

PUBLIC POLICY

Background

All too often, proposals for progressive ethical and sustainability legislation are blocked, or delayed, by the resistance of certain businesses and trade associations. As Kofi Annan said, when he was United Nations Secretary-General, “business must restrain itself from taking away, by its lobbying activities, what it offers through corporate responsibility and philanthropy”¹.

Materiality and strategy

The Co-operative believes that businesses wishing to stake a claim to leadership on sustainability issues must demonstrate that their public affairs activities are aligned with their publicly-stated sustainability claims and objectives.

As a leading advocate of responsible business, The Co-operative actively engages on public policy matters. It is committed to always being open about this activity and its outcomes, as well as making full annual disclosure relating to membership and financial support for trade organisations and political parties.

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Targets 2010	Progress	Targets 2011
Indicator: Public policy interventions (Performance benchmark below)		
		EOP Continue to use influence to campaign for a more sustainable world, and always be open about such lobbying and its outcomes.
Develop a new strategy for public policy engagement with consideration of co-operative values and principles.	In 2010, development began on a strategic political engagement policy, which will be finalised in the course of 2011 (see below).	Finalise a new strategy for public policy engagement, with consideration of co-operative values and principles.
Indicator: Political donations		

Governance

A new Political Strategy Working Group was formed in 2009. This comprises the Chair of The Co-operative Group, Chair of the Values & Principles Committee (page 13), one Co-operative Group Board member, one CFS Board member, one of The Co-operative Group Board’s nominees to The Co-operative Party National Executive Committee (NEC) and relevant members from management.

The working group met in November 2010 to consider the purpose and defined goals, transparency of process and ownership of a strategic political engagement policy. It was agreed that a draft policy would be presented to the working group in February 2011 for agreement, with a view to the final policy being discussed at the Group Board strategy meeting in July 2011. It would then become part of the regular cycle of business planning.

Management

Public policy activities are supported by a public affairs team of six people. The team identifies and tracks significant public policy themes relevant to The Co-operative and its family of businesses, co-ordinates public policy responses, manages Government relations and advocates the co-operative business model to politicians and civil servants. The team reports to the Director of Communications. Where public policy activities relate to material sustainability issues, its position is informed by input from the Social Goals department (page 14).

Accounting

For reporting purposes, ‘engagement’ is restricted to instances where The Co-operative has pressed a point of difference or where it has lent weight to a significant positive initiative on those issues already designated as material for broader disclosure in the Sustainability Report. Disclosure encompasses active lobbying with, and of, trade and business associations, as well as direct lobbying of Government at the UK and EU levels.

Performance benchmark

In 2007, research undertaken by SustainAbility² acknowledged CFS to be one of a ‘small group of leader companies’ whose approach to lobbying and reporting could be considered ‘integrated’ (ie, at the highest level)³.

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Public policy 'interventions' 2010			
Issue	Audience	Influence and action	Page
Sustainability management			
Sustainability reporting	Stock exchanges globally including London Stock Exchange	Collaborative investor letters co-signed calling for sustainability reporting to be embedded within listing rules.	–
Inspiring young people			
Votes at 16	Members of Parliament	Fringe events hosted at the three main party conferences in collaboration with the Coalition for Young People. Worked with MPs and the Votes at 16 Coalition to table an amendment to the Alternative Vote Bill, which would allow 16 and 17 year olds to vote in 2011. We wrote to Co-operative MPs to urge them to support the amendment.	59
International development			
The Groceries Supply Code of Practice Adjudicator	Department for Business Innovation and Skills (BIS) and Minister for Consumer Affairs	Consultation response submitted on the nature and funding of a body to oversee the operation of the Groceries Supermarket Code of Practice (GSCOP), calling for an Enforcement Body to be responsible exclusively to the GSCOP. Met with the Consumer Affairs Minister to discuss the issue.	31
Export Credits Guarantee Department	MPs, Secretary of State for BIS, and the Environmental Audit Committee (EAC)	A number of activities undertaken to urge reform of the Export Credit Guarantee Department (ECGD) including: a response to the EAC inquiry 'the impact of UK overseas aid on environmental protection and climate change adaptation and mitigation'; co-signing a letter to the Secretary of State for BIS, and supporting Early Day Motion 622 on the ECGD.	30
EU Fairtrade procurement	European Commissioner for Internal Market and Services	Letter co-signed to the Commissioner for Internal Market and Services at the European Commission, outlining concerns that the restrictive interpretation in the current draft of the Guide on Social Considerations in public procurement would have a negative impact on the work that the civil society-led Fairtrade movement has carried out on public procurement.	31
Ethical finance			
Corporate governance and stewardship	Financial Reporting Council and European Union	Consultation responses submitted on UK Corporate Governance and Stewardship Codes, and EU Corporate Governance Green Paper calling for mandatory voting disclosure and annual re-election of directors.	49
Social inclusion			
Prisoner bank accounts	Minister for Prisons	Following the publication of the Government's green paper on sentencing and re-offending, The Co-operative wrote to the Minister for Prisons, to highlight how the provision of bank accounts has been shown to reduce re-offending.	54
Post Office closures	BIS	Responses provided to the BIS consultation on Post Office Banking, welcoming the Government's proposals for the Post Office's enhanced role in the provision of financial services, and recommended future expansion of third-party transactional banking to other providers and credit unions. Reiterated at an All Party Parliamentary Group on Debt and Personal Finance event on Post Office Banking.	54
Fuel poverty	Energy and Climate Change Committee	Responded to the Energy and Climate Change Committee Inquiry into Fuel Poverty, advocating a review of renewable and energy-saving technology and procurement by local authorities, targeted government funding for reduced consumption and efficiency increases, development of low-cost district heating on surplus public land, and initiatives to encourage renewables in rural communities where fuel poverty is high.	54
Diversity			
Gender diversity in the boardroom	European Commission and BIS	Submission made to the European Commission consultation on the Corporate Governance Green Paper, supporting further consideration of thresholds for women on company boards. Also participated in BIS Women on Boards consultation, calling for improved disclosure of senior management gender balance.	112

Public policy 'interventions' 2010 continued

Issue	Audience	Influence and action	Page
Climate change			
Renewable Heat Incentive	Members of Parliament	In association with the Renewable Energy Association and Friends of the Earth, parliamentary activities undertaken to encourage MP support for the Renewable Heat Incentive ahead of the Comprehensive Spending Review.	70
Anaerobic digestion and biomass	Department for Energy and Climate Change (DECC)	Response submitted to a DECC consultation on 'grandfathering policy of support for dedicated biomass, anaerobic digestion and energy from waste under the renewables obligation', supporting anaerobic digestion and biomass in the UK.	-
Mandatory greenhouse gas (GHG) reporting	Members of Parliament, Secretary of State for the Department of Environment, Food and Rural Affairs (DEFRA), Ministers and civil servants at DEFRA and BIS	Response submitted to BIS consultation on 'the future of narrative reporting' calling for the introduction of mandatory GHG reporting for large companies and reporting on future carbon liabilities where material. Meeting held with Lord Henley, Minister for the Environment; wrote to Secretary of State for DEFRA and Ministers at DEFRA and BIS; and met with BIS civil servants to call for mandatory GHG reporting by 2012.	71
EU Fuel Quality Directive	European Commission, Members of the European Parliament, European Parliament Environment Committee, UK Department for Transport and UK representatives on the EU Fuel Quality Committee	Activities undertaken to urge the European Commission to penalise the higher GHG emissions of tar sands fuels as part of the Fuel Quality Directive. Activities included: writing to the UK Minister for Transport and key Members of the European Parliament (MEPs); the formation of a coalition of European NGOs to 'keep tar sands out of Europe', with joint briefing papers sent to the European Commission, MEPs and EU Member States; holding face-to-face briefings with key MEPs; and providing questions for the European Parliament Environment Committee to put to the Commission. In September 2010, The Co-operative, Greenpeace and WWF launched a public petition to the European Parliament and met the Minister for Transport on the issue.	71
Green Investment Bank	Environmental Audit Committee (EAC), Prime Minister	Oral evidence submitted to the EAC in support of the proposal to establish a UK Green Investment Bank and letter co-signed to the Prime Minister calling for at least £4bn of initial funding and the power to raise revenues by issuing its own green bonds.	70
Biodiversity			
Illegal timber	European Parliament	Letter sent to the European Parliament's Environment Committee in support of proposal to ban import of illegally logged timber into the EU.	87

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Toxic Fuels

The Co-operative is campaigning to stop the expansion of unconventional fuel sources, such as tar sands and gas shales (page 71). In 2010 this included active support for the inclusion of tar sands fuels within the EU Fuel Quality Directive.



Votes at 16

The Co-operative believes that young people are ready, willing, and able to get involved in politics, and is campaigning for the voting age to be lowered to 16 (page 59). In 2010, it worked with MPs to table an amendment to the Alternative Voting Bill.



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Unfinished Business

The Co-operative is reinvigorating the debate on third world debt, including calling for reform of the Export Credit Guarantee Department (page 30).



Trade and business association memberships

The Co-operative has membership of a number of trade and business associations. In taking the broadest view of transparency in respect of public policy activities, all principal memberships, subscription fees and donations to trade and business associations are disclosed, together with involvements in other organisations that seek to influence public policy or business practices.

Trade and business association membership fees and donations 2010

Name	Amount
Co-operativesUK	£933,674
Building Societies Association	£303,147
Co-operative Employers Association	£300,000
Association of British Travel Agents	£167,000
National Association of Funeral Directors	£162,923
British Retail Consortium	£160,000
Royal Pharmaceutical Society for Great Britain	£129,860
Business in the Community	£94,475
International Co-operative Alliance	£76,266
Company Chemists Association	£66,539
European Community of Consumer Co-operatives (Euro-coop)	£64,155
UK Social Investment and Finance	£35,000
Green Alliance	£30,000
Ethical Trading Initiative	£30,000
European Association of Co-operative Banks	£26,760

Trade and business association membership fees and donations 2010 continued

Name	Amount
Investment Management Association	£26,629
British Banking Association	£21,660
UK Sustainable Investment and Finance	£20,000
The Wine and Spirit Trade Association	£20,000
Corporate IT Forum	£19,405
Association of British Insurers	£17,551
International Co-operative and Mutual Insurance Federation	£17,232
British Institute of Embalmers	£16,543
Scottish Grocer Federation	£15,150
National Security Industry	£12,500
Association of Mutual Insurers and Insurance Co-operatives	£11,965
Association of Convenience Stores	£11,160
The Law Society	£10,194
Finance and Leasing Association	£10,065
Forum for the Future	£10,000
Renewable Energy Association	£9,660
Association of UK Oil Importers	£9,337
Combined Heat and Power Association	£7,990
Investment and Life Assurance Group	£7,840
IGD Services (Institute of Grocery Distribution)	£7,250
AccountAbility	£7,000
ClimateWise	£5,875
National Farmers Union (England)	£5,641
Institutional Investor Group on Climate Change	£5,500
Association of British Credit Unions	£5,202
British Nutrition Foundation	£5,194
International Association of Microfinance Investors	£5,112
Council of Mortgage Lenders	£5,005
Environmental Industries Commission	£5,000
Art & Business	£5,000
London Benchmarking Group	£4,750
British Security Industry Association	£4,416
Fresh Potato Suppliers Association	£4,150
British Institute of Funeral Directors	£4,049
Guild of Travel Management	£3,250
WWF Forest and Trade Network	£3,238

Trade and business association membership fees and donations 2010 continued

Name	Amount
Employers' Forum on Disability	£3,231
Country Land and Business Association	£2,446
Communicate Mutuality (Mutuo)	£2,350
Scottish Rural Property and Business Association	£2,000
Federation of Burial and Cremation Authority	£1,798
British Retail Consortium Palm Oil	£1,706
British Food Importers and Distributors Association	£1,657
Charity Finance Directors Group	£1,630
SAC Association of Potato Producers	£1,600
Food Ethics Council	£1,370
Pharmaceutical Society of Northern Ireland	£1,350
National Farmers Union (Scotland)	£1,272
International Chamber of Commerce	£1,234
Total	£2,963,956

Political donations

The Co-operative is a significant supporter of The Co-operative Party, which was created in 1917 by the UK Co-operative Movement in order to promote its values and principles. The Party works to raise awareness of the benefits of the co-operative and mutual models, and to influence government towards support for more co-operative action. It has representation in both Houses of Parliament, the Scottish Parliament, the National Assembly of Wales and the Greater London Assembly, and, additionally, has over 350 local councillors.

In 2010, an overall financial contribution of £749,000 (2009: £676,000) was made to The Party in respect of the annual subscription and support for Party Councils. An in-kind donation of £5,000 (2009: £5,000) was also made, in the form of the provision of office space. Furthermore, donations were made of £65,000 direct to The Labour Party (2009: £63,090) and miscellaneous expenditure was incurred in support of The Labour Party at local, regional and national levels, amounting to £15,450 (2009: £7,000).

Ethical finance

The Co-operative Asset Management (TCAM) – political donations and public policy

The non-disclosure of political donations, trade association membership and public policy interventions is fast becoming a significant socially responsible investment issue and is the subject of independent shareholder resolutions tabled at annual general meetings. During 2010, there were 39 resolutions calling for political or charitable donation disclosure at the general meetings of investee companies. TCAM voted in support of 37 and abstained on two resolutions⁴. During 2010, TCAM was presented with four overseas shareholder resolutions relating to public policy, two of which were supported.

Company	Resolution	Vote registered
Pepsico Inc, Wal-Mart	To report on public policy advocacy activities, including the process for identifying and prioritising public policy issues of interest.	Supported
Bank of America Corp, Ford Motor Co	To disclose previous government employment by senior employees.	Abstained ⁵

Accompanying notes

- AccountAbility (2005) Towards responsible lobbying – leadership and public policy.
- SustainAbility (2007) Coming in from the cold: public affairs and corporate responsibility.
- SustainAbility describes 'integrated' lobbying as: 'Systems exist to manage and disclose lobbying and public policy activities. The company probably discusses policy positions on several material issues in some depth. There is an explicit link made between corporate values and principles, core business decision-making, processes and a company's approach to public policy. There is likely, for example, to be evidence of decision-making process leading from basic values and principles to specific business objectives and lobbying that supports these objectives.'
- Abstained on Citigroup resolution as policy in place and no evidence to suggest policy breach. Abstained on Pepsico Inc as request considered to be excessive.
- Abstained as the scope of the request was considered unreasonably broad.

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