during 2010, other than pension arrangements, which will be aligned during 2011. Britannia employees remain under their existing terms and conditions, and progress will be made on the alignment of CFS and Britannia terms and conditions of employment in the course of 2011.

Within CFS, the majority of employees participate in a business-wide bonus plan focused on delivering financial performance and customer satisfaction. The Trading Group operates a bonus scheme for management-level staff, based on performance. During 2010, 95% (8,201) of eligible employees at CFS²¹, and 62% (11,800) of eligible employees in the Trading Group²² received a bonus.

At the end of 2010, 85% of Trading Group colleagues and 84% of CFS colleagues were employee-members. Subject to business performance, employee-members receive an employee-member dividend to reflect their support and contribution to the business. In 2010, this dividend was £500²³.

A full list of benefits can be found online .

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Pensions

Every employee is offered the opportunity to join a pension scheme. Following recent mergers and acquisitions The Co-operative now sponsors 10 pension schemes offering a range of benefits²⁴.

In total, pension benefits are provided to 135,000 current, former and retired employees (2009: 137,000). In 2010, members contributing to the pension schemes totalled 21,500, with 63,000 deferred pensioners and 50,000 pensioners and widows.

The relatively low proportion of employees within the pension scheme is partly attributable to the high proportion of part-time staff and high turnover levels within the retail sector.

% of staff who are members of a pension scheme			
	2008	2009	2010
Trading Group	16	15	14
CFS	68	72	66
All businesses	21	21	19

Employee communications

Internal communications play a key role in ensuring employees are informed about the business, and improving commitment and engagement. Across the Trading Group these include the intranet; an award-winning quarterly staff magazine, *Us*; and a number of electronic newsletters. The employee intranet has the facility for colleagues to comment on stories, providing an important source of feedback. Large-scale face-to-face briefings are held across the family of businesses.

CFS has a number of channels for employee communications. The three key channels are: The Understanding, a monthly face-to-face briefing for all colleagues; The Know magazine, which is published six times a year; and an employee intranet, The Exchange.



Diversity communications

Diversity information for employees is provided in dedicated areas on the Trading Group and CFS intranet sites, including awareness factsheets relating to religion, belief, cultural awareness and disability, which are posted at key dates across the year. In 2011, cultural awareness guides will be published for all line managers within the Trading Group.

Whistle-blowing

As part of the Code of Business Conduct, the Trading Group has in place a whistle-blowing policy and procedure called 'Speak Up', to provide employees with a confidential route for raising complaints in relation to any business conduct issue or malpractice. In order to ensure impartiality and anonymity, 'Speak Up' utilises an external

whistle-blowing helpline along with trained internal contacts. All calls received through both internal and external routes are reported to the Audit & Risk Committee. During 2010, 50 calls were received, the majority of which were of a low level of concern.

CFS has its own internal telephone, email and text message whistle-blowing service. In 2010 (to end September), 39 telephone calls, emails and text messages were received (2009: 29). All cases are thoroughly investigated by the internal Investigations team and reported to the CFS Audit & Regulatory Compliance Committee.

Health, safety and well-being

Health and safety

The health and safety objectives of The Co-operative are to safeguard the welfare of all employees when they are at work, and protect non-employees from any hazard created by the business' operations. Despite challenges presented by adverse weather conditions during the year, the rate of reportable accidents continued on a downwards trend in the Trading Group.

There have been a number of health and safety initiatives during 2010, which include: health and safety, and fire safety weeks; one-to-one interaction with operational management; improved investigation of accidents; and the analysis of data and auditing techniques. Neither the Trading Group nor CFS reported any employee fatalities during 2010.

Accident rates²⁵

	Trading Group		
	2008	2009	2010
Reportable accidents ²⁶ per 100,000 employees	1,395	1,005	930
Non-reportable accidents per 100,000 employees	9,739	9,430	8,882

	CFS		
	2008	2009	2010
Reportable accidents per 100,000 employees	62	103	70
Non-reportable accidents per 100,000 employees	1,585	1,788	1,463

Performance benchmark

Reportable accident rates across CFS are lower than national data for the finance sector (the Health and Safety Executive reports 144 per 100,000 employees in 2009/10).

Well-being

The Co-operative's Employee Assistance Programme is a 24-hour service operated by AXA ICAS, which provides access to a range of specialist support services, including a free 24-hour helpline, available 365 days per year, which is staffed by fully trained and qualified telephone counsellors. The service is available to employees and their

immediate family members if they live in the same household. During 2010, 1% (2009: 1%) of employees from the Trading Group and 3% (2009: 5%) of employees across CFS (not including Britannia) used these services.

Domestic violence

Since 2008, The Co-operative has been a member of the Corporate Alliance against Domestic Violence, a group of businesses and organisations working individually and collectively to prevent domestic violence, and a Trading Group policy on domestic violence exists in order to support employees experiencing domestic violence.

Work/life balance

The majority of the Trading Group's employees (67%) work part-time, thus it is important to effectively manage flexible working and ensure information is made available to all employees.

Following the merger of CFS and Britannia, the approach to flexible working will be reviewed with the aim of introducing a new approach during 2011.

Part- and full-time employees				
	Trading Group			
	2007	2008	2009	2010
Full-time ²⁷	38%	36%	33%	33%
Part-time	62%	64%	67%	67%

	CFS			
	2007	2008	2009	2010
Full-time	84%	83%	79%	78%
Part-time	16%	17%	21%	22%

Preparation for the new head office

In order to prepare head office colleagues for the move to a new head office (page 63), employees are being encouraged to take up new, more flexible, ways of working. During 2010 200 colleagues took up flexible working, with a target set for a further 400 colleagues by the end of 2011. Changes piloted have included using new technology to enable hot-desking, and a reconfiguration of the office space, including the introduction of lockers and 'meeting pods'. Flexible working has been promoted in tandem with greener travel options, establishing the environmental benefit of working from home and commuting outside peak hours. Assessment undertaken amongst those involved in flexible working shows that 91% of staff said that their productivity had been maintained or increased, and 89% said that flexible working had maintained or improved their work/life balance.

Performance recognition

In 2010 The Co-operative was recognised with a special commendation for Innovation at the Top Employers for Working Families awards. The Co-operative demonstrated its progress towards an agile working culture based on family-friendly working practices. New technology and a change in working style will be used to boost productivity while maintaining employees' work/life balance.

Carers

In 2010, 32% of the Trading Group workforce described themselves as having unpaid caring responsibilities. In line with the Equality Act 2010, The Co-operative is increasing its support for carers, and in 2011, will establish a formal policy and a support network.

Absence

Across the Trading Group the main causes cited for absence²⁸ in 2010 were 'cold' (15%) and 'upset stomach' (13%). Records are incomplete, with 7% of records not citing a reason. CFS records are 99% complete, and the main cause cited for absence in 2010 was stress (15%) and 'sickness – other' (11%). For comparison, stress was reported as the second biggest cause of short-term absence and a particularly common cause of long-term absence among non-manual workers in the UK in 2010²⁹. Throughout 2011, CFS will continue to manage the issue of stress-related absence, using staff survey findings, stress risk assessments, the provision of guidance and information, flexible working, and promotion of the Employee Assistance Programme.

Absence as a proportion (%) of employee time

	2008	2009	2010
The Co-operative Food	4	4	4
Specialist Commercial Businesses	2	2	3
Specialist Retail Businesses	2	2	2
Funeralcare	4	5	4
Pharmacy	3	3	3
Property Division	3	3	2
Corporate Functions	2	2	2
Other Businesses	2	n/a	n/a
CFS	4	4	4

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Performance benchmark

The 2010 average overall absence rate for the retail and wholesale sectors was 2.6%, or an average of six days lost per employee per year. In comparison, absence rates within The Co-operative Food are slightly higher. Industry average absence in the finance, insurance and real estate sector, at 2.3%, is also slightly lower than the rate recorded across CFS³⁰.

Ethical finance

The Co-operative Asset Management (TCAM) engagement

• **Gender diversity** In July 2010, TCAM wrote to eight UK companies³¹ in which it had significant holdings, as part of an investor initiative focusing on gender equality backed by the United Nations Principles for Responsible Investment (UNPRI) as well as other institutional investors. The companies were asked for a gender breakdown of employees, including senior management, and measures to ensure gender balance in line with the UK Corporate Governance Code.

In September 2010, TCAM made a submission to the European Commission’s consultation on its Green Paper on Corporate Governance. TCAM commented that Norway has implemented a 40% threshold for women on company boards without apparent adverse effects, and suggested the EC review Norway’s experience of quotas as part of its considerations for tackling the issue.

In addition, in November 2010, TCAM made a submission to the Department for Business, Innovation and Skills’ (BIS’) Women on Boards consultation, calling for improved disclosure of senior management gender balance and further strengthening of the gender balance considerations within the UK Corporate Governance Code.

• **TCAM overseas shareholder resolutions** In 2010, TCAM was presented with 10 overseas shareholder resolutions relating to diversity, of which nine were supported.

Company	Resolution	Vote registered
Anadarko Petroleum; ConocoPhillips; Exxon Mobil Corp; Leggett & Platt Inc; TECO Energy; Verizon Communications; Wal-Mart Stores; Zions Bancorp	To amend policies to prohibit discrimination based on sexual orientation and gender identity.	Supported
Home Depot	To report on employee diversity.	Supported
Walt Disney	Extension of non-discrimination policy to employees considered ‘formerly homosexual’.	Abstained ³²

Accompanying notes

- Gender, ethnicity, disability, age, sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership and gender reassignment.
- Figures show headcount, not full-time equivalent. Categorisation of businesses has changed over the period shown, and a full explanation is provided online [↗](#).
- Trading Group: reported as % of female managers/all managers and where manager is taken to be any employee with ‘manager’, ‘head of’, or ‘director’ in their job title. CFS: reported as % of female managers/all managers and where manager is taken to be any employee paid £25,000 or more (excluding Co-operative Insurance Financial Advisers, who receive the majority of remuneration on the basis of commission).
- Office for National Statistics (ONS) Economic and Labour Market Review, November 2010 Edition.
- It is not possible to report on the proportion of Trading Group managers from an ethnic minority group as this data is not captured by the employee survey, from which 2009 and 2010 ethnicity data was drawn.
- House of Commons Committee of Public Accounts, Increasing Employment Rates for Ethnic Minorities, 34th Report of Session 2007/08.
- Data is 32% complete.
- ONS Economic and Labour Market Review, November 2010 Edition.
- Grievance, maternity and adoption, misconduct, mutual respect, panel appeals, paternity, performance improvement, secondments, and managing misconduct, performance improvement or sickness for colleagues with less than nine months’ service (short service policy).
- Response rates were: 76% in 2006, 78% in 2007 (excluding former United), and 82% in 2008 (including former United).
- The Trading Group’s external survey partner carried out the benchmarking exercise, against GfK data.
- Full details of trades unions recognised are online [↗](#).
- Based on percentage of those employees who paid subscriptions by payroll deduction, and calculated based on total active headcount and maternity headcount.
- Based on figures from trades union membership reports. Calculated as a percentage of total active headcount, career break headcount, and maternity headcount.
- Training days per employee not available for The Co-operative Food.
- Based on full-time equivalent salaries.
- Excludes casual staff and those on 0-hour contracts. Percentages are based on employee headcount and relate to full-time equivalent salaries.
- Financial Advisers have been excluded, as their pay is biased towards earnings on a commission basis. Employees on career breaks have been excluded, while those on maternity leave are included.
- Some benefits, for example, holiday entitlement, are pro rata to the number of hours worked, whilst a certain length of service is required before an employee is eligible to receive a number of others.
- Temporary employees are those on fixed-term contracts and directly employed by the Trading Group or CFS.
- This excludes Field Sales Teams’ incentive schemes, and business-specific/regional bonus schemes.
- Figure includes head office management-level staff scheme, regional store manager scheme, Funeralcare Ambassador scheme and Travel branch scheme.
- This is pro rata for part-time or new employees.
- Full details of pension schemes are available online [↗](#).
- Based on employee headcount.
- A reportable accident is defined under the RIDDOR regulations as an injury that is not ‘major’ but results in the injured person being away from work or unable to do their full range of normal duties for more than three consecutive days; or major injuries or fatalities.
- Employees working over 37.5 hours are classed as full-time.
- Figures for causes cited for absence are based on days absent.
- Figures relate to % employee respondents who cited this as a major cause of absence. CIPD (2010) Absence Management Survey.
- Ibid.
- Balfour Beatty, Barclays, Smith & Nephew, Novartis, Smiths Group, Rotorik, Reckitt Benckiser, ICAP.
- The Company’s policy already addressed anti-discrimination issues and as such TCAM considered the proposal redundant.