

## **The Co-operators Group of Companies Sustainable Purchasing Policy**

The Co-operators is committed to conducting its business in accordance with its Sustainability Policy. We recognize we have impact and influence upstream and downstream of our operations. To that end, our Sustainable Purchasing Policy guides the Sustainable Purchasing Programs developed to inform our buying decisions and signal our priorities to the marketplace, both through Claims and Corporate Purchasing.

In order to reduce our environmental footprint and become a catalyst for sustainability, The Co-operators seeks to do business with organizations that share our values and are similarly committed to reducing greenhouse gas emissions.

The Co-operators will:

- Make purchasing decisions based on a balance between economic, social and environmental factors by ensuring that social and environmental criteria related to product and service attributes and supplier operations are regularly included in the evaluation of supplier bids and proposals
- Seek to reduce the negative and enhance the positive environmental and social impacts of our spending
- Seek to source from suppliers that are making a positive difference to society, including fair trade, co-operative, social enterprise and other social purpose businesses
- Use eco-labels and other recognized sustainability certifications to define preferred or mandatory criteria related to particular products and services
- Encourage suppliers to have a written sustainability policy, supply more environmentally-preferred and socially responsible products and services, and manage their operations in ways that foster sustainability
- Maintain minimum performance standards for our suppliers through our Code of Conduct and work with those who are out of compliance to help them improve sustainability performance. Only as a last resort will we end supplier relationships that are not aligned with our values, preferring an approach characterized by engagement and continuous improvement.
- Provide guidance and training to encourage staff involved in purchasing to adopt more sustainable practices to reduce costs and the negative environmental and social impact of goods and services we buy, while enhancing the positive sustainability impacts
- Measure, monitor and report on both internal and supplier compliance with the Sustainable Purchasing Program
- Work with stakeholders to share experiences and adopt best practice
- Communicate this Policy to our stakeholders and work towards full implementation
- Commit to a process of continuous improvement, regular review and ongoing upgrading of the Sustainable Purchasing Program

The Co-operators Corporate Sustainable Purchasing Program is co-ordinated by the Manager of Sustainability and Corporate Citizenship through the Sustainable Purchasing Committee which reports to The Co-operators Sustainability Steering Committee.

## Corporate Sustainable Purchasing Guideline

### Background:

The Co-operators is committed to being a catalyst for a sustainable society and to conducting its business in accordance with its Sustainability Policy. In order to align its purchasing with these commitments, The Co-operators is implementing a Sustainable Purchasing Program, the components of which include a Sustainable Purchasing Policy, the Guideline which defines our general approach to sustainable purchasing, and a Supplier Code of Conduct (SCC) which defines our minimum standards of social and environmental conduct for suppliers.

This Guideline applies to all new and existing suppliers. It is a requirement that all companies in The Co-operators Group adhere to this Guideline.

### 1. Guideline Purpose

In order to reduce our corporate footprint and become a catalyst for sustainability, The Co-operators seeks to do business with organizations that share our values and are similarly committed to reducing greenhouse gas emissions. The Co-operators recognizes we have an impact and influence upstream and downstream of our operations. To that end, we have adopted this Guideline to influence our buying decisions and signal our priorities to the marketplace.

In our Sustainability Policy, we committed ourselves to a continual assessment of all we do and to the ongoing pursuit of alignment with these four sustainability principles:

In a sustainable society, nature is not subject to systematically increasing...

-  ...concentrations of substances extracted from the Earth's crust,
-  ...concentrations of substances produced by society,
-  ...degradation by physical means,

and, in that society...

-  ...people are not subject to conditions that systematically undermine their capacity to meet their needs.

We see our Corporate Sustainable Purchasing Guideline as an important part of advancing our commitment to these sustainability principles and will be guided by them during the implementation of the Guideline. The Guideline provides a framework for decision-making on procurement that reflects our commitment to sustainability. It sets our minimum performance standards for suppliers and seeks to reward excellence in the marketplace.

By including sustainability considerations in our purchasing decisions, along with our traditional concerns with price, performance and availability, we will remain fiscally responsible while promoting practices that improve public health and safety, reduce pollution, conserve natural resources, and reward manufacturers and vendors that reduce the adverse and enhance the positive social and environmental impacts of their production and distribution systems.

## 2. Scope of Guideline

This policy applies to all purchasing of The Co-operators including equipment, materials and supplies, professional services, capital projects, etc. Further, it applies across all The Co-operators' operations, including its subsidiaries.

## 3. Definition of Sustainable Purchasing

Buying the most sustainably preferable alternative means The Co-operators will seek products and services that have a reduced effect on human health and the environment, support the co-operative and fair trade sector, and enhance social and environmental conditions when compared with competing products and services serving the same purpose. Further, The Co-operators will seek to source from firms who are responsibly managing their social and environmental performance.

This comparison will consider all phases of a product or service lifecycle, including raw materials acquisition, production, manufacturing, storage, packaging, distribution/transportation, operation, maintenance and disposal, including the potential for reuse and the ability to be recycled and the option of not making the purchase at all, but considering leasing or other options.

When determining whether a product or service is sustainably preferable, the following attributes should be considered:

Alignment with Sustainability Principle #1: Prevent accumulation of substances taken from the Earth's crust

- Highly energy efficient in production and use
- Reduced greenhouse gas emissions
- Locally manufactured
- Mercury-free
- Lead-free
- Recycled content – made of recycled materials, maximizing post consumer content

Alignment with Sustainability Principle #2: Prevent accumulation of substances produced by society

- Bio-based
- Biodegradable
- Chlorofluorocarbon (CFC)-free
- Compostable
- Durable, as opposed to single use or disposable items
- Persistent bio-accumulative toxics (PBT)-free
- Low-toxicity or non-toxic, preferably biodegradable
- Reduced packaging, with packaging made of recycled and/or recyclable materials

Alignment with Sustainability Principle #3: Prevent physical degradation of nature

- Made from rapidly renewable materials
- Water efficient
- Made from raw materials obtained in an environmentally sound manner
- Manufactured in an environmentally sound manner by companies with good environmental track records
- Causing minimal or no environmental impacts during normal use or maintenance
- Resource efficient
- Upgradeable

Alignment with Sustainability Principle #4: Remove barriers to meeting human needs

- Carcinogen-free, e.g.:
  - no hormone-disrupting chemicals
  - no endocrine disrupting chemicals
  - fragrance free office space
- Produced or provided by a co-operative
- Fairly traded
- Less hazardous
- Low volatile organic compound (VOC) content
- Supports disadvantaged groups through job creation and revenue generation for non-profit organizations
- Refurbished
- Made from raw materials obtained in a socially sound manner
- Manufactured in a socially sound manner by companies with good social track records
- Causing minimal or no social impacts during normal use or maintenance
- Recyclable, but if not recyclable, can be disposed of safely, or donated to a community group

When determining how the firm manages its social and environmental performance, The Co-operators will follow generally accepted standards for sustainability management and will evaluate initiatives for their potential to serve as flexible, economically-sound stepping stones in the direction of the four sustainability principles.

#### **4. Sustainable Purchasing Objectives**

The following are the objectives of the Sustainable Purchasing Program:

1. To align The Co-operators purchasing activities to our sustainability policy.
2. To leverage The Co-operators purchasing practices to advance sustainability within the marketplace.
3. To support the growth of a strong and resilient co-operative sector and the growth of minority owned businesses and the sustainable enterprise sector.
4. To support economic opportunities for socially and economically disadvantaged groups.
5. To use our purchasing power to influence suppliers to manage and reduce their environmental impacts, with a focus on managing their GHG emissions.
6. To be a model for sustainable purchasing within the co-operative sector.

#### **5. Balancing Sustainability Considerations with Performance, Availability and Financial Cost**

The Co-operators is committed to buying more sustainable goods and services as long as they meet our performance needs and are available within a reasonable period of time at a reasonable cost. Nothing in this Guideline shall be construed as requiring a purchaser or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price or in a reasonable period of time.

When comparing cost, The Co-operators will not focus exclusively on the initial price. Instead, we will calculate and compare total costs over the life of the item, which includes the initial cost along with maintenance, operating, insurance, disposal, replacement and potential liability costs. Examining life cycle costs will save money by ensuring we are quantifying the total cost of ownership before making purchasing decisions.

The Co-operators recognizes that competition exists not only in prices, but also in technical competence of suppliers, in their ability to make timely deliveries, and in the quality and performance, include sustainability performance, of their products and services. Balancing these sometimes competing factors means that initial cost is never the only consideration. It also means we will sometimes pay more for higher performing goods and services, including those with superior sustainability performance or which were manufactured and provided consistent with sustainability principles.

## 6. Guiding Principles

The Co-operators will:

1. Ensure that its Corporate Sustainable Purchasing Program is regularly reviewed and updated in support of continuous improvement.
2. Share information with current and future suppliers so they are aware of The Co-operators expectations in terms of price, quality, availability, functionality, life-cycle environmental, social, co-operative and ethical aspects.
3. Work with suppliers who do not fully comply with the policy to assist them to improve their sustainability practices.
4. Where opportunities exist (or are emerging) work collaboratively with other organizations on monitoring and verification processes (e.g. member-owners and other co-operatives).
5. Adhere to all applicable legal requirements and trade agreements.
6. Ensure product price comparisons include life cycle cost considerations whenever applicable.

## 7. Key Success Factors

The Co-operators also recognizes that to be successful and achieve its vision of being a catalyst for a sustainable society, The Co-operators Corporate Sustainable Purchasing Guideline is predicated on:

1. **Fiscal Responsibility:** Ensuring that the dictates of The Co-operators Corporate Sustainable Purchasing Guideline are aligned with approved resource allocations.
2. **Collaboration and Education:** Working with suppliers and other key stakeholders (e.g. member-owners and other co-operatives) to continuously improve purchasing activities.
3. **Fairness and Transparency:** The decision making process must be open, transparent and respect the rights of stakeholders.

## 8. Minimum Sustainability Performance Standards

1. The Co-operators will have minimal sustainability performance standards for suppliers as set out in the Code of Conduct.
2. The Co-operators will terminate business relationships if performance remains below our minimal sustainability performance standards and if suppliers are unable or unwilling to work towards our performance expectations.

## 9. Implementation, Compliance and Monitoring

1. The Co-operators will incorporate criteria in the overall evaluation process of suppliers related to sustainability in the award of contracts, and will not knowingly award contracts to any supplier who is not in substantial compliance with the performance standards contained in The Co-operators Corporate Sustainable Purchasing Guideline and as set out in the Code of Conduct.
2. The Co-operators Corporate Sustainable Purchasing Guideline will be one of the criteria in the overall evaluation process.
3. The Co-operators expects all its suppliers to respect The Co-operators Corporate Sustainable Purchasing Guideline and to do their utmost to achieve The Co-operators standards. The Co-operators believes in cooperation and is willing to work with its suppliers to improve performance where necessary.
4. The Co-operators expects that new or potential suppliers commit to respect The Co-operators Corporate Sustainable Purchasing Guideline within a reasonable period of time. In choosing new or potential suppliers, The Co-operators may give preference to suppliers who are already in compliance with The Guideline over those who are not.
5. The Co-operators will require that suppliers reflect their commitment to The Co-operators Corporate Sustainable Purchasing Guideline through specific language in supplier contracts, including agreement to independent facility inspections if so desired by The Co-operators.
6. The Co-operators may require that suppliers provide details on factory and production facility locations of suppliers and subcontractors and may make this information publicly available (e.g. annual reports, web site postings, etc).

7. Compliance with The Co-operators Corporate Sustainable Purchasing Guideline will become part of The Co-operators supplier evaluation process (along with other factors including price, service and performance).
8. The Co-operators will ensure that wherever possible specifications are amended to provide for the expanded use of sustainable products and services. The Co-operators will review current contracts and tender specifications for goods and services to ensure that wherever possible and economically feasible, specifications are amended to provide for consideration of sustainability characteristics.

#### **10. Communication, Reporting and Program Review**

1. The Co-operators will determine Key Performance Indicators to regularly review progress against its Sustainable Purchasing Objectives.
2. The Co-operators will conduct an annual review of its sustainable purchasing program, including a consultation with suppliers, community stakeholders, member-owners and other co-operatives, end users and buying partners to determine their views on the program's success. The Sustainability and Corporate Citizenship Department will be responsible for the annual review of the program, including assessing new items that may warrant inclusion under the umbrella of this Guideline. Findings will be communicated to the Sustainability Steering Committee, The Co-operators Management Group and the Board of Directors Sustainability Committee. The Sustainability and Corporate Citizenship Department will work in collaboration with Facilities Management to identify and recommend revisions to the Corporate Sustainability Purchasing Guideline. The Corporate Sustainable Purchasing Committee will make recommendations to improve the program where warranted.
3. The Co-operators will report annually on implementation of this Guideline, via its website and annual Sustainability Report.
4. Within five years from the adoption of this Guideline, The Co-operators will undertake a comprehensive review of the Guideline, goals and action plans.
5. The Co-operators commits to educating managers, purchasing departments, product specifiers, end-users, vendors and the co-operative sector on its approach and progress. It is the goal of this Guideline to ensure that staff understand the importance of their leadership roles and sustainability responsibilities and are aware of opportunities to use sustainable practices in daily decisions. This includes:
  - preparing educational and outreach materials to promote understanding of The Co-operators sustainable purchasing principles for all of the organization's departments, contractors, vendors and staff
  - training the purchasing and contracting staff and all senior managers to familiarize them with their responsibilities under this Guideline
  - training all of The Co-operators staff to ensure everyone is aware of our desire to buy more sustainable goods and services from businesses sharing our sustainability commitment, especially those individuals with permission to use The Co-operators credit cards
  - recommending ways to integrate adherence to the requirement of the Guideline into relevant employee performance reviews.

#### **11. Incremental Implementation and Continuous Improvement**

The Co-operators will implement this Guideline incrementally over time as it works towards full implementation. The Co-operators is committed to a process of continuous improvement and ongoing upgrading of this Guideline.

## **12. Governance and Accountability**

The Manager, Sustainability and Corporate Citizenship will be responsible for overseeing the implementation and reviews of the Guideline and supporting the Corporate Sustainable Purchasing Committee in its deliberations. This individual is also responsible for liaising with Claims to foster alignment.

The Corporate Sustainable Purchasing Committee is responsible for the development and implementation of the Corporate Sustainable Purchasing Guideline, including policy development, implementation plans, consultation, communication and training plans, target setting and annual reviews. The Committee recommends policies and targets to the Sustainability Steering Committee for approval by The Co-operators Management Group, and the Board of Directors, as required.

Department staff, including buyers and staff with discretionary spending authority, will be expected to adhere to and abide by this Guideline.

## Supplier Code of Conduct

### Background:

The Co-operators is committed to conducting its business in accordance with its Sustainability Policy. Our Supplier Code of Conduct (SCC) defines the minimum standards of social and environmental conduct for suppliers. The Code applies to all new and existing suppliers. It is a requirement that all companies in The Co-operators Group adhere to this Code.

### 1. The Co-operators Expectations

The Co-operators Supplier Code of Conduct (SCC) promotes and articulates a framework of consistent performance standards for our business partners. As an organization that is committed to being a catalyst for a sustainable society, The Co-operators seeks to maximize positive environmental, social and ethical impacts through our business. To accomplish this we will actively seek business partners who:

1. share similar and compatible values and a commitment to accountability and compliance with our standards as outlined in this Code of Conduct
2. seek opportunities for continuous improvement throughout the supply chain
3. strive to maintain the high level of integrity represented by The Co-operators brand.

### 2. Legal and Ethical Expectations

The Co-operators suppliers and their sub-contractors will comply with:

1. all contract provisions and legal requirements under local, regional and national laws
2. regulations of the countries in which the suppliers and sub-contractors are doing business
3. national and other applicable law of the country of manufacture of products including those related to labour, worker health and safety, and the environment.

Where the provision of law and the SCC address the same issue, higher standard will apply.

The Co-operators business partners will comply with applicable customs importing laws, and in particular, will establish and maintain programs and documentation to support country-of-origin production verification, to prevent illegal transshipping of merchandise.

### 3. Health and Safety Standards

The Co-operators suppliers and their sub-contractors will:

- provide their workers with safe and healthy work environments, which, as a minimum standard, is in compliance with country and local health, safety and environmental laws and regulations.
- take adequate steps to prevent accidents or injuries to health arising out of, associated with, or occurring in the course of work or as a result of the operation of employer facilities.
- identify, evaluate and control worker exposure to chemical, biological and physical agents. When hazards cannot be adequately controlled by engineering and/or administrative means, workers are to be provided with the appropriate personal protective equipment.
- provide written health and safety guidelines for employees in terms of equipment, training, management and work practices in the working language of employees.

#### 4. Environmental Standards

The supplier shall work to minimize its environmental impact. The supplier will comply with all applicable environmental laws and regulations and take reasonable measures to prevent damage to the environment.

The Co-operators suppliers and their sub-contractors will ensure that they comply with the following environmental standards:

- Environmental Permits and Reporting:
  - All required environmental permits (e.g. discharge monitoring) and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- Pollution Prevention and Resource Reduction:
  - Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling, and re-using materials.
- GHG Emission Reduction:
  - The supplier should monitor, measure and reduce greenhouse gas emissions.
- Hazardous Substances:
  - Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling, re-use and disposal.
- Wastewater and Solid Waste :
  - Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal.
- Packaging:
  - The supplier should minimize the use of packaging and use materials that utilize post consumer waste content that can be reused, recycled or recovered by commonly available methods in Canada and will, at their own expense, where required by The Co-operators, take back any excess or non-compliant packaging related to the products and services provided. For example, the use of polystyrene should be avoided as it cannot easily be recycled or reused.
- Air Emissions:
  - Air emissions of volatile organic chemicals, aerosols, PBDEs, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

Suppliers and sub-contractors will have a written environmental policy, and a plan to identify and minimize the impact of their activities on the environment.

#### 5. Labour Standard

##### I. Freely Chosen Employment

The Co-operators suppliers and their sub-contractors will not:

- use forced, illegal, or prison labour, including indentured or bonded labour, or any form of compulsory labour to manufacture our products.
- require workers to lodge deposits or their identity papers as a condition of employment, or financially penalize workers for resigning.

- require any foreign contract worker to remain in employment for any period of time against his or her will and will pay any required agency recruitment commissions.

## II. **Employment Relationship**

The Co-operators suppliers and their sub-contractors will not use labour-only contracting arrangements, consecutive short term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.

## III. **Child Labour Avoidance**

The Co-operators suppliers and their sub-contractors will not:

- hire people under the age of 15 (or 14 where the International Labour Organization (ILO) exemption for developing countries allows), unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply, as defined by the International Labour Organization. Where local laws do not exist or where they set lower standards than the ILO the ILO standards shall prevail. Where a child worker must be displaced, adult family members should have the opportunity to assume the child's position in order to maintain family earnings
- expose children or young workers to any situations in – or outside the workplace – that are hazardous or unsafe to their physical and mental health and development

The Co-operators suppliers and their sub-contractors will:

- acknowledge that according to the United Nations Convention on the Rights of the Child, a person is a child until the age of 18. Suppliers and their sub-contractors will ensure young workers in the age group 15-17 are employed according to the protective restrictions prescribed by local laws

## IV. **Freedom of Association and Collective Bargaining**

The Co-operators suppliers and their sub-contractors will:

- recognize and respect that workers, without distinction, have the right to form or join trade unions of their own choosing and to bargain collectively
- effectively inform personnel that they are free to join an organization of their choosing and that their doing so will not result in any negative consequences to them, or retaliation from, the company
- allow parallel means for independent, free association and bargaining where the right of freedom of association and collective bargaining is restricted under law
- ensure that worker representatives are not discriminated against and have reasonable access to carry out their representative functions in the workplace

## V. **Non-Discrimination**

The Co-operators suppliers and their sub-contractors will:

- consider employees for positions on the basis of their qualifications and abilities.
- not work with suppliers or sub-contractors who discriminate on the basis of gender, age, race, nationality or ethnic origin, disability, family responsibilities or parental status, marital status, the occupation of spouse or partner, medical or irrelevant criminal record, political convictions, pregnancy or potential pregnancy, religious beliefs or activities, sexual preference or sexuality, industrial activity or union membership, physical appearance, social origin or carers responsibility.
- ensure that pregnant workers are assigned work tasks appropriate for, and not threatening to, their condition.

## **VI. Disciplinary Practices**

The Co-operators suppliers and their sub-contractors will:

- treat workers with respect and dignity. No employee shall be subject to any form of physical, sexual, psychological or verbal harassment or abuse.
- ensure workers are free to express their concerns about workplace conditions without fear or retribution of losing their jobs. Workers should have access to a formal avenue to express concerns directly to factory management or The Co-operators representatives.

## **VI. Wages and Benefits**

The Co-operators suppliers and their sub-contractors:

- will meet national and legal requirements, whichever is higher, for wages and benefits within the country of manufacture, irrespective of special status.
- will provide all legally mandated benefits.
- meet industry standard benchmarks for prevailing wages and benefits where such benchmarks are readily available.
- recognize that wages are essential to meeting employees' essential needs and will make every effort to ensure that workers receive wages that meet essential needs by local standards.
- will pay workers directly and provide workers with clear, written accounting of hours worked, deductions, and regular and overtime wages in a language they can understand.
- ensure that deductions from wages not provided for by the laws of the countries where goods are made are not permitted without the express permission of the employee.

## **VII. Hours of Work/Overtime**

The Co-operators suppliers and their sub-contractors will:

- ensure regular working hours do not exceed 48 hours per week, and that the combination of regular hours and required overtime hours do not exceed 60 hours per week except in exceptional unforeseen circumstances.
- ensure that employees are not required to work more than the regular and overtime hours allowed by the law of the manufacturing country. In any event the normal work week, not including overtime, shall not exceed 48 hours. All overtime work shall be voluntary, shall not exceed 12 hours per week, nor be requested on a regular basis.
- ensure that when overtime is needed, workers are compensated either according to the law, or where the law is silent, at a premium rate.
- ensure workers are provided at least one day off during every 7 day period.

## **6. Employee Communication and Engagement**

This Supplier Code of Conduct shall be communicated to all employees and posted in the working language of the employees in an area accessible to all employees.

## **7. Supplier Code of Conduct Review**

The Sustainability and Corporate Citizenship Department will be responsible for annually reviewing The Co-operators Supplier Code of Conduct, including assessing new items that may warrant inclusion under the umbrella of this Code. Findings will be communicated to the Sustainability Steering Committee, The Co-operators Management Group and the Board of Directors Sustainability Committee. The Sustainability and Corporate Citizenship Department will work in collaboration with Facilities Management to identify and recommend revisions to the Supplier Code of Conduct.

## **8. Implementation, Compliance and Continuous Improvement**

The Co-operators will implement this Code incrementally over time as it works towards full implementation, starting with our strategic suppliers and migrating across the total supply chain. The Co-operators is committed to a process of continuous improvement and ongoing upgrading of this Code. We expect all our suppliers to respect this SCC and to actively do their utmost to achieve our standards. We believe in co-operation and are willing to work with suppliers to improve performance where necessary.

We may require that suppliers provide details on factory and production facility locations of suppliers and subcontractors and may make this information publicly available.

We reserve the right to ask for proof of compliance with all applicable labour, health, safety and environmental laws, and may inspect working conditions, at any time (or request independent verification of compliance). Suppliers must maintain current and sufficiently detailed records to substantiate their compliance with the SCC and The Co-operators may ask that they are independently verified at the suppliers' expense.

The Co-operators may discontinue business with suppliers who are not responsive to requests to address concerns around workplace practices.

## **9. Governance and Accountability**

The Manager of Sustainability and Corporate Citizenship will be responsible for overseeing the implementation and reviews of the Code. The Corporate Sustainable Purchasing Committee is responsible for the development and implementation of the Supplier Code of Conduct, including policy development, implementation plans, consultation, communication and training plans, target setting and annual reviews. The Committee recommends policies and targets to the Sustainability Steering Committee for approval by The Co-operators Management Group, and the Board of Directors, as required.

Department staff, including buyers and staff with discretionary spending authority, will be expected to implement this Code with The Co-operators suppliers.

Suppliers and sub-contractors are expected to abide by this Code and to implement corrective action plans when in non-compliance.

### **Contact Information**

You may contact the Manager, Sustainability and Corporate Citizenship regarding this Code of Conduct:

Wendy Carruthers

877-795-7272 ext: 2865

wendy\_carruthers@cooperators.ca

## **The Co-operators Sustainable Purchasing Program Frequently Asked Questions**

### **Why should I do this?**

We want to identify and thank our suppliers that have demonstrated leadership in sustainability. We believe that by working with our suppliers we can find cost savings and innovation opportunities by investigating our energy use, our waste stream and our impacts on natural resources and the community. We would like to align our procurement with our sustainability values and our sustainability policy and be a catalyst for a sustainable society. We want to strengthen our relationships with suppliers who share this approach to doing business.

Specifically, we seek to ensure that:

- Our suppliers are aware of the environmental, social and ethical issues, and risk and opportunities of relevance to their operations and products
- Our suppliers have management systems in place to address these issues, risks and opportunities and that
- These systems are delivering effective performance management and improvement.

### **What does the Sustainable Purchasing Program mean to me, as a supplier to The Co-operators?**

Our Program helps The Co-operators ensure our suppliers' business practices demonstrate high standards of sustainability.

There are four components of the Program:

1. Sustainable Purchasing Policy – which sets out, at a high level, The Co-operators overarching aims and is our main means of communicating our core commitments.
2. Sustainable Purchasing Guideline – which is one of three tools to implement the policy and which elaborates on our purchasing aspirations: how we hope to fulfill our policy over time. It gives guidance to our procurement staff to help them in the evaluation and selection of suppliers.
3. Supplier Code of Conduct – the tool we use to frame the minimum performance standards we expect of all suppliers on a continuous improvement basis. Prior to entering into a contract with The Co-operators all suppliers must certify their compliance with these requirements. For the foreseeable future The Co-operators will work together with suppliers who are not compliant with all requirements to develop an action plan to remedy non-compliance within the first year of the contract period. There are some exceptions to this, including child and forced labour and breaches of legislation.
4. Sustainable Purchasing Questionnaire – 14 questions we are asking our suppliers to fill out to so we can determine the strengths and weaknesses that might affect our suppliers' – and therefore our own – sustainability. We will then work with suppliers to address gaps in performance, if any, by agreeing to continuous improvement that will rectify performance gaps over time. This is intended to be a mutually beneficial, collaborative process offering greater longevity and productivity to both The Co-operators and the supplier while improving sustainability outcomes.

**How will this information be used and who has access to it?**

The Co-operators wants to better understand the practices of its suppliers. This helps us to fulfill our vision to be a catalyst for a sustainable society. This is a confidential process used solely for the purpose of screening potential and actual suppliers to The Co-operators.

**Does The Co-operators set minimum standards of performance for all suppliers?**

Yes. Over the course of the year we'll be working out our approach with existing contracts. By the end of 2010 all new suppliers are to be compliant (or working to become compliant in the short term) with the Supplier Code of Conduct. This is now an essential part of doing business with The Co-operators.

**How does The Co-operators validate suppliers' responses?**

The Code and the Questionnaire are both self-reporting mechanisms, which may be validated as part of "sample validation" of a portion of The Co-operators suppliers each year. In all cases, suppliers must ensure written evidence can be provided of answers given, should this be requested. The Co-operators will rely on the integrity of the supplier. Violation of that good faith will be considered very serious by The Co-operators.

**Where can I find more information on the Sustainable Purchasing Program and sustainability at The Co-operators? Who can I call if I have any questions?**

Contact Wendy Carruthers, Manager Sustainability and Corporate Citizenship at [wendy\\_carruthers@cooperators.ca](mailto:wendy_carruthers@cooperators.ca) or 877-795-7272 extension 2865.