Key Social and Co-operative Performance Indicators

Guidance document

prepared by
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Co-operativesUK
THE UNION OF CO-OPERATIVE ENTERPRISES

Key Social and Co-operative Performance Indicators

In its report (January 2001) the Co-operative Commission identified co-operative and social performance as a key contributor to the future success of the Co-operative sector. Its virtuous circle model reminded the Movement that co-operative enterprises are in business to fulfil their co-operative purpose; by achieving commercial success they are able to invest in their co-operative and social goals, creating a co-operative advantage.

Following the Special Congress, held in November 2001, Co-operativesUK established the Key Social & Co-operative Performance Working Group to draw up proposals for the development of a basket of indicators which would allow members of Co-operativesUK to measure their co-operative and social performance, and guidance on how to apply them. After extensive consultation and reference to emerging best practice, the Working Group initially identified sixteen indicators capable of providing a simple but broad assessment of co-operative and social performance. These were contained in an exposure draft, together with guidance on their collection, which was submitted to the 2003 Congress.

After further feedback, and informed by the views of the movement, Co-operativesUK reduced the number of indicators down to ten, and a pilot exercise involving eight member organisations from the different sectors of the Movement, was carried out. This pilot study proved a very positive and useful exercise, resulting in some further refinement prior to the launching of the indicators and guidance at the May 2004 Congress. We believe the indicators used now provide a basis on which co-operative organisations can start to measure, monitor and report on their social, co-operative and environmental performance.

Over the next two years Co-operativesUK will work with its members in a variety of ways on the implementation of the indicators. It is intended that co-operatives will adopt them gradually, becoming increasingly familiar with the processes involved and dealing with issues such as how to report to stakeholders on these aspects of their performance. Co-operativesUK will support its members through this process, helping them to compare experience, providing advice and guidance and eventually moving towards benchmarking performance. Organisations other than co-operatives have already shown interest in this work and Co-operativesUK will engage with the wider social accounting world to promote the indicators. The website (www.cooperatives-uk.coop) will be the principal channel of communication for these developments.

Peter Rogan
Chair
Social and Co-operative Performance Working Group
July 2004

Co-operative Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders - about the nature and benefits of co-operation.

6th Principle: Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

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Indicator 1: Member economic involvement.

Why measure member economic involvement?

Co-operatives are in business to meet the economic, social and cultural needs of their members. Economic participation of members is a fundamental part of co-operative identity.

This indicator provides a measure of the extent to which members are engaging with their co-operatives on an economic level. As such, it also provides an indication of the extent to which co-operatives are fulfilling their obligations to meet member needs. This is an important aspect of ensuring a strong member base, which is essential to the future of the movement.

Definition and scope of the indicator

The most appropriate way of measuring 'Member economic involvement' will differ according to the type of co-operative organisation. This guidance document defines the indicator for consumer co-operatives and worker co-operatives. Co-operatives^{UK} will work with other co-operative sectors to agree appropriate sector-specific definitions for this indicator.

Consumer co-operatives:
In the case of consumer co-operatives, 'member economic involvement' is defined as:

Trade (£) conducted with members as a proportion of turnover (%)

'Trade conducted with members' refers to the monetary value of trade with (sales to) customers who are members. This is then expressed as a proportion of total turnover.

Worker co-operatives:
In the case of worker co-operatives, 'member economic involvement' is defined as:

Member wages (£) as a proportion of total wages (%)

Other co-operatives:
Co-operatives operating in other sectors (eg housing, credit unions) will need to explore the most appropriate way of indicating the extent to which their members are involved in their co-operative at an economic level.

Collecting data on member economic involvement

Data collection for this indicator will vary according to the definition being used (see above), the nature of the co-operative and on the technology used (eg whether there is a dividend smart card which could be used as a mechanism for collecting data). It is acknowledged that in many cases, co-operatives will have to explore possible ways of measuring this indicator and that a sampling/estimation approach is acceptable as a first step in the measuring and reporting cycle.

Consumer co-operatives
Consumer co-operatives will need to collect data on the value of sales to members. One way of doing this is through the dividend card system (for those co-operatives which issue dividend cards to members only or can distinguish members' cards from non-members' cards). Although members are not able to receive a dividend on some retail sales (eg Post Office counter sales, pharmacy prescriptions), the proportion of sales to members on these items can be estimated on the same basis as demonstrated by the data from the dividend card. Where co-operatives do not issue a dividend card, an alternative approach is to carry out a survey to estimate the proportion of customers that are members and to take this as an indication of the proportion of sales that could be attributed to members (see Case Study below).[1]

[1] If the survey method is used, the survey could also be used to measure Indicator 6 (customer satisfaction).

Although members may not be able to conduct trade with co-operatives on some non-retail aspects of the business, the indicator should be reported in the context of **total** turnover (not just the turnover relating to sales which can be made to members).

Trade conducted with members would then be expressed as:

> Sales to members (£) ÷ turnover x 100%; reported in the form: "Total turnover is £X, and Y% of that turnover relates to retail activities on which the co-operative is able to trade with its members".

Worker co-operatives
Worker co-operatives will need to collect data on:

- the total value (£) of employee wages (expressed as full-time equivalent)
- the value of wages (£) for employees who are members (expressed as full-time equivalent staff)

The indicator would be calculated as:

> Value of full-time equivalent member employee wages ÷ total employee wages x 100%

Relationship to the Co-operative Principles and other guidance

- Reporting on member economic involvement will help demonstrate how co-operatives are adhering to the 3rd Co-operative Principle of 'Member economic participation'.
- The Co-operative Commission recommended that 'every Society should aim to ensure that an increasing proportion of the Society's customers become members, and that an increasing proportion of the Society's business is conducted with members' (*The Co-operative Advantage: Creating a Successful Family of Co-operative Businesses*, The report of the Co-operative Commission, January 2001, Recommendation 22)

Case studies

Scottish Midland Co-operative Society
Scottish Midland Co-operative Society carried out a number of surveys outside its stores to estimate the amount of trade carried out with members.

The survey was carried out at 8 stores over a period of several hours. The survey sought to identify:

1. How many customers were members
2. How much those 'member-customers' spent on that particular visit

This was then compared with:

1. Total number of customers making purchases at that store during that same period of time
2. Total sales for that store during that same period of time

Data was compared with the daily sales and customer numbers, and it was then possible to calculate the percentage spent that was made by members and by non-members. Findings from the survey show that just over 31% of sales are made to members, as shown in the table below.

Store	No. of customers	No. of customers who were members	Refusals*	Total sales at that store (£)	Total sales to members (£)	%
A	1023	434	294	8,747	3,168	36.22
B	1809	633	265	14,139	5,258	37.19
C	1125	349	130	9,828	1,769	18.00
D	2102	723	305	19,559	8,568	43.81
E	839	255	186	4,277	1,467	34.29
F	831	322	210	7,217	2,649	36.71
G	1492	144	69	10,221	583	5.7
H	1011	334	38	6,201	1,711	27.6
Totals	**10232**	**3195**	**1497**	**£80,189**	**£25,173**	**31.39**

* A number of customers declined the opportunity to take part in the survey.

Interpretation

This indicator provides an indication of the extent to which members are participating at an economic level in their co-operative and thus the extent to which co-operatives are fulfilling one of their core principles. The aim would be to see a year-on-year increase in the economic participation of members.

Consumer co-operatives could improve performance on this indicator by increasing both the number of customers who are members and increasing the value of sales to its customers who are members. (This could involve exploring innovative mechanisms for attracting additional business with members.) Worker co-operatives could improve performance on this indicator by increasing the level of membership among the workforce. In all cases, co-operatives will need to demonstrate the value of membership and provide incentives for becoming involved and participating at an economic level.

Indicator 2: Member democratic participation

Why measure member democratic participation?

Co-operatives are democratic organisations controlled by members, who actively participate in setting policies and making decisions. An involved and active membership is key to a successful and thriving co-operative. Co-operatives should be doing all they can to encourage and facilitate participation of members in the decision-making processes of their organisation. This indicator provides a way of demonstrating quantitatively and qualitatively how that is being done.

Definition and scope of member democratic participation

There is a quantitative and descriptive part to this indicator, which is defined as:

Average number of members voting in elections as a proportion of total membership (%)

1. **Consumer co-operatives** should measure and report on both the average number and proportion of members voting in elections. This will comprise:

   - Average number of members voting in elections
   - Average number of members voting as a proportion of total membership = average number of members voting ÷ total number of members x 100%

   'Average number of members voting' is defined as 'average number of votes cast in elections over 1 year' (ie total votes cast ÷ number of elections).

   'Elections' includes all elections to fill seats within the democratic structure (eg Boards, committees, etc). Where elections are being held concurrently to fill regional or area positions, these should be considered as one election, and all the votes cast should be considered as the total number of votes.

   'Total membership' is defined as **all** members (dormant and active).

2. **Worker co-operatives** should measure and report on:

   - Average attendance at General Meetings of members

   This should be reported in the context of the total number of meetings a year.

   Some worker co-operatives may not hold formal General Meetings, in which case they should consider where the members meet together to decide the future direction of their co-operative, and use this forum as the basis for the indicator instead.

3. All co-operatives should also provide a descriptive account of how to interpret these figures (eg in terms of the overall number of members or meetings, the number of members who are eligible to vote) and activities being undertaken to address member democratic participation.

Collecting data on member democratic participation

Consumer co-operatives should collect data from the Returning Officer on:

- Number of elections over the year
- Number of votes cast at each election

Data on total membership should be available from the member relations department.

Worker co-operatives should collect data on:

- Total number of General member meetings
- Attendance number for each meeting
- Average attendance at meetings = total number of members attending meetings throughout the year ÷ number of meetings during the year

Staff on business trips, holiday, etc should be counted as 'non attenders', although absence due to illness could be included as a legitimate reason for non-attendance.

Co-operatives^{UK} will work with other co-operative sectors to agree appropriate sector-specific definitions for this indicator.

Relationship to the Co-operative Principles and other guidance

- Reporting on member democratic participation helps demonstrate adherence to the 2nd Co-operative Principle of 'Democratic member control', which relates to the fact that co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions.
- Co-operatives also share the value of 'Democracy' which states that 'we all have the right to participate, to be … involved in making decisions…. it is the members who ultimately control the co-operative by using their vote … to elect their representatives…'.

Case studies

Oxford, Swindon & Gloucester Co-operative Society
Oxford Swindon & Gloucester Co-operative Society reports on democratic involvement of its members. In 2000, a total of 10,163 members voted in the Society's elections, an increase of 3,041. Attendance at members' meetings was 569 compared to 566 in 1999/2000. (Oxford Swindon & Gloucester Co-operative Society, *Annual Report and Financial Statements 2001*)

The Co-operative Group
In May 2001, the Co-operative Group established a new constitutional framework with eight democratic regions. Elections were required for 38 new area committees. A number of different methods of voting were trialled, including postal and internet voting as well as voting at meetings. A total of 14,065 votes were cast. (The Co-operative Group, Social Accountability Summary Report 2002)

Suma Wholefoods
Average attendance at general meetings of members (GMs) at Suma, a worker co-operative, was 70% in 2002. Six GMs were held over that period.

Interpretation

This indicator will provide information on the number of members taking part in elections or meetings, as well as putting that in the context of the overall number of members. Co-operatives should provide a commentary on any trends in the indicator (particularly if the overall percentage is so low as to hide any increase or decrease), as well as provide details of steps being taken to address membership participation in elections (eg introduction of new voting methods, new times for meetings, etc).

Member democratic participation is fundamental to co-operative identity and co-operatives should be working to ensure that this indicator shows an upward trend (ie an increase in democratic participation). Whilst the Co-operative Commission recognised that members participating in the democratic process in consumer societies will always be a small minority, there is also a need to ensure that this is maximised wherever possible, and that those taking part are as representative as possible (eg in terms of age structure).

Co-operatives could demonstrate an increase in this indicator by increasing both the number voting and the number of active members (eg by addressing membership data to ensure that it truly represents current membership levels). Guidance on reviewing membership can be obtained from Co-operatives^{UK}.

Worker co-operatives should aim for maximum attendance by members at General Meetings since the General Meeting (or equivalent) is the sovereign decision-making body of the co-operative.

Indicator 3: Participation of employees and members in training and education

Why measure participation in training and education?

Measuring employee and member participation in training and education will provide an indication of how much an organisation values these key stakeholders and how it provides opportunities for them to contribute to the success of their organisation.

Training and education is a key way of helping staff to work more effectively both internally and with external stakeholders (eg customers), as well as providing them with the technical and specialist skills needed to carry out their job. It is also important in terms of ensuring the health, safety and well-being of employees. Training and education represent a major investment (in time and money) in an employee, and can make staff feel valued, improve job satisfaction contribute to a motivated and loyal workforce. Competitive advantage comes from the development of an organisation's human capital, and effective employee training and development can contribute to improved productivity and profits.

Co-operatives are jointly owned enterprises formed to meet the common needs of their members. They are owned and democratically controlled by their members. Member participation is vital for the effective operation of a co-operative, and member training and education plays an important role in enabling members to participate fully in their co-operative.

Definition and scope of the indicator

There are two aspects to this indicator, each of which should be measured and reported separately.

1. **Employee** training
    - This should include all employees across all sites, and should cover all types of training (eg induction, Health & Safety, environmental and technical training, training in Investors in People assessment, etc).
    - Ultimately, co-operatives should aim to break the indicator down and report on training by employment level (eg senior management, administrative staff, etc). It may be appropriate to report on training by department/division (eg food retail, sales, etc) and/or subject area (technical, managerial, H&S, customer care, etc).

2. **Member** training
    - This should include all members and all types of training, including that taking place during or in association with member meetings, committee meetings, etc.

Co-operatives may choose to report on this indicator in a descriptive way, or a way that fits with existing mechanisms for assessing training. However, where possible co-operatives should report on the **time** spent on training of both employees and members. Ultimately, co-operatives should aim to report on the following two aspects:

- Average number of hours of training received **per employee** per year = total hours of training ÷ total number of employees
- Average number of hours of training received **per active member** per year = total hours of training ÷ total number of active members

Collecting data

1. Data on training provided to employees can be collected from either the Training Manager or Personnel Department. Where co-operatives are reporting on 'average hours of training per employee', this should be related to the total number of employees (also available from personnel departments). Where possible, data should include details of the type of staff and type of course.

2. Data on training provided to members is likely to be available from Member Relations departments. However, individual departments may have instigated specific member activities which could be captured in the data collection.

3. Where co-operatives are reporting on ‘average hours of training per member’, this should be calculated per ‘active member’. ‘Active members’ should be defined. For example, the Co-operative Group undertook work to integrate the share registers of both CWS and CRS following the merger of the two organisations. This involved checking three million records, and identifying dormant and active accounts. Active members were defined by their relationship with the society and the quality of records held on the share register, using a combination of criteria such as: the availability of a full postal address; more than £25 in the account; whether a transaction had occurred on the member’s share account over the past two years; participants in the democratic structure; and holders of active dividend cards.

Relationship to the Co-operative Principles and other guidance

- Reporting on training and education provides a clear indication of how co-operatives are adhering to the 5th Co-operative Principle of ‘Education, training and information’, which states that co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives.
- The Global Reporting Initiative (GRI) recommends that organisations report on the average hours of training per year per employee by category of employee (eg senior management, middle management, professional, technical, administrative, production and maintenance) (LA9). GRI also recommends that organisations should report on specific policies and programmes for skills management or for lifelong learning (LA17).

Case studies

CIS

CIS reports on its employees’ training and development programme, including the work it is doing in connection with its Investor in People (IiP) status.

In 2000, CIS employees in the Chief Office and claims office received an average of 3.9 days training. This is above the national average for financial sectors employees (of 3.1 days a year). In addition, all sales representatives and their managers undertake at least 50 hours training annually. (*Making a Difference*, CIS Social Accountability Report 2000)

Barclays

Barclays continues to invest heavily in training and development, in recognition that its success is linked with the knowledge and expertise of its employees, and that professional training and personal development opportunities are vital to long-term employability and job satisfaction. Barclays reports on employee training in terms of total training budget and face-to-face training days delivered. (Barclays plc Social and Environment Report 2001)

Oxford, Swindon & Gloucester Co-operative Society

OSG reports on various aspects of member training, including the amount spent. In 2001, OSG spent £12,085 on member training, which was a marked increase on the £3,200 spent in 2000. This included funding of New Members’ Seminars and conferences for active members. The Member Education Council has made the commitment of strengthening the Society’s training and education programme by developing links with the wider learning agenda currently being developed through the Regional Learning Partnerships and Learning and Skills Councils. (Oxford, Swindon & Gloucester Co-operative Society, Annual Report 2001)

Interpretation

Performance on this indicator provides insight into an organisation’s investment into staff and members’ skills development.

Co-operatives should benchmark performance and set targets for improvement by comparing their data with that from similar organisations/sectors. This will be easier for those co-operatives monitoring and reporting on ‘hours’ of training.

An increase in training (hours) may lead to improved performance against other indicators such as staff injury and absentee rates (Indicator 4).

Indicator 4: Staff injury and absentee rates

Why measure staff injury and absentee rates?

Data on staff injuries and absentee rates provides an indication of how well an organisation controls risks to the health and safety (H&S) of its employees and others. Through the work of the Health and Safety Executive (HSE), the government is committed to ensuring that the risks to people's health and safety from work activities are properly controlled. The HSE has also joined forces with the Department of Health to sponsor the new Healthy Workplace Initiatives to address many issues relating to absenteeism and injury.

Work-related ill-health is costly to the employer and not in the long-term interests of the employee. The scale of the costs of absence are such that even small improvements in H&S performance may offer greater opportunities for cost control than many of the business areas commonly reviewed for the purpose by management. The largest single area for loss control in any labour-intensive industry is related to health. With the majority of absences accounted for by minor complaints the potential for management of these costs is even more apparent.

Measurement of H&S can help control and reduce risk by: providing information on how the system operates in practice; identifying areas where remedial action is required; and providing a basis for continual improvement. Effective performance measurement will provide information on both the level of performance and why the performance level is as it is.

Although high rates of injury are an indication of failures in risk control and H&S management, workplace health is intrinsically linked to good employment practices in general. Issues such as opportunities for training and development, equal opportunities, opportunities for flexible working, and the way in which staff are managed are all significant for staff health and wellbeing.

Definition and scope of the indicator

This indicator should cover all employees across all sites. There are several aspects to this indicator.

- **Staff injury** rates should measure the total number of major and minor accidents and injuries per year for all staff (full and part-time), and should include a breakdown between reportable accidents (as defined under the RIDDOR regulations, www.riddor.gov.uk) and others.
- **Absentee rates** should be reported in terms of the number of working days lost through injury, illness or other unplanned absence (excluding holidays and training days) per employee each year.

Collecting data

Reporting on this indicator will require collection of the following:

- Data on reportable and non-reportable staff injuries – which is usually held by an organisation's Health & Safety Department.
- Data on absenteeism – total days of staff absence and reason for absence – which should be collected by the Personnel Department.
- Total number of staff.[2]

Relationship to the Co-operative Principles and other guidance

- Reporting on staff injury and absenteeism reflects the Co-operative Value of 'Caring for others' which encompasses the way people within co-operatives relate to each other.
- Monitoring workplace health and safety issues is encouraged by government through the work of the HSE and the Department of Health.
- The Global Reporting Initiative (GRI) recommends that organisations report on standard injury, lost day and absentee rates and number of work-related fatalities, including sub-contracted workers (LA7).

[2] Accidents and injuries should be reported against **total** number of staff (not full-time equivalents), which will facilitate comparison with benchmarks provided by the Health and Safety Executive.

Case studies

The Co-operative Group (formerly CWS)

CWS reports all accidents at work and accidents that result in three or more days' absence (which are reported to the Health and Safety Executive).

	All Accidents		Reportable Accidents	
Year	**1998**	**1999**	**1998**	**1999**
Society	3185	3592	409	496
Food retailing	1822	1727	160	148

The main causes of accidents in food retail are manual handling, slips, trips and falls and being struck by moving objects. One area of growing concern to staff is the threat of physical violence. (CWS Social Accountability Report 2000)

Shell

Shell operates in a sector with a higher-than average rate of workplace injury. In 2000, it was reported that 60 people (55 contractors and five Shell employees) lost their lives during work activity compared to 47 in 1999. Many of the deaths occurred in road accidents in developing and emerging countries where driving conditions are particularly difficult. Shell is continuing a road safety and awareness training programme to address some of the underlying causes. (*People, Planets and Profits*, The Shell Report 2000)

Interpretation

This indicator provides an indication of the effectiveness of organisational H&S policies and strategies. Co-operatives should be aiming to reduce injury and absentee rates to the lowest rates possible. It is acknowledged that adherence to the current reporting requirements relating to three-day absences may place organisations with large numbers of part-time workers (eg retail societies) in an unfavourable light. Where this is a concern, co-operatives could provide appropriate explanatory commentary for this indicator.

In order to benchmark performance and set targets for improvement in this indicator, co-operatives will need to compare themselves with similar organisations. Some jobs carry greater risks of workplace injury than others (eg heavy manual work compared to office work), and some sectors (such as mining and quarrying) have particularly high rates of injury. Size of workplace can also affect rates. The HSE provides a range of data on workplace injury and accidents against which organisations can benchmark themselves. Absentee rates also vary across sectors. Benchmarking data is available from a number of sources including the CBI (see below)

Absence levels by sector	
Sector	**No. of working days lost per employee (all employees), 2000**
Public sector	10.2
Transport and communications	9.4
Construction	8.7
IT/high-tech services	7.2
Banking, finance and insurance	7.0
Manufacturing	6.9
Retailing	5.8

Taken from CBI, *Pulling together: 2001 absence and labour turnover survey*.

A range of actions can be taken to help improve performance on this indicator. These relate to H&S policies and procedures, through to management of absenteeism, stress counselling and employee assistance programmes.

Further information

Further information on measuring and managing work-related injury is available from the Health and Safety Executive (www.hse.gov.uk), which also produces useful benchmarking data. Information on the joint Department of Health and HSE Healthy Workplace Initiative can be found at http://www.signupweb.net

Indicator 5: Staff profile – gender and ethnicity

Why measure staff profile?
An equal opportunities policy sets out an organisation's commitment to the development and use of employment procedures and practices which do not discriminate on the grounds of gender, marital status, ethnic origin, religious belief, etc.

Monitoring the gender and ethnicity profile of an organisation's workforce can help highlight possible inequalities, investigate their underlying cause and remove any unfairness or disadvantage. Without such monitoring, an organisation will not be able to identify whether it is truly offering equality of opportunities to all groups.

Promoting and ensuring equal opportunities provides a way of ensuring that an organisation fulfils its legal obligations. However, more importantly, it ensures the effective use of human resources within an organisation and can contribute to the achievement of business objectives through the harnessing of existing and potential capabilities of all staff.

Definition and scope of the staff profile indicator
This indicator covers the male/female ratio of employees and the ethnic background of employees. Data should be collated for staff at all sites and business activities.

- Gender profile should be presented in terms of % male and % female employees.
- Ethnicity profile should be presented in terms of % staff from particular ethnic backgrounds.

Where possible data should be broken down according to occupational grade (eg senior management, middle management, shop floor operatives, etc), although this may be inappropriate for smaller co-operatives. Occupational 'grade' should be defined by job title, not salary range.

The indicator excludes the age composition of the organisation, although co-operatives are encouraged to monitor and report on this aspect of staff profile wherever possible. This will be particularly important once legislation on age discrimination comes into force in 2006.

It also excludes the disability profile of the organisation. Although disability in its many forms is well defined under the Disability Discrimination Act, it is hard to get a true measure of disability within the working population if people do not want to declare themselves as disabled.

Collecting data on staff profile
- Information on the sex of employees is usually available on standard records that are kept for wages, salaries and personnel purposes. Where information is available, the next stage is to produce a record showing the number of men and women in each grade and, for each grade, the percentage of men and women. Guidance on monitoring staff by gender is available from the Equal Opportunities Commission (www.eoc.org.uk).

- Guiding principles for collecting ethnicity data are available from the Commission for Racial Equality (www.cre.gov.uk). The question you ask to collect data on people's ethnic origins should be the same as, or similar to, the census question (so that you can compare your organisation with census output data). National surveys (eg Labour Force Survey) also use comparable categories.

Relationship to the Co-operative Principles and other guidance
- The Equal Opportunities Commission (EOC) and the Commission for Racial Equality (CRE) recommend monitoring the gender and ethnic profile of an organisation as a way of ensuring that discrimination does not take place.
- Reporting on the gender and ethnic profile of staff will provide an indication that a Co-operative is adhering to the Co-operative Value of 'Equality'.

- The Global Reporting Initiative (GRI) recommends reporting on equal opportunities policies (LA10) as well as the composition of senior management and corporate governance bodies, including the female/male ratio and other indicators of diversity (LA11).

Case studies

The Co-operative Bank

The Co-operative Bank reports on the number and proportion of women at each level within the organisation and as a total of all employees. Women made up 62.6% of staff in 2001 (compared to 44.6% of the general workforce, as recorded by the Labour Force Survey). The Bank also reports on the proportion of staff who consider themselves to be from an ethnic minority and those who informed the Bank of a disability, and breaks this down into different business areas. (Co-operative Bank Partnership Report 2001)

Shell

Shell reports on the gender of its senior executives, senior and middle management.

Year	Senior executive		Senior management		Middle management	
	men	**women**	**men**	**women**	**men**	**women**
1999	94.2	5.8	92.8	7.2	84.6	15.4
2000	92.2	7.8	91.1	8.9	82.9	17.1

Shell also reports on the regional diversity of its employees (senior executives and senior management) in terms of staff country of origin as a percentage of staff at that level. (*People, Planets and Profits*, The Shell Report 2000)

Interpretation

This indicator will show the male/female ratio and the breakdown of ethnic backgrounds of employees within the organisation, at different levels of seniority and in different business activities.

Performance can be assessed against benchmarks from the national and regional labour surveys. For example, the ethnicity profile of an organisation could be considered in the context of the local and/or regional profile. Co-operatives will need to decide which benchmarks are most useful for them in terms of managing performance (eg retail co-operatives with a large trading area could benchmark performance against an overall average for their trading area, or against more local benchmarks for different stores, depending on whether ethnicity varies widely across the trading area).

Such monitoring will enable an organisation to establish the nature or extent of inequality, the areas where more action is needed, and whether measures aimed at reducing inequality are succeeding. Co-operatives are encouraged to increase the scope of this indicator by monitoring and reporting the details of staff age composition where possible. This will help them prepare for changes to legislation on age discrimination (coming into force in 2006).

Indicator 6: Customer satisfaction

Why measure customer satisfaction?
Customers have a number of expectations of organisations. These range from expectations regarding quality, price, overall value for money of products and services, and issues of health and safety, to wider issues concerning the way an organisation carries out its business activities. Measuring customer satisfaction will provide an indication of how well an organisation is dealing with these expectations – on a day-to-day basis or over specific issues – and how well it is responding to customers' needs. There is a direct correlation between customer retention and customer satisfaction. Satisfied customers are likely to return and be frequent customers and may also recommend the organisation to others, thus increasing the customer base. Thus meeting customer needs is also a key component of the co-operative virtuous circle which links social goals to commercial success.

Measuring customer satisfaction will help improve customer retention and will highlight areas for improvement in the business, as well as addressing a fundamental aspect of co-operative identity.

Definition and scope of the customer satisfaction indicator
The customer satisfaction indicator is expressed as the proportion of customers who are satisfied with a particular aspect of the co-operative's products, services or organisation:

Number of customers satisfied ÷ total number of customers x 100%

It is important that customers are asked about their satisfaction with the areas/issues that are most important to them (eg customer service, store cleanliness, etc). Clearly this will differ between co-operatives (see 'Collecting data' below). Note: this indicator is not a measure of customer complaints.

Collecting data on customer satisfaction

There are two aspects to data collection for this indicator:

1. Identifying which issues/aspects of the business you want to measure satisfaction with (eg satisfaction with speed of service, quality, price etc).
2. Collecting data on the level of customer satisfaction with that issue.

Customers should be asked about their satisfaction with the issue(s) they are most concerned about. These will reflect the nature of the co-operative business and customers' own priorities. Consequently, not all co-operatives will ask the same things – the question(s) will vary between sectors and even over time (as customer priorities change). However, as a general example, the question might take the following form:

> 'Thinking about [*co-operative X*], overall how satisfied are you with [*the goods/services offered*]? Very satisfied/satisfied/neither satisfied nor dissatisfied/dissatisfied/very dissatisfied.

Data on both aspects of the indicator could be collected at the same time. For example, customers could be asked to identify and prioritise the issues that are important to them (they could rank a list of criteria such as 'speed of service', 'quality of goods', 'cleanliness of stores', 'price', 'other', etc) and then to rate their satisfaction on each of the issues.

Data on customer satisfaction should be collected through a questionnaire survey.

- The questionnaire could comprise a postal or internet-based survey, or could be carried out through face-to-face interviews.
- The survey should be carried out on a periodic basis. Once a year is probably sufficient once established, although if problems are identified it may be necessary to carry out more to monitor the position.
- It is legitimate to survey a sample of the customer base. However, the sample should be representative of the customer base (eg geographically, in terms of spread between members and non-members, etc).

- There should be a sufficiently high response rate to ensure that the views are representative. If a mail survey is carried out, efforts should be made to maximise responses and ensure that the results are representative.
- Guidance should be sought on choosing an appropriate survey method, developing the questionnaire, sampling methods, ways of increasing response rates, etc. A mail survey is the most cost-effective method if a database is available, but interviewing customers (eg as they leave a store) may also be necessary.
- The questionnaire could be used to collect data required for other indicators (eg Indicator 1) as well as on other issues relating to customer expectations and issues.

Design and implementation of questionnaire surveys can be complex, and co-operatives are advised to seek expert help where possible.

Relationship to the Co-operative Principles and other guidance

- Customer satisfaction is fundamental to co-operatives, and is reflected in the co-operative virtuous circle which links social goals (fulfilling stakeholder needs) to competitive advantage and commercial success (through growth of the customer base).
- The Global Reporting Initiative (GRI) recommends that there should be a description of policy, procedures, management systems and compliance mechanisms related to customer satisfaction, including the results of surveys measuring customer satisfaction (PR8).
- Measuring customer satisfaction is now a mandatory requirement for all organisations seeking certification to the quality standard ISO9001:2000.

Case studies

Furniture Resource Centre

FRC runs a one-stop service which offers social landlords the ability to furnish properties speedily, and a ‘one delivery one invoice’ service to enable tenants to move in immediately. In May 2001, FRC started to ask its customers about their satisfaction with particular aspects of the company’s activities. 36% of customers responded. 47% rated FRC’s sales and marketing activity as ‘excellent’, and 39% rated it as ‘good’. 8 out of 10 customers said that FRC’s staff’s courtesy was excellent (36%) or ‘good’ (50%). (*Proving it! Highlights of the Social Accounts 2000-2001*, Furniture Resource Centre)

The Co-operative Bank

The Co-operative Bank commissions surveys to show levels of customer satisfaction with a range of issues. In 2001, these included customer satisfaction with:

- Service (attributes include: accuracy of transactions, complaint handling and helpfulness of staff).
- Relationship (attributes include: explaining how to make the best use of channels, understanding and anticipating customers’ needs, treating customers as individuals, helping with customers’ difficulties and the bank’s interest in retaining customers).
- Values (attributes include: different from other banks and open, honest and caring).

Customers’ satisfaction with the Bank’s ethical and ecological performance and the overall satisfaction of Smile internet banking customers were also assessed. Results were compared to the market average (MORI biannual surveys). (*Our Impact: Partnership Report 2001,* Co-operative Bank)

Co-operative Insurance Society

CIS commissions independent customer satisfaction surveys. Findings from the 2000 survey showed the following levels of satisfaction:

- Very satisfied: 73%
- Satisfied: 25%
- No opinion/don’t know: 2%
- Dissatisfied: 0%
- Very dissatisfied: 0%

(CIS Social Accountability Report 2000)

Interpretation

This indicator shows customer satisfaction with a particular aspect(s) of a co-operative’s performance. The overall aim should be to improve/maximise levels of customer satisfaction.

The first year’s data should be used as a baseline against which to measure future performance. However, it will not always be possible to compare results exactly as the indicator may reflect satisfaction with different issues each year, depending on the nature of the customer concerns and business activities.

Findings should be benchmarked against sector norms wherever possible. For example, the Co-operative Bank compares the satisfaction levels of its customers with those of the market average (through MORI biannual surveys).

Findings from the customer survey should be used to inform business practices and decisions, so as to respond to customer needs and thus increase levels of customer satisfaction – which should have an associated benefit to customer retention and business performance. It should be noted that this indicator is only a crude measure of customer satisfaction, and other opportunities to explore customer expectations and issues should be taken where possible.

Indicator 7: Consideration of ethical issues in procurement and investment decisions

Why measure ethical issues?

All co-operatives should be striving to carry out their activities in an ethical manner, that is, in a way which does not directly or indirectly undermine basic human rights (such as freedom from slavery, torture or discrimination) and in a way which has the least negative impact on the environment.

All business activities have environmental and social impacts, although some are more obvious than others. The way in which co-operatives use their money – eg through purchasing activities or investment – is one of the less obvious and yet potentially most far-reaching impacts it might have.

In order to help maintain and respect human rights and to protect the environment, co-operatives should be considering ethical issues associated with buying goods and services, and lending or investing money. This means scrutinising procurement processes, to ensure that the supply of goods and services is not associated with the undermining of human rights, undue pollution, unfair trade or poor animal welfare. It also means reviewing where money is invested, to ensure that it is not being used to support governments or businesses which do not uphold basic human rights, engage in illegal arms trade, or operate their businesses in a corrupt manner.

This indicator will help demonstrate how co-operatives are striving to carry out their activities in an ethical manner. By considering ethical issues associated with procurement and investment decisions, co-operatives will realise a number of benefits, including: ensuring compliance with legislation; meeting the expectations of its members, customers and other stakeholders; fulfilling its co-operative principles and values; and reducing risk associated with damaged reputation and supplier failure.

Definition and scope of the indicator

This indicator comprises a qualitative description of how a co-operative identifies and considers a wide range of ethical issues associated with its procurement (how and where it purchases all its goods and services) and investment decisions.

Ethical issues include topics and concerns such as:

- Human rights
- Labour practices
- Environmental issues
- Animal welfare
- Business conduct
- Arms trade
- Issues around certain products (eg tobacco)

Human rights refers to those rights set out in the Universal Declaration of Human Rights (www.unhchr.ch/udhr), which are seen as the universal rights which every human being is entitled to enjoy and have protected. They include a broad range of basic rights including:

- Political rights (eg right to asylum, right to take part in government).
- Civil rights (eg right to life, liberty and security, freedom from slavery and torture, freedom of expression).
- Economic rights (eg right to own property, right to work).
- Cultural rights (eg right to education, right to participate in cultural life).

They also include labour practices that relate to human rights, such as non-discrimination, freedom of association/collective bargaining, child labour, forced and compulsory labour, disciplinary practices and indigenous rights.

Collecting data

Co-operatives will be expected to provide evidence of how they take ethical issues into consideration in procurement or investment decisions. For example, a co-operative might have decided:

- to **avoid** investing in or buying from certain types of businesses due to concern over the activities the business is involved in; and/or
- to **pursue** business opportunities with certain types of businesses which are involved in socially or environmentally beneficial activities, products or services.

In terms of **procurement activities**, co-operatives might consider issues such as:

- the location of suppliers (eg are they located in countries with poor human rights records, are they local, etc)
- the activities of suppliers (eg are they linked with the arms trade, do they carry out research on animals, are they positively supporting the local economy and investing in staff, etc)
- ways in which products and services are made/delivered (eg do they contain scarce materials or timber from unsustainable sources, does the manufacturing process result in pollution, are the products transported long distances to markets, are they recyclable, etc)
- conditions within supplier companies (eg employment conditions, health and safety, practices on child labour and trade unions, etc).

In terms of **investment**, co-operatives might consider issues such as the activities and location of business and government in which it is investing (eg are they supporting regimes which fail to uphold basic human rights or working to promote fair trade).

Evidence could be provided by way of one or more of the following:

- Policies or commitments on ethical issues and human rights (eg ethical purchasing policies, environmental policies, socially responsible investment criteria), and evidence of how these are integrated into business practices (eg through the allocation of responsibilities, screening practices).
- Evidence that the organisation has considered human rights legislation and best practice (eg Conventions of the International Labour Organisation, UN Universal Declaration of Human Rights) in its business planning and processes.
- Evidence that the organisation understands and has identified the ethical issues and potential human rights impacts it might have through particular investments, goods and services.
- Sourcing of environmentally friendly products, recycled/recyclable products, fair trade products, locally grown products, organic products, etc.
- Avoidance of products and services using particular materials (eg uncertified timber, pesticides, chemicals, etc) or production processes.
- The type of supplier information collected – eg what is asked (information on environmental or H&S management and performance, etc), how/if that information is taken into account in purchasing and investment decisions, whether site visits are undertaken, etc.
- The type of information it gathers on its investment or property portfolio.
- Membership of initiatives such as the Ethical Trading Initiative, use of standards such as SA 8000, use of environmental or other labelling, etc.
- Asking Co-operative Retail Trading Group (CRTG) – or other buying group – for evidence of any of the above.

Relationship to the Co-operative Principles and other guidance

- As a member of the United Nations, the UK government has pledged to achieve the promotion of universal respect for and observance of human rights and fundamental freedoms (as set out in the UN Universal Declaration of Human Rights).
- Reporting on the management of ethical issues supports the 7th Co-operative Principle of 'Concern for community' as well as the value of 'Social responsibility' (which relates to co-operatives' being part of a wider society and having a responsibility to these communities by the setting and adhering to ethical standards).

- The Global Reporting Initiative (GRI) recommends that organisations provide evidence of consideration of human rights impacts as part of investment and procurement decisions, including the selection of suppliers/contractors (HR2). It also recommends that organisations describe the policies, guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results (HR1).

Case studies

The Co-operative Bank

The Co-operative Bank's ethical policy is based on customer consultation and reflects customers' concerns about how their money should and should not be invested. It includes statements on:

- Human rights
- The arms trade
- Corporate responsibility and global trade
- Genetic modification
- Social enterprise
- Ecological impact
- Animal welfare

The Bank reviews the acceptability of financial opportunities in the light of its ethical policy. During 2001, the Ethical Policy Unit reviewed the acceptability of 147 potential financial opportunities. 3% of those referrals related to human rights issues. Of the financial opportunities declined due to incompatibility with the Ethical Policy, 4% were associated with human rights issues. (*Our Impact: Partnership Report 2001*, The Co-operative Bank)

Interpretation

This indicator will provide some indication of the extent to which co-operatives are addressing ethical (including human rights and environmental) issues. It is expected that evidence would be available to show that co-operatives are aware of the ethical issues associated with their procurement and investment, and that these are being considered in decision making. Co-operatives would be expected to demonstrate progressive improvement in this indicator, for example by further developing policies and practices to address human rights impacts (eg by widening the scope of screening activities, implementing a 'sound sourcing' policy).

The indicator should be interpreted in the light of the range of business activities carried out by a co-operative. For example, certain sectors have a higher risk of being associated with poor human rights practices (eg if they are sourcing goods and products from particular countries, if they are dealing with multi-national companies, etc) or environmental impacts (eg if products use particular materials or involve particular manufacturing processes).

Care should be taken in interpreting the evidence provided, bearing in mind that it may not provide information regarding:

- the standard or criteria against which suppliers are being screened;
- the findings of screening activities;
- implementation of policies and practices across the co-operative;
- the proportion of investment or purchasing decisions which are subject to scrutiny.

Further information

- The UN Universal Declaration of Human Rights can be found on the website of the Office of the High Commissioner for Human Rights (http://193.194.138.190/udhr/).
- The Internal Labour Organisation website provides access to all ILO conventions (http://www.ilo.org).
- The Ethical Trading Initiative (www.ethicaltrade.org).
- Social Accountability (SA) 8000 (www.cepaa.org).
- The Fairtrade Foundation (www.fairtrade.org.uk).

Indicator 8: Investment in community and co-operative initiatives

Why measure investment in community/co-operative initiatives?

There are many reasons why an organisation might get involved in community initiatives including:

- A sense of moral and social responsibility, also responding to expectations from society.
- A belief that organisations have a long-term interest in fostering a healthy community ('enlightened self-interest').
- A desire to promote social inclusion.
- The knowledge that community interventions involving employees, customers and suppliers can have direct benefits through increased profitability, stronger company image, reduced costs, better employee morale and improved customer loyalty.

According to a recent Mori poll (July-August 2002) on company reputation, 75% of the public thinks that industry and commerce do not pay enough attention to the communities in which they operate. As community investment is often the most visible side of an organisation's social responsibility programme, reporting on this indicator can help demonstrate how organisations are meeting these stakeholder expectations. It is particularly important for co-operatives to measure and report on community investment, as community support lies at the heart of the co-operative mission and values, and is a key aspect of the co-operative virtuous circle. It is also an important opportunity to address social inclusion, which is high on the government's agenda.

This indicator also shows how co-operatives support other co-operatives by investing time and/or money in them, as a way of promoting and supporting the co-operative movement, helping meet the needs of local communities, and promoting social inclusion.

Definition and scope of the indicator

There are two elements to this indicator.

- First, it measures the proportion of pre-tax profits that a co-operative invests into the community over a one-year period.
- Second, it measures the proportion of pre-tax profits that a co-operative invests into other co-operatives over a one-year period.

$$= \text{Investment in community and co-operative initiatives (£)} \div \text{pre-tax profits (£)} \times 100\%$$

Co-operatives should report both the total amount **and** the co-operative element of this indicator.

Community and co-operative investment can take the form of:

- charitable donations,
- staff time spent in community involvement activities (see 'Collecting data' below) or on secondments,
- provision of professional services,
- gifts in kind,
- use of facilities and loan of assets,
- financial contributions such as cash donations and payments or sponsorships.

1. At a minimum, co-operatives should measure and report on **cash donations**/**investment** in community and co-operative initiatives under this indicator.
2. However, the **monetary value of staff time** and professional services should ultimately be included in this indicator (see 'Collecting data' below). Initially this could be reported in terms of time spent (hours) if preferred.
3. The indicator includes **staff time** and **money invested** in **co-operative initiatives** – where that investment does not generate commercial return for an expectation of commercial return) Note: it **excludes** money spent on trade with co-operatives.

Detailed definitions and approaches to data collection should be taken from the London Benchmarking Group (www.lbg-online.net). See below ('Collecting data') for further guidance.

Collecting data on investment in community/co-operative initiatives

The following notes are designed to help co-operatives identify what to include in their calculations for this indicator. For more detailed guidance on data collection and the monetisation of staff time, refer to the London Benchmarking Group (www.lbg-online.net).

1. Co-operatives should start by collecting data on:
   - charitable donations,
   - use of facilities and loan of assets,
   - gifts in-kind (eg raffle prizes, etc) and
   - financial contributions such as cash donations and payments or sponsorships.

   (See note i below for guidance on what to include in costing the value of investment.)

2. Co-operatives should also aim to collect data on staff time spent in **community** involvement activities (see note ii below), on provision of professional services or on secondments. Contributions of time and expertise can be difficult to quantify. The following comprise the main categories:
   - Professional and technical expertise (eg conducting audits, surveys, feasibility studies without charge or at non-commercial rates). These would normally be charged out to clients.
   - Full-time and part-time 'outward' secondments, and 'inward secondments'. If the secondments bring significant business value to the organisation, only a proportion should be reported as community involvement.
   - Managers and staff formally engaged in administration and implementation of a organisation's community and charitable activities.
   - Non-specialised assistance given from within the organisation (eg staff volunteering in normal working hours).

3. Time spent on, and money invested in, **co-operative initiatives** can be calculated by following the guidance on community investment as set out in 1 and 2 above, and iv below.

Notes:

i. Refer to the London Benchmarking Group (www.lbg-online.net) for guidance on what to include when costing the value of investment (eg funds raised by staff, the community or customers should be excluded; staff time for community [co-operative] activities should only include the element which can be seen as 'paid time off'; care should be taken with cause-related marketing programmes; etc).

ii. Community involvement should benefit one of the following groups: charities; not-for-profit organisations representing economically and socially disadvantaged groups; schools and youth organisations; environmental, development and cultural groups; organisations which aid social economic regeneration; campaigns addressing specific community needs; social enterprises. The nature of the beneficiaries should be the key factor in determining whether sponsorship can be seen as a community contribution. (For example, staff benefits or retired employee benefits can not be included, nor can commercial sponsorship.)

iii. Community [co-operative] involvement through support for education can be included in calculations of community contribution. This might include: direct cash donations, in-kind donations of equipment, secondments, provision of work experience, provision of prizes, school trips, etc.

iv. Co-operatives should only include time spent on, and investment in, co-operatives where that investment does **not** generate commercial return (see note ii above about the nature of beneficiaries). Note: money spent on trade with co-operatives should not be included (see indicator 1).

Relationship to the Co-operative Principles and other guidance

- Reporting on community and co-operative investment will provide an indication that a co-operative is adhering to the Co-operative Values of 'Caring for others' and 'Social responsibility'. It will also provide insight into the extent to which they are demonstrating 'Co-operation among co-operators' and 'Solidarity'.
- The Global Reporting Initiative (GRI) recommends reporting on 'Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group' (EC10).

Case studies

The Co-operative Group

In total, the Co-operative Group (including the Co-operative Bank but excluding CIS) contributed £5,816,402 to the community for the year ended 12 January 2002. This figure is 3.9% of profit before share interest and dividends of £150.1m. A further £2,023,851 was raised from customers, employees and other organisations levered in, as a result of the Co-operative Group's input. (*Social Accountability Summary Report 2002*, The Co-operative Group)

Abbey National

The Abbey National Group reports on the ways in which it supports local communities. In 2001, the Group reported a total contribution to the community in cash and other ways of £3.9 million (a 45% increase on the previous year). It also reported on volunteering hours spent by staff. (Abbey National Group, Corporate Citizenship Report 2001)

Interpretation

The indicator provides a way of assessing what a co-operative puts into community and co-operative development.

Co-operatives might need to include comments to explain about what has been included/excluded in the figures to enable interpretation and comparison.

By following the guidance provided by LBG, co-operatives can benchmark their performance on community investment against other organisations within and outside the co-operative movement. Business in the Community's PerCent Club Index provides a list of companies that invest a minimum of 1% of UK pre-tax profits. The Guardian newspaper now publishes an annual Giving List which offers a snapshot of the contributions to community by the FTSE 100 companies and others.

Further information

- The London Benchmarking Group (LBG) has devised a model for the management and measurement of corporate community involvement to help organisations assess and target their community programmes (see www.lbg-online.net).
- Business in the Community provides information and guidance on various aspects of community investment, including the Principles of Corporate Community Investment and the PerCent Club (for companies contributing a minimum of 1% of their pre-tax profits to community investment) (see www.bitc.org.uk).
- The Giving Campaign is an independent national campaign supported by the voluntary sector and government to increase the amount of money given to UK charities (see www.givingcampaign.org.uk).

Indicator 9: Net carbon dioxide emissions arising from operations

Why measure CO_2 emissions?

Carbon dioxide (CO_2) emissions are produced as a direct result of burning fossil fuels. Fossil fuels are the major source of energy in the UK and are used to produce electricity and gas for heating, lighting, manufacturing processes, etc, and for vehicle fuel. CO_2 is detrimental to the environment. It is a greenhouse gas and the largest contributor to the greenhouse effect – the process that is changing the earth's climatic systems, resulting in an overall rise in global temperatures and an increase in extreme weather events such as flooding.

International efforts to reduce carbon dioxide emissions are reflected by the Kyoto Protocol, under which the UK is required to reduce emissions of a basket of six greenhouse gases to 12.5% below 1990 levels by 2008-2012. The UK government has set a self-imposed goal to reduce CO_2 emissions by 20% of 1990 levels by this time.

Direct energy use and emissions from business accounts for over 40% of UK greenhouse gas emissions. Reducing these emissions is a key part of an effective national response to the challenge of climate change. Government policies such as the Climate Change Levy (or 'carbon tax') – a tax on the use of energy in industry, commerce and the public sector[3] – will provide an added incentive to businesses to reduce their CO_2 emissions. A key way of reducing CO_2 emissions associated with energy use is to purchase energy from renewable sources such as solar, wind or hydro. Organisations are also able to offset their CO_2 emissions by contributing to schemes which invest in renewable energy, improve energy-efficiency, or remove CO_2.

Definition and scope of the CO_2 indicator

This indicator measures net tonnes of CO_2 emissions associated with energy used for all on-site operations (eg in offices, manufacturing or processing) over a one-year period.

At this stage, it does not include emissions that arise from transport and off-site activities. However, it is anticipated that emissions from transport will eventually be included.

Collecting data on CO_2 emissions

An organisation's CO_2 emissions can be calculated on the basis of energy used (eg in kWh or therms), by using standard conversion factors[4] to convert this into tonnes of CO_2. Information on the total amount of energy used on-site can be collected from electricity and gas bills. Information should be collected for all sites and all fuel types. Energy consumption can be converted into tonnes of CO_2 using government conversions factors and using a table like the one below. Detailed guidance on measuring CO_2 emissions is set out in a government guidance document.[5]

Example of table an organisation could develop to show its energy use and CO_2 emissions:

Fuel type	Amount used per year	Unit	x	Conversion factor	Total Kg CO_2	x	Total tonnes CO_2
Electricity*		kWh		0.43		0.001	
Natural gas		therms		5.50		0.001	
		kWh		0.19			
Gas/diesel oil							
Petrol							

Source: Taken from *Guidelines for Company Reporting on Greenhouse Gas Emissions*, DEFRA, March 2001 (http://www.defra.gov.uk/environment/envrp/gas/index.htm) . *A common emissions factor is applied to all electricity derived from the grid. The Governmental guidelines do not change from year to year.

[3] With offsetting cuts in employers' National Insurance Contributions and additional support for energy efficiency schemes and renewable sources of energy.
[4] Available in: Guidelines for Company Reporting on Greenhouse Gas Emissions, DEFRA, March 2001 (http://www.defra.gov.uk/environment/envrp/gas/index.htm).
[5] *Ibid*.

Notes:

- Energy use can vary between seasons and with changes in levels of operation and activities. Co-operatives will need to ensure that their data reflects these variations (eg by collecting energy bills across the year, by taking the beginning and end of year amounts from the energy bill, by sampling/extrapolating data, etc).
- It is possible for one site to receive more than one electricity bill. Bills representing all site operations should be collected.
- For sites that receive both gas and electricity the total amount of CO_2 produced will need to be calculated for each fuel type and then combined to produce the total.

Relationship to the Co-operative Principles and other guidance

- Reporting on CO_2 emissions supports the 7th Co-operative Principle, 'Concern for community', which states that co-operatives work for the sustainable development of their communities.
- Reporting on greenhouse gas emissions (including CO_2) is one of the key environmental reporting areas recommended by the government (Department of Environment, Food and Rural Affairs), and is also linked to one of the government's Sustainable Development Headline Indicators (H9: Climate Change, emissions of greenhouse gases reported in tonnes of carbon dioxide equivalent).
- The Global Reporting Initiative (GRI) recommends that organisations report on emissions of greenhouse gases in tonnes (EN8).

Case studies

The Co-operative Bank

The Co-operative Bank reports on net CO_2 emissions (tonnes) arising from energy consumption. The data is normalised by expressing it in terms of tonnes of CO_2 emissions per customer account. The Bank's target to reduce CO_2 emissions by 70% per customer account was achieved in 2001 and continued for 2002. (Source: *Our Impact: Partnership Report 2001,* The Co-operative Bank)

Interpretation

The CO_2 indicator shows how much CO_2 is being generated by each organisation as a result of its direct activities on-site. To reduce environmental impacts and potentially reduce costs, organisations should be showing a year-on-year decrease in this indicator.

The first year's data should be used as a benchmark against which to assess future performance. To be able to compare consumption in different years, it will be necessary to 'normalise' the data. This should be done by picking an appropriate unit against which to report CO_2 emissions, such as per member of staff, per unit of production, per turnover, etc. This will enable comparisons of annual CO_2 emissions to be meaningful even if there are changes in number of staff, increased/decreased output, etc. Co-operatives should be aiming to demonstrate a decrease in emissions according to the normalised data.

Reductions in emissions can be achieved through increased energy-efficiency and by converting to renewable fuel supplies. The government's Energy Efficiency Best Practice Programme provides information on improving energy efficiency across a range of sectors and activities (http://www.energy-efficiency.gov.uk/index.cfm). Co-operatives can also offset their CO_2 emissions through schemes such as tree planting (in which CO_2 absorbed by growing trees can compensate for the emissions associated with energy used by an organisation).

Further information

- The government provides guidance on calculating and reporting on greenhouse gas emissions (*Guidelines for Company Reporting on Greenhouse Gas Emissions*, DEFRA, March 2001, http://www.defra.gov.uk/environment/envrp/gas/index.htm), and on ways to reduce energy consumption and improve energy efficiency (http://www.energy-efficiency.gov.uk/index.cfm).
- Information on offsetting CO_2 emissions can be obtained from Future Forests (www.futureforests.com) and from Climate Care (www.co2.org).

Indicator 10: Proportion of waste recycled/reused

Why measure waste recycling?

Waste is an ever-growing burden on society. It is expensive – costing UK industry at least £15 billion a year – and it has significant environmental impacts. The majority of the UK's waste is disposed of to landfill. Landfill sites:

- account for over a quarter of all UK methane emissions (a greenhouse gas);
- produce leachates which can contaminate groundwater;
- represent a waste of resources which could be reused or recycled;
- are an unsightly and inefficient use of land;
- are in short supply – areas such as the South East are running out of potential sites.

There is also concern over environmental impacts of other forms of disposal, such as the control of emissions from waste incinerators.

As one of several strategies to reduce the amount of waste being disposed of to landfill, the government introduced the Landfill Tax in October 1996. The Landfill Tax is levied according to the weight of waste disposed and is charged through the waste disposal contractor back to the waste producer. The tax currently stands at £13 per tonne and is set to increase by £1 each year.

There are thus strong economic as well as environmental reasons to reduce the generation of waste and our reliance on landfill. Increased recovery and recycling of waste will not only help co-operatives manage and reduce their environmental impacts, but could also significantly reduce their waste disposal costs.

Definition and scope of the waste indicator

This indicator measures the amount of waste recycled or reused and expresses it as a proportion (percentage) of total waste arisings.

Waste arisings should be measured for all sites and locations. In the context of this indicator:

- **waste** refers to any unwanted materials and items (including scrap material, effluent or unwanted surplus substance which needs disposing of because it is broken worn out, contaminated or otherwise spoiled);
- **waste arisings** refers to the amount of waste generated at a given place over a given period of time;
- **re-use** refers to the practice of using a product or item again – either within an organisation (eg reusable packaging) or outside an organisation (eg old furniture or computers that are not thrown away but given to charity or community groups instead);
- **recycling** refers to waste that is taken away to be processed and reformed as a consumable product (eg collecting waste paper to be made back into paper, using old bottles in glass manufacture, or collecting waste plastics for recycling into other plastic products).

Collecting data on the waste recycled/reused

Measurement of this indicator requires collecting data on two aspects of waste:

1. Total waste arisings.
2. The amount of waste that is reused or recycled.

The amount of waste collected and recycled can be recorded in terms of **weight** or **volume** of waste, provided the same unit is used for each so that a percentage can be calculated. Conversion factors are available to enable you to convert volumes of particular wastes into weights (eg the weight in kilograms or tonnes of one cubic metre of particular wastes, or the weight of a sack of recyclable paper, etc).[6]

The total amount of waste produced (waste arisings) can be calculated in several ways.

- Under the Duty of Care legislation, all companies should only transfer their waste to an authorised person (waste contractor), using a transfer note. Authorised contractors should therefore be able to provide companies with information on the amount of waste collected, as this should be recorded on waste licences and transfer notes. These official records can be used to calculate total waste arisings from an organisation, for all its sites. Note: where the contractor provides information in terms of volume of waste collected, the weight can be calculated using conversion factors.[7]

- For waste that is not collected in this way (eg waste collected by local authorities), it is possible to estimate the amount of waste produced. This involves recording the volume/weight of waste generated (eg number or weight of bins, skips, etc) over a period of time. Conversion factors are available to help calculate the weight of waste contained in an average skip, wheelie bin, etc.[8]

- Total waste arisings should include any waste collected for recycling or re-use, including one-off disposal of bulky items such as furniture. Recycling companies may provide you with an estimate of the volume and/or weight of recycled waste they collect from your sites. Alternatively, conversion factors can be used to estimate the weight of paper, cans, bottles, etc, collected in sacks or bins of a particular size.[9]

Notes:
- Where co-operatives share premises and waste disposal routes with other organisations, it should be possible to estimate the share of total waste arisings and recycled waste generated by their own organisation.
- Instead of calculating exact amounts of waste arisings and recycling per week, co-operatives may choose to take a representative sample and use this as the basis of calculating annual waste figures.

Example calculation
A small/medium sized office-based co-operative collects office paper for recycling, and disposes of the remainder of its waste in a wheelie bin. The wheelie bins are emptied by the local authority each week. The paper is collected in sacks and taken away by a recycling company once a fortnight. Information to be collected:

- The volume/weight of waste contained in one wheelie bin (measure it or use standard conversion factors).
- The number of wheelie bins of waste collected by the council each week.
- The volume/weight of paper contained in one sack.
- The number of sacks collected by the recyclers each fortnight.

Total waste arisings for the site (m^3) = (amount of waste collected by the local authority) + (amount of paper collected for recycling)

Amount of waste recycled/reused as a proportion of total waste arisings (%) = total amount recycling collected per year (m^3) ÷ total waste arisings per year (m^3) x 100

[6] Environmental Reporting Guidelines for Company Reporting on Waste, DETR, 2000 (http://www.defra.gov.uk/environment/envrp/waste/pdf/cowaste.pdf) ; *Green Officiency: Running a cost-effective environmentally aware office*, Environmental Technology Best Practice Programme, GG256, March 2000, p15.
[7] Ibid
[8] Ibid
[9] Ibid

Relationship to the Co-operative Principles and other guidance

- Reporting on the proportion of waste recycled/re-used supports the 7th Co-operative Principle, 'Concern for Community', which states that co-operatives work for the sustainable development of their communities.
- Reporting on waste is one of the key environmental reporting areas recommended by the government (Department of Environment, Food and Rural Affairs), and is also linked to one of the government's Sustainable Development Headline Indicators (H15: Waste arisings and Management).
- The Global Reporting Initiative (GRI) recommends that organisations report on the Total Amount of Waste Produced by Type and Destination (Indicator EN11).

Case studies

The BBC

The BBC records the amount of waste it recycles as a percentage of the total amount of waste produced. In 2002, the BBC recycled 17% of its waste, compared to 12% in 2000/01. (Source: BBC Environment Report 2001/2)

The Co-operative Bank

The Co-operative Bank reports on the amount of general solid waste, electrical and electronic waste, waste paper, waste drinks containers (metal and plastic), and waste furniture and furnishings generated each year. In 2001, 59% of the Bank's waste was recycled (with 30% being disposed of to landfill and 11% being incinerated). This was an increase of 2% on the previous year. (Source: *Our Impact: Partnership Report 2001,* The Co-operative Bank)

Interpretation

An increase in this indicator will demonstrate improved performance in waste management practices. There should be an upward trend, year-on-year.

There are two ways to improve performance against this indicator. One is to increase the amount of recycling and re-use (eg by increasing amounts or variety of materials sent for recycling and re-use). The second is to reduce overall waste arisings (eg through waste minimisation schemes), thus increasing the proportion of waste that is recycled or re-used.

Further information

DEFRA guidelines on company environmental reporting provide information on how to calculate waste arisings, together with useful tips on waste minimisation, reuse and recycling (http://www.defra.gov.uk/environment/envrp/waste/pdf/cowaste.pdf)

http://www.defra.gov.uk/environment/envrp/water/06.htm.)