

Coop Group  
SUSTAINABILITY REPORT  
2008





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# Foreword

Private consumption is a major contributor to the global ecological footprint. Food production alone accounts for 20 % of the world's CO<sub>2</sub> emissions. We are running out of time. Coop therefore took the decision to aim for a neutral carbon footprint by 2023 in areas in which it can effect change. Labelling, reduction and carbon offsetting of air freight and measures to raise consumer awareness are the first steps. And our environmentally and socially responsible flagship labels permit purchasing decisions to be taken that leave behind much less of a footprint.

Anton Felder, Chairman of the Board of Directors, and Hansueli Loosli, Chief Executive Officer.



Record-level prices for raw materials at the beginning of 2008 have made people all round the world aware that resources are finite. This development has shown us that the efficient and sparing use of resources is both sensible and necessary from an ecological, economic and social standpoint:

Ecologically, because persistent global warming, clearing of rain forests and overfishing of our seas and oceans have negative effects not only on biodiversity and the landscape, but also on human and animal welfare. The eco-footprint of Western countries is far too large – and we all contribute to it in our everyday behaviour.

Economically, because increasingly scarce energy sources and raw materials are pushing up production costs and product prices. Without our efforts to boost efficiency, these additional costs would eventually have to be passed on to customers.

Socially, because it is unacceptable for food to be processed into motor fuel and for the most vulnerable countries and population groups to suffer the most from the consequences of a scarcity of raw materials.

As a large Swiss retailer, Coop is aware that private consumption is a major factor in the global ecological footprint. We are therefore doing everything in our power to reduce its negative impact. Through our environmentally and socially responsible flagship labels we offer a wide range of attractive products that satisfy the highest demands – “for shopping that leaves behind less of a footprint”. Over and above these activities, we play an active role in Swiss and international standards bodies and in exchanges with our business partners and the authorities aimed at lowering the environmental impact of our other ranges as well. We even decide in some cases not to sell a particular product at all if we cannot find an acceptable sustainable alternative.

We are consciously taking a lead in efforts to ensure efficient utilization of resources and so we undertook in 2008 to achieve carbon neutrality within 15 years in areas in which we can directly influence CO<sub>2</sub> emissions. The focus will be on reducing emissions. We want to step up our existing activities in this area even further. These also include waste recycling and using organic waste to produce biogas.

To enable us to keep our promises and achieve our goals, we set up a Sustainability Steering Committee in 2008, consisting of representatives of all the Business Units concerned. This step will bring about a great improvement in reporting and strategic controlling of sustainability. In addition, we made our Guideline on Social-ethical and Ecological Sourcing binding throughout the Group. The Coop Sustainability Fund currently makes twelve million francs a year available for projects. Its purpose is to kick-start the adoption of sustainable production methods, support innovations in the field of energy generation and, by funding offset projects, foster valuable initiatives in those countries that, according to all studies, will suffer the most from the effects of climate change.

The past business year was the most successful in Coop's history. The extremely positive trend was due in large part to our environmentally and socially responsible flagship labels. Even if the economic outlook for the next few years is no longer quite so rosy, Coop will change nothing of its total commitment to sustainability. We are firmly convinced that our efforts, projects and partnerships are entirely in the interests of consumers. Our aim is for them to be able to shop at Coop with a sense of pleasure, a good conscience and in the certainty of getting good value for their money – not just today and tomorrow, but in the distant future as well.



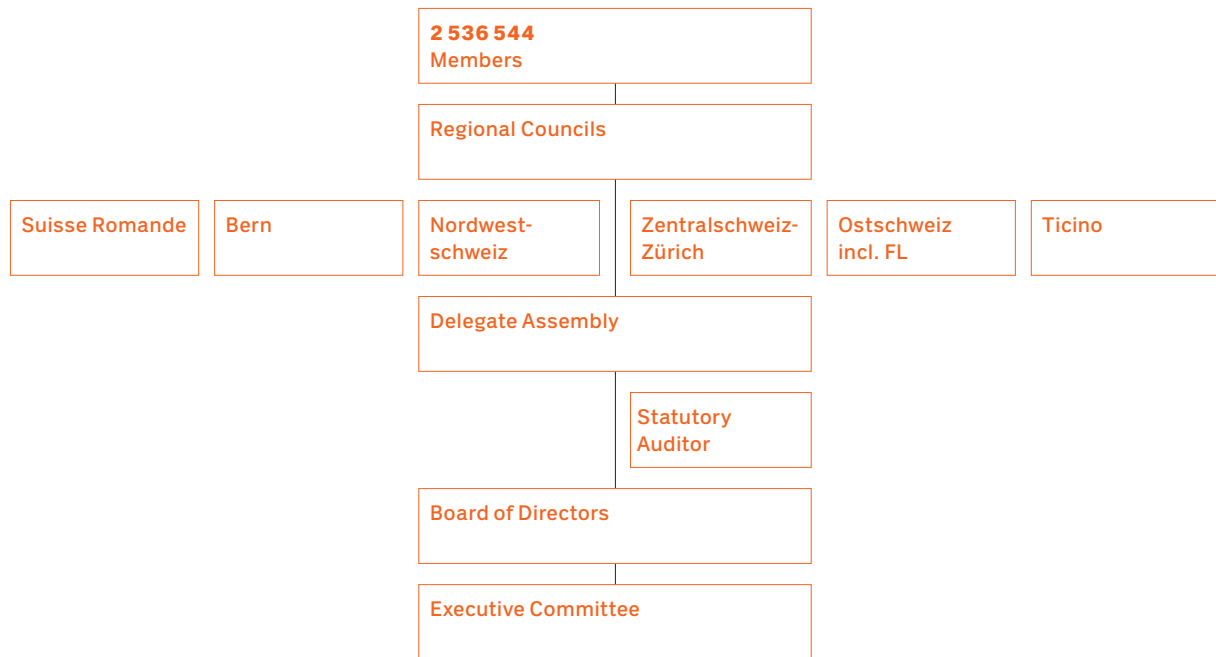
Anton Felder  
Chairman of the Board of Directors



Hansueli Loosli  
Chief Executive Officer

**THE COOP GROUP**

As at 31 december 2008



**Board of Directors**

Stefan Baumberger  
Michela Ferrari-Testa  
Beth Krasna

Silvio Bircher  
Felix Halmer  
Jean-Charles Roguet

Anton Felder (Chairman)  
Irene Kaufmann (Vice-Chairwoman)  
Giusep Valaulta

**Internal Auditing**

Franz Kessler, Head of Internal Auditing



**THE COOP GROUP'S EXECUTIVE COMMITTEE**

at its meeting of 12 January, 2009 in Basel  
1 Hansueli Loosli, 2 Jürg Peritz, 3 Rudolf Burger, 4 Leo Ebnetter, 5 Hans Peter Schwarz, 6 Jean-Marc Chapuis



# Sustainability strategy

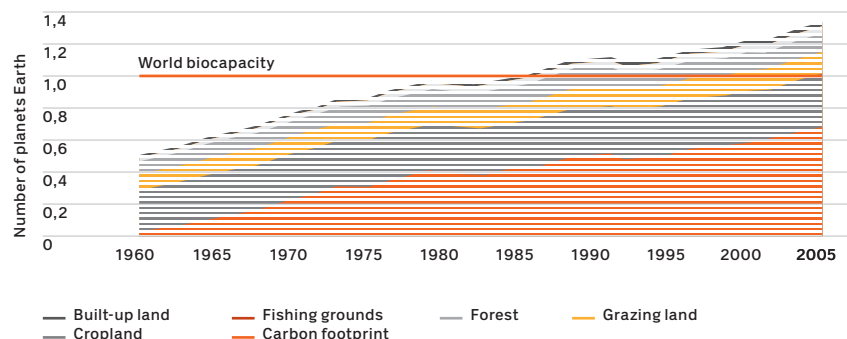
Whether in ecological, economic or social terms, Coop endeavours to act sustainably at all levels. We set demanding goals and use them as a basis for specific measures. Thanks to a comprehensive reporting system and rigorous monitoring of the extent to which goals are achieved, we can identify areas with potential for improvement. We want to set standards with our efforts.

## Wide range of varied activities involving all business partners

The provision of basic goods and services in the desired quality can no longer be taken for granted. The high raw-material prices at the beginning of 2008 were a clear sign of shortages caused by the steady growth of the world's population and the resulting increase in the demand for foodstuffs and for feed for animal production. Fresh water is also becoming increasingly scarce. Since there is no easy substitute, this problem is already causing conflicts in many parts of the world. The shortage of resources and the rising raw-material prices will increasingly trigger speculative action that drives prices upwards.

Against this backdrop, Coop – as a retailer active predominantly in Switzerland and small by international standards – perceives its responsibilities as resting in three areas. The first is the long-term provision of customers with high-quality food and articles at affordable prices. As a cooperative society, Coop is conscious of the great importance of this task. Here, producers and processors along the entire value chain must improve their productivity in order to generate prices that cover costs in the long term. Secondly, Coop has an

**Ecological footprint by component (1961–2005)**  
Source: WWF





obligation to make consumers, its employees, business partners and domestic and international competitors aware of the need to protect resources and achieve sustainable consumption. The industrialized world's ecological footprint is too big – foodstuffs are responsible for about one third of the harm being done to the global environment. Coop aims to offer products that customers can buy without their feeling bad about doing so. Thirdly, Coop perceives it as its duty to cooperate with partners in research and production in creating sustainable solutions and to play an active role in national and international organizations and make the resulting insights available to a broad public. The Coop Sustainability Fund enables Coop to work together with researchers and practitioners to create innovative solutions that can be broadly applied so as to bring a variety of tangible benefits. The Fund is currently endowed with twelve million francs a year, rising to 15 million by 2011. In addition, Coop's biennial Natura Prize is awarded to business partners who have rendered particularly valuable service in developing sustainable products to the point of launch readiness.

## FROM KNOWLEDGE TO ACTION

### **Key sustainability targets und Sustainability Steering Committee**

To make it easier to translate knowledge into action, Coop seeks wherever possible to integrate sustainability into its standard procedures and processes. It has consciously refrained from defining a separate sustainability strategy. Instead, in 2008 Coop set specific sustainability targets for all its existing strategies, from sourcing and logistics to individual sales formats and personnel. These targets are on the same level as commercial targets such as sales or customer frequency and are included in the Balanced Scorecard. In

the annual goal-setting process, they are integrated into the individual target agreements and are a co-determinant of profit-sharing. The responsibility for implementing the sustainability goals in the Group is thus spread widely, which in turn calls for meticulous coordination. To this end, Coop set up a Sustainability Steering Committee in 2008, consisting of representatives from all the business units and departments involved. The Steering Committee controls the projects in the fields of sustainable sourcing and corporate ecology and monitors achievement of their goals. It initiates new projects, coordinates employee training and information and, when major projects and organizational changes are involved, makes the necessary application to the Executive Committee. The Steering Committee can also approach the Coop Sustainability Fund for financial support for projects. Coop bases its sustainability goals on the results of risk analyses, issue monitoring and intensive stakeholder dialogue.

### **Clear guidelines for complex sourcing tasks**

With a total range of some 300,000 items, purchased from about 3,000 suppliers that may themselves have multiple operations and subcontractors, sourcing at the Coop Group is an enormously complex task. It is therefore no surprise that Coop attaches great importance to sustainable sourcing. With regard to the Coop flagship labels, the focus is on implementing sourcing practices that are exemplary in terms of social and environmental standards. Such products and partnerships enable Coop to create a distinctive, sustainable profile for itself on the market. Coop has also undertaken to implement demanding minimum requirements for environmental protection, animal welfare and fair working conditions in its standard own-brand range as well. Wherever possible, Coop draws on internationally recognized standards and external audits for this purpose, and generally allows improvements to be undertaken on a step-by-step basis. Coop would

immediately tackle any blatant infringements of the guidelines such as child labour, but no such problems arose in the last few years. A business relationship is considered only if a supplier that has infringed the sourcing guidelines does not display any insight and is not prepared to take active steps to make the necessary improvements. In the year under review, subdividing the complex task of “implementing a sustainable sourcing strategy” into manageable subprojects, with the same structure and clear goals and responsibilities, paid off.

#### **Coop’s in-house Environmental Protection Working Group**

Coop’s Environmental Protection Working Group coordinates all measures aimed at achieving efficient use of resources and an economical approach to waste and recyclable material. It also monitors the stepwise implementation of Coop’s vision of becoming “CO<sub>2</sub>-neutral by 2023”. The coordination work covers logistics (including the distribution centres), the manufacturing companies, all sales outlets regardless of format, and IT. A new reporting tool makes it easier to gather data on a decentralized basis, evaluate them centrally and apply an internal benchmarking system, for instance for energy consumption per surface area. Competition among sales outlets and regions to achieve the best ecological results is of benefit to the environment, the Group and consumers alike. After all, saving on energy means cutting costs, and is therefore good for consumers as well.

## **GOALS AND GOAL ACHIEVEMENT**

Coop’s medium-term sustainability goals are transparent because they represent a commitment to customers and society alike. Qualitative goals are underpinned by quantitative targets, the responsibility for which is assigned to different individuals. However, Coop wants the measures that it takes to achieve the goals to be transparent. The clear focus of its sustainability activities in 2008 was on expanding sustainable products and services. In this connection, Coop posted successes with the flagship labels and standard range that benefit consumers and the environment alike. Coop’s manufacturing companies also made great efforts in this respect and benefited from them, in business with third parties for instance. Coop was highly active in efforts focusing on business partners and sustainable sourcing and largely achieved its goals. However, auditing of suppliers in accordance with BSCI guidelines in particular was delayed, while training and audits in Almeria (Spain) made good progress. Coop is on the home stretch as regards its corporate ecology measures. In addition, the ground was laid for implementing its vision of achieving CO<sub>2</sub> neutrality by 2023. Coop rates as high the extent to which its goals in the field of strategy and management were achieved – not least because it successfully integrated sustainability aspects into all internal strategies and strategic controlling. In the social field too, constructive dialogue meant that solutions were developed for the problems that lay ahead.

## Coop reports on the achievement of its goals

Goals for 2008–2010	Measures taken	Goal achievement level
<b>Strategy and management</b>		
Include all Coop divisions in the process for defining sustainability goals	– Definition of quantitative sustainability goals in various organizational units, broken down into individual goals	– High
Integrate the sustainability goals into Strategic Controlling	– Introduction of sustainability goals and definition of targets in Strategic Controlling	– High
Integrate Coop Personalversicherung CPV into the sustainability process	– To be undertaken in 2009	– Low
<b>Sustainable consumption</b>		
Consolidate Coop's leadership in environmentally and socially responsible products in all sales formats	– Relaunch of Coop Naturaplan (new logo, new packaging, new advertising campaign, revised recipes, launch of over 90 modern product innovations); relaunch of Coop Naturaline cosmetic line (new logo, new packaging, revised formulations, launch of various new products); first CO <sub>2</sub> -neutral articles (T-shirts) in range; new packaging, new advertising and extension of fair-trade range in the convenience food sector	– High
Include internal purchasing in the scope of the Coop Guideline on Socio-ethical and Ecological Sourcing	– The Guideline has been revised and now applies to the entire Coop Group, including internal purchasing	– High
Expand the range of fish and shellfish from sustainable farming or from wild catch (MSC)	– Launch of first MSC-labelled canned fish – WWF-approved alternatives have been found for products derived from endangered fish species (score 5) – Products from endangered fish species have been de-listed if no sustainable alternatives were found – External monitoring of goal-achievement level by WWF in the framework of the Seafood Group	– High
Expand the range of energy-saving appliances	– Expansion of energy-efficient refrigerators and freezers range (A++ products) and de-listing of items with low energy efficiency – Introduction of two new models of energy-efficient vacuum cleaners and two of energy-efficient hair-dryers, and introduction of energy-class A household appliances. – Energy-saving bulbs that save between 30 and 80 % of electricity account for two-thirds of the new light-bulb range	– High
Expand the range of wood and paper products with the FSC label (or made from recycled fibre)	– Expansion of the range of toilet paper made from recycled fibre – The use of FSC-certified paper has been increased and now accounts for 30–40 % of tonnes of printed matter and advertising material. It accounts for over 90 % in the case of certain advertising media – More than 75 % of wood products stocked by Coop supermarkets, Coop City and Coop Building & Hobby are FSC-certified	– High
Successfully marketed products that have been sustainably produced in Switzerland (Pro Montagna, Fine Food, Bio Regio, etc.)	– Expansion of range of Slow Food presidia groups in Switzerland – Expansion of Pro Montagna range, staging of two tasting events in cooperation with producer platforms – Staging of tasting events for Bio Regio regional organic specialities in cooperation with Bio Suisse producers, competitions on the Bio Regio milk packaging, new advertisements and leaflets for the "Organic – fresh from the region" line (vegetables); expansion of the range	– High
Identify potential for reducing the use of materials in packaging and consumables	– Screening of all packaging is already on track for implementation in 2009. The aim is to identify potential for improvement in the entire range.	– Low

Goals for 2008–2010	Measures taken	Goal achievement level
<b>Employees</b>		
Integrate sustainability issues into employee training at all levels	– Train-on-the-job module for raising employee awareness; inclusion of sustainability issues in the “employee welcome day” programme	– Medium
Promote a balanced diet and more physical activity among employees at all levels	– Training of over 1,000 employees from Coop City department stores by the Nutrition Unit on the subjects of nutrition, physical activity and relaxation.	– Medium
Determine the potential for creating family-friendly working-time models	– Creation of large numbers of part-time jobs	– Medium
<b>Business partners / purchasing</b>		
Introduce a supplier management system that extends as far as their production facilities	<ul style="list-style-type: none"> <li>– Assessment of specific sustainability risks in the framework of Internal Audit System processes</li> <li>– A computer-assisted workflow system is being developed in the framework of the “Supplier Relationship Management” project</li> <li>– Audits and certification are conducted using a step-by-step, risk-based approach in the framework of the sustainability projects</li> </ul>	– Medium
Audit suppliers of textiles, toys, Coop Oecoplan and Trophy products in risk countries in accordance with BSCI standards and train them in sustainability	– The number of BSCI-audited production facilities rose from 66 to 85 and that of completed BSCI processes from 3 to 13. A further twelve suppliers became BSCI members.	– Medium
Train suppliers of fruit and vegetables in Spain, Morocco and Italy in issues relating to quality, ecology and social standards	– Coop has drawn up a list of requirements for fruit & vegetable suppliers and defined the GRASP requirements together with GlobalGAP. In Spain and Morocco, requirements were discussed in round tables with suppliers and other stakeholders and related training was provided. A similar approach is planned for Italy in 2009.	– High
Increase the proportion of soya, palm oil and coffee from sustainable production	<ul style="list-style-type: none"> <li>– Coffee: Coop covered 8 % of its overall coffee requirement (not counting Max Havelaar) with 4C coffee in 2008</li> <li>– Palm oil: previous year’s proportion was maintained</li> <li>– Soya: discussions with representatives of the mixed-feed industry were held with a view to raising overall demand in Switzerland for sustainable soya-based feeds</li> </ul>	– Medium
Define and exploit synergies with Eurogroup and Coopernic in relation to sustainable sourcing	<ul style="list-style-type: none"> <li>– Employment of a specialist at Eurogroup in Hong Kong to support suppliers of Coop and Rewe in BSCI-related matters</li> <li>– Staging of a workshop for fish buyers from Coopernic with a view to raising awareness of the problem of overfishing</li> <li>– Agreement reached among the Coopernic partners on joint standards in the food and non-food fields</li> </ul>	– Medium
<b>Corporate ecology</b>		
Reduce CO <sub>2</sub> emissions in line with the target agreement drawn up with EnAW (Business Energy Agency)	– Goal achieved for the manufacturing companies and, by a very small margin, for the distribution centres as well. Potential for reductions at the sales outlets not yet fully exploited; investigations regarding the achievement of CO <sub>2</sub> -neutrality by 2023 were carried out	– Medium
Increase the proportion of green electricity in overall electricity consumption	– New agreements for the 2008–2013 period and certification for “nature made star” electricity produced with biogas	– Medium

Goals for 2008–2010	Measures taken	Goal achievement level
Reduce energy consumption in the sales outlets and in central departments	<ul style="list-style-type: none"> <li>– All new Coop sales outlets are built in compliance with the Minergie (low-energy) standard. Seven, including five Coop Pronto shops built to this standard, have already been completed. Overall reduction in specific heat and electricity consumption; the energy-saving methods are beginning to bite</li> </ul>	– Medium
Reduce water consumption in the sales outlets and in central departments	<ul style="list-style-type: none"> <li>– Installation of 6,000 water-saving sets at the Building &amp; Hobby centres, supermarkets and megastores, and Coop City department stores. Savings of up to 40,000 m<sup>3</sup> of water!</li> </ul>	– High
Promote the eco-awareness of employees in relation to the workplace and their personal surroundings	<ul style="list-style-type: none"> <li>– Launch of CO<sub>2</sub>-Monitor energy-saving programme for employees in the framework of the WWF Climate Group; motivating of participants to take advantage of cut-price offers</li> <li>– Encouraging employees to use public transport by paying for part of the cost of a nationwide Swiss railways GA travel card. Recommendation that video conferences be used as a substitute for business travel</li> <li>– Posters at sales outlets and other operations explain various sustainability-related projects and concepts</li> </ul>	– High
Reduce motor fuel consumption by gradually switching to low-consumption company cars	<ul style="list-style-type: none"> <li>– CO<sub>2</sub> emissions have fallen by 6 %; new corporate regulation: definition of specific energy efficiency classes for company cars</li> </ul>	– Medium
Offset CO <sub>2</sub> caused by business travel and air freight in collaboration with WWF	<ul style="list-style-type: none"> <li>– CO<sub>2</sub> emissions caused by business travel are offset. Air freight is offset, except flowers (which have a positive eco-footprint). The question of which kinds of air freight can be reduced is also being examined. In addition, deliveries on behalf of coop@home are offset in full.</li> </ul>	– High
Improve information about the environmental impact of consumption	<ul style="list-style-type: none"> <li>– Coop member press (print-run of 2.5 million) reports weekly on sustainability issues in a reader-friendly way in its “ecological &amp; fair” double-page spread</li> <li>– Various workshops on sustainability staged in cooperation with WWF, authorities and scientists</li> </ul>	– Medium
<b>Stakeholders / society</b>		
Make the best possible use of the Coop Sustainability Fund to promote sustainable production and sustainable consumption	<ul style="list-style-type: none"> <li>– Promotion of product-related innovations over and above those of the flagship labels, e.g. Veau sous la mère (suckler-cow husbandry project), Hochstamm Suisse (standard fruit-trees project). Information and awareness-raising measures concerning, for instance, Coop Naturaplan and animal welfare (Krax project for schools)</li> </ul>	– High
Expand sponsorship activities in the nutrition and physical activity fields	<ul style="list-style-type: none"> <li>– Development of the Coop Municipality Duel project in cooperation with the Nutrition Unit as well as the Fitness for Kids, Fit-4-future and Freestyle/Schtifti projects aimed at children and young people.</li> </ul>	– High
Step up communication activities relating to sustainability	<ul style="list-style-type: none"> <li>– Eco-footprint campaign, Coop Sustainability Report, Coop member press, media conference on Naturaplan, media conference to raise consumer awareness of Naturaline</li> </ul>	– High
Step up political activities relating to environmental protection and sustainability	<ul style="list-style-type: none"> <li>– Discussions with authorities in Basel-Stadt and Basel-Land and cantonal justice/police ministers (KKJPD) on age restrictions for electronic media.</li> <li>– Questions and answers on the issues of litter and a deposit on drink containers have been drawn up in the framework of the IG DHS retailers’ organization. Participation in various cantons and at a federal level in round tables on the litter issue.</li> </ul>	– Medium

## COOP SUSTAINABILITY FUND

### History and the selection criteria

The Coop Sustainability Fund was created in 2007 on the basis of the Coop Naturaplan Fund that had been set up in 2003 to mark the tenth anniversary of the Coop Naturaplan label. Its original purpose had been to promote the range of organic products and other flagship labels by providing funding for research, raising consumer awareness and financing innovative approaches to the production and marketing of such products. When the Naturaplan Fund was transformed into the Coop Sustainability Fund, Coop broadened these goals to include offsetting of a large proportion of the CO<sub>2</sub> emissions generated by air freight, business travel and coop@home, costing about two million francs a year. The Coop Sustainability Fund is currently endowed with twelve million francs a year, rising to 15 million a year by 2011. The projects submitted to the Fund are assessed particularly for their innovation factor, contribution to a sustainable Coop range, credibility, prospects of success and communicability. When awarding financial assistance, Coop ensures an equitable distribution of the Fund's resources. On the one hand, it should benefit the entire value chain, from basic research all the way through to consumer information. On the other, it should be geared to the key concerns of climate and energy, water and protection of resources, overfishing, biodiversity in the broadest sense, and people, health and nutrition. Full information can be found in the Coop Group's 2007 Sustainability Report and on the Internet.

### Support for innovative sustainability projects

About 100 projects are submitted for assessment each year. To keep administrative costs low and support Coop's partner organizations, a large proportion of the money is awarded to major projects requiring up to 500,000 francs in funding. Coop earmarks a total

of half a million francs each year for small projects, thereby also giving new ideas and groups a chance of receiving funding. Funding decisions are taken by a team of seven, who can also draw on the support and advice of an external expert on sustainability. Coop attaches particular importance to meticulous project planning in order to keep the chances of success high despite the requirement that the projects be innovative. The Coop Sustainability Fund currently supports 37 projects. As an example, the partnership project with the "Hochstamm Suisse" label organization for the promotion of standard fruit-trees in Switzerland is described below to highlight the way in which the Fund operates and its importance for the creation of a sustainable product range at Coop.

### For the future of standard fruit-trees

The numbers of standard (tall) fruit-trees and thus the habitats of many species of fauna have declined drastically in the last few years as a result of the spread of intensive farming and changes in consumer habits. Though there are still around two million standard fruit-trees in Switzerland, seven of them are felled every hour and are not replaced. The project proposal submitted by Hochstamm Suisse to preserve and foster these trees was examined by Coop in a multi-step selection procedure. Since the preservation of endangered biodiversity in the landscape, animal kingdom, agriculture and flavour is a particular concern of Coop, the Executive Committee approved the proposal at the end of 2007. Besides the funding given for standard fruit-trees by the federal and cantonal governments, Coop and Hochstamm Suisse regard the development of a varied range of Hochstamm Suisse products and raising customer awareness as ways of saving the trees. The next step was for Coop to set up an interdisciplinary working group to discuss the implementation of an action plan drawn up by Hochstamm Suisse. This group continues to meet several times a year and

“Coop supports the WWF’s CO<sub>2</sub> compensation programme in Nepal. By building biogas plants, we can prevent the loss by deforestation of up to 5,475 tonnes of wood annually.”

consists of Coop representatives from purchasing, sustainability advertising, communication, sales planning, marketing, advertising and public relations. In 2008, Coop embarked on a pilot project which involved adding a number of new products to the range under the Slow Food label such as the Posamenter plum tart. The establishment of the partnership and the launch of the products were communicated in the form of flyers attached to the goods and in media releases and Coop member press (Coopzeitung) reports.

Every three months, Coop audits and reports on the content and finances of each Fund project. With regard to the Hochstamm Suisse project, it was shown that the partnership with Coop had fundamentally improved the situation of the fruit-trees, producers and Hochstamm Suisse alike. Thanks to an increase in sales volumes, Coop was able to put a further 16,500 standard fruit-trees under contract within one year. With the launch of Coop apple juice, annual sales of Hochstamm Suisse’s licensees doubled to over one million francs. Thus, Coop’s standard fruit-tree products already account for around 70 % of overall sales of Hochstamm Suisse products. In addition, contributions from the Coop Sustainability Fund will help finance appearances at trade fairs and markets, develop a modern look and relaunch the nationwide Standard Fruit-tree Day. Thanks to this partnership with Coop, other interested food processors, producers and organizations such as Slow Food or Pro Specie Rara are now aware of the Hochstamm Suisse label.

>> [www.hochstamm-suisse.ch](http://www.hochstamm-suisse.ch)

**Coop Sustainability Fund  
Funding, by strategic area**  
in Swiss francs

Strategic themes	2007	2008
Climate	2 132 568	4 098 547
Water	90 170	300 000
Plants, animals, soil	6 929 884	6 442 866
People	1 587 400	1 158 587
<b>Total</b>	<b>10 740 022</b>	<b>12 000 000</b>

## Coop Sustainability Fund

### External projects of a purely developmental nature

**Naturaplan Biogas50:** support for the construction of a total of 50 biogas plants at the farms of Coop Naturafarm and organic producers (producers, Federal Office of Energy, Swiss Energy, 2005–2012)

**Green electricity:** promotion of electricity produced from water, wind and sun under the “nature made star” label by funding the environmental added value and purchasing green electricity for Coop’s own use (IWB, Swiss Hydro, 2003–2012)

**Carbon offsetting:** offsetting of CO<sub>2</sub> emissions caused by air freight, business travel and coop@home deliveries with WWF projects in Madagascar and Nepal in compliance with the Gold Standard (WWF, 2007–2012)

**WWF environmental partnership:** wide-ranging partnership with WWF on environmental protection and sustainable consumption, particularly in relation to overfishing, climate change/energy, wood, soya, palm oil and raising of public awareness (WWF, 2005–2011)

**Cudrefin.02 Foundation:** Raising the awareness of young people about sustainability issues and models for the future. Project weeks for classes of schoolchildren at the Future Workshop in Cudrefin and support for more far-reaching projects at home (Cudrefin.02 Foundation, 2005–2008)

**Tropenhaus Frutigen exhibition:** Devising and implementing an exhibition on (organic) aquaculture as a possible means of solving the global problem of overfishing. The exhibition also focuses on a healthy, balanced diet and sustainable consumption (Tropenhaus Frutigen AG, 2007–2012)

**FiBL Quantum Leap:** basic research on the production of organic seed, improvement of the external and internal quality of organic products and raising the quality of organic milk (Research Institute of Organic Agriculture FiBL, 2003–2011)

**Sativa:** promoting the cultivation and seed propagation of varieties of organic wheat and organic spelt (Sativa, Genossenschaft für Demeter-Saatgut [Cooperative for Demeter Seed] and Getreidezüchtung Peter Kunz [grain producer], 2003–2011)

**Veau sous la mère:** basic research on suckler-cow husbandry in calf-fattening as the most natural and animal-friendly form of cattle rearing, with particular attention to husbandry and feed regimens (Suckler Cow Switzerland, 2007–2008)

**Pro Schwein:** various studies aimed at developing practical methods of painless piglet castration (Agroscope Liebefeld-Posieux Research Station ALP, Swiss College of Agriculture SHL, 2004–2008)

**Coop Naturafarm Veal research study:** study of the effect of integrated veterinary stock management in the calf-rearing industry in accordance with Coop Naturafarm guidelines (Clinic for Ruminants, Vetsuisse Faculty of Berne University, Swiss Bovine Health Service, 2004–2008)

**Organic farming in tropical regions:** comparative study of the contribution of organic farming to securing the food supply, combating poverty and preserving eco-systems in tropical and subtropical regions (Research Institute of Organic Agriculture FiBL, Swiss Agency for Development and Cooperation SDC, BioVision, Agricultural Information Centre LID, 2006–2012)

**Use of beneficial organisms to protect storage supplies:** promoting the use of beneficial organisms as an alternative to chemical-synthetic insecticides for the storage of cereals and foodstuffs (Research Institute of Organic Agriculture FiBL, Andermatt Biocontrol AG, Desinfesta Dienstleistung AG, 2006–2008)

**Pro Specie Rara demonstration network:** promoting Pro Specie Rara diversity gardens, orchards and “arks” throughout Switzerland in order to raise public awareness of endangered species and varieties (Pro Specie Rara, 2003–2009)

**More Room for Butterflies:** projects for the protection of endangered species of butterfly in five regions of Switzerland (Pro Natura, 2004–2008)

**Krax:** a school project of the Swiss animal-welfare organization STS to raise awareness of animal welfare issues among schoolchildren and young people (STS, 2007–2010)

**bioRe projects:** promotion and underpinning of innovative social projects in the training, health and nutrition fields for some 10,300 bioRe cotton producers and their families in India and Tanzania (bioRe Foundation, 2007–2011)

**Slow Food:** partnership with Slow Food to promote food culture and protect biodiversity and high-quality, artisanal products in Swiss presidia groups (Slow Food Switzerland, 2006–2011)

**Small-scale projects:** raising public awareness and promoting environmentally and socially responsible flagship labels through various initiatives (e.g. sanu Partner for Environmental Training and Sustainability; 2005–2012)

**Schtifti e-learning tool:** online interactive guide to a healthy diet and higher level of physical activity in children and young people (Schtifti Foundation for youth-focused social projects, 2008)

**Sustainable consumption:** compiling eco-audits of the entire product life cycle of specific product categories to help purchasing managers and consumers make informed decisions (Federal Institute of Technology Zurich, 2008–2009)

**Wind parks:** support for a study of the potential value of wind power, involving the construction of wind measurement masts at selected locations and the development of energy generation from renewable sources (SwissWinds, 2008–2009)

### Internal projects of direct benefit to Coop’s range of sustainable products

**Promoting the sourcing of organic products:** sourcing-oriented FiBL projects aimed at improving existing, and introducing new, organic products (Research Institute of Organic Agriculture FiBL, 2003–2011)

**Pro Specie Rara product development:** promotion and communication of Pro Specie Rara to preserve heirloom crops and breeds (Pro Specie Rara, 2003–2009)

**Promoting Bio-Regio:** developing and promoting the “Regional organic specialities” line (Bio Suisse, 2004–2008)

**Promoting flagship labels:** strengthening marketing communication for Coop flagship labels (2003–2012).

**Promoting standard fruit-trees:** maintaining and fostering endangered standard fruit-trees as a characteristic feature of Switzerland’s traditional landscape by developing a range of “Hochstamm Suisse” products and related communication measures (Hochstamm Suisse, 2008–2010)



## MILESTONES

1973	Environmental protection is enshrined in Coop's Articles of Association.	2007	Establishment of a Carbon Offsetting Fund endowed with up to 2 million francs a year.
1989	Launch of Coop Oecoplan, the first environmental label.		Decision to build all new sales outlets to comply with the Minergie (low-energy) standard. First Minergie certificate awarded to the Schönenwerd sales outlet.
1993	Coop Naturaplan and Coop Naturaline flagship labels are launched, along with the first certified fair-trade products under the Max Havelaar label.		Launch of four new sustainability flagship labels: Naturafarm (meat and eggs from humane animal husbandry with access to range; previously a Naturaplan product line, now a separate flagship label), Pro Specie Rara (previously a Naturaplan product line, now a separate flagship label), Pro Montagna and Slow Food.
1995	Coop Naturaline textiles switch to organic cotton.		
2000	First code of conduct in the textile industry; replaced in 2007 by the BSCI Code of Conduct.	2008	Decision to implement vision of achieving "CO <sub>2</sub> -neutrality by 2023".
2001	Sales of the four environmentally and socially responsible flagship labels exceed one billion francs for the first time.		Relaunch of Naturaplan: the most important sustainability label is given a modern logo and packaging. In addition, the Naturaplan range is extended by 90 new items to a total of some 1,600 and further developed in terms of sensory characteristics and health.
2002	Guideline on Socio-ethical and Ecological Sourcing; updated and made mandatory for the entire Coop Group, including internal purchasing, in 2008.		
2003	Coop Naturaplan Fund created to promote projects with a sustainable dimension; merged with the Carbon Offsetting Fund to form the Coop Sustainability Fund in 2008.		
2004	First Coop sustainability report; published regularly as part of the annual report from 2006 on.  Code of conduct to govern the behaviour of employees vis-à-vis business partners.  Launch of "Regional organic specialities" line under the Naturaplan label (extended in 2006 to include regional organic fruit and vegetables).		
2005	Coop becomes a member of the Business Social Compliance Initiative (BSCI).		
2006	First environmental partnership with WWF Switzerland in the areas of forestry (FSC products), sea and fisheries (seafood), and climate (energy-saving).		



→



# From Indian organic cotton to carbon-neutral Naturaline T-shirts







Coop Naturaline textiles are made entirely from organic cotton. All processing steps have to comply with strict social and ecological guidelines. The Indian cotton farmers receive higher, stable prices for their organic cotton. In addition, Coop funds social projects in the growing regions through the bioRe Foundation it has established in cooperation with Remei. Coop Naturaline offered customers 80,000 carbon-neutral T-shirts in 2008. All CO<sub>2</sub> emissions in the product chain were reduced and offset with local projects. All Naturaline textiles will be carbon-neutral by 2012.

# Sustainable consumption

Coop offers a large and attractive range of environmentally and socially responsible products. Growing numbers of consumers combine a sense of responsibility with a modern lifestyle and enjoyment. We bring our offering into line with these customer aspirations, thereby reducing our ecological footprint both now and in the future.

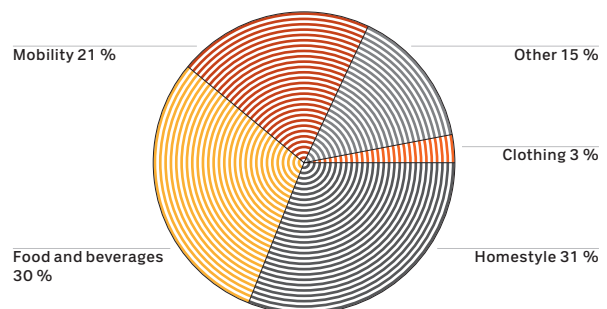
## CONSUMER NEEDS

### Lohas: new lifestyle promoting sustainable consumption

Over the last twenty years, trends in consumption have evolved from “yuppies” (young urban professionals) through “dinks” (double income no kids) to today’s “Lohas” (lifestyle of health and sustainability). Where the focus had previously been on material affluence and hedonism, today’s consumer is more concerned with the well-being of the community, ethical behaviour, involvement, fairness and consideration for the environment. For today’s consumer, quality comes before quantity. A growing proportion of consumers want to treat the environment in a responsible manner, but without dispensing with zest for life and enjoyment.

### Environmental impact of consumption

Source: ecointesys 2007. The finance interface is included indirectly in the respective consumption sectors.



### **Consumers actively exerting influence**

Consumers are increasingly realizing that their purchases have direct consequences. The effects of climate change that can be seen and felt have strengthened this awareness. According to a broad-based European study, seven out of ten customers say that they consciously bear social, ecological and other ethical considerations in mind when shopping. In addition, customers no longer believe that the state and politicians can solve global problems. They are discovering the power and influence they have by making conscious choices when shopping, and in doing so they are taking on responsibility as individuals.

### **Customer needs act as a motor for Coop**

Highly aware customers make unequivocal demands on companies and their product ranges. Others are less knowledgeable or interested and do not communicate their needs so precisely. Coop wants to satisfy all customers – regardless of their level of awareness. These different requirements are the motor that drives Coop in sustainability issues. By offering a range of products that largely satisfies all needs, Coop is aware that as a retailer it can make a major contribution to sustainability.

### **Product selection is of great relevance**

Customers' wishes vary greatly in terms of sustainability. Coop wants to take action wherever the negative impact of consumption is strongest. From Coop's vantage point, the current sustainability problems most urgently requiring attention are in the areas of climate change, water shortage, overfishing, destruction of woodland, dwindling biodiversity and fair working conditions. Environmental impacts accrue along the entire value chain – from production of raw materials all the way through to disposal. Coop's many long-term measures can do a great deal to reduce these impacts. With its comprehensive offering, particularly the or-

ganic, animal-friendly and socially accountable labels, it already offers consumers effective approaches to solutions. Coop has received numerous awards for its sustainable labels. Despite being a small retailer by international standards, Coop is a world leader in many sectors.

## **FOOD**

Customers want healthy, natural products. And these should, wherever possible, be sourced locally, preferably from the region. The products should have as little impact on the environment as possible. In particular, meat and eggs should be produced with due regard for animal welfare.

Coop employs the following labels as solutions to these requirements in the food sector:

**Naturaplan:** organically grown foods identified by the Bio bud logo. **Naturafarm:** meat and eggs from humane animal husbandry. Animal welfare is the focus of all rearing, husbandry, feeding and transport activities. **Pro Montagna:** choice products from Swiss mountain regions. Keeping jobs in mountain regions. A portion of the sales price of each purchase goes to Coop Sponsorship for Mountain Regions. **Pro Specie Rara:** by purchasing Pro Specie Rara products, customers help preserve the diversity of domestic animal breeds and heirloom crops. **Slow Food:** response to the rapid spread of fast food. By purchasing these products, customers help preserve food culture and diversity of taste. **Max Havelaar:** fair-trade products.

### **Naturaplan – uncompromisingly organic**

In 2008, Coop adapted Naturaplan to the Lohas trend described above, carrying out a complete relaunch of the successful Naturaplan label in spring. It streamlined and updated the logo and redesigned the packaging to make it more attractive and modern, and it

introduced 90 new, modern yet healthy products. The Naturaplan label now comprises more than 1,600 items, making it one of the largest and most attractive organic labels anywhere in the world. With a market share of over 50 %, Coop is the leader in Switzerland's organics market. It looks to the demanding Bio Suisse bud label for certification, i.e. it is "uncompromisingly organic". Coop Naturaplan and the Bio bud label go much further than the minimum legal requirements that organic products have to satisfy. In eco-audits, bud-labelled products do much better than other organic products. In contrast to non-bud-labelled organic items that satisfy the minimum legal requirements, Naturaplan products are obtained from farms that operate on an entirely organic, closed-cycle basis. Bud-labelled products must not be transported by air. Heating of greenhouses for winter production of vegetables is prohibited. With the exception of tropical fruit and shrimp, no fresh products from overseas are labelled with the bud emblem. Preference is given to Swiss products. The bud label is not used on products that require clearing of virgin forest. And, lastly, every product, including imports, must be traceable all the way down the line to the individual farmer.

>> [www.biosuisse.ch](http://www.biosuisse.ch)

### **Regional organic specialities and "Organic – fresh from the region"**

With its "Regional organic specialities" line, Coop offers superior organic products with a regional character as part of its Naturaplan range. This offers small-scale producers a new sales channel, safeguards jobs and promotes added value in peripheral regions. The products conform to the strict Bio Suisse guidelines, and the companies are inspected regularly by independent auditors. The regional organic specialities range comprises over 100 products from more than 30 growing regions throughout Switzerland. With organic pasteurized milk from 13 different regions, Coop is the only

Swiss-wide provider with a range of regional organic milk products. In order to promote regional organic products, Coop holds regular tastings at points of sale, sometimes attended by organic milk farmers. In addition, Coop offers organic fruit and vegetables from eight different regions at 270 points of sale as part of its "Organic – fresh from the region" range. Seasonal products, natural fertilizer, robust varieties and environmentally friendly production characterize this product range. In 2009 the "Organic – fresh from the region" range will also be available in the Geneva region.

### **Naturafarm:**

#### **meat and eggs from humane animal husbandry**

Besides organic meat in green bud-labelled packaging, Coop also offers meat and eggs from humane animal husbandry under the Naturafarm label. Products for this flagship label come in blue packaging. In the run-up to World Animal Day, Coop commissioned a study which showed that customers were guided by animal-welfare considerations when purchasing meat. 42 % of interviewees preferred brands of meat that guaranteed humane animal husbandry. A further 30 % were occasionally influenced by this consideration. With regard to animal welfare, Coop enjoys the greatest consumer trust – more than other retailers, butcher's shops and farmers who sell directly to customers from their farms. The Swiss animal-welfare association STS also considers that Coop stocks the most animal-friendly offering. The high standards that Naturafarm has to meet go well beyond the minimum legal requirements and range from rearing conditions and transport to slaughter and processing. Compliance with these rules is audited unannounced by several independent monitoring organizations.



### Biodiversity: Pro Specie Rara

Under the aegis of the Swiss foundation Pro Specie Rara, some 2,500 individuals and professional growers devote themselves in their gardens on a voluntary basis to preserving 1,800 varieties of fruit, 900 types of garden and field plants, 450 types of berries, 26 breeds of animal and numerous decorative plants. Their efforts are made to ensure that biodiversity in Switzerland does not decline further. This goal requires the propagation and continual cultivation of new seed. But there is more to it: the products need to have a market. Since 2001, Coop has stocked seasonal heirloom vegetables such as "Blaue Schweden" (Sharon's Blue) potatoes and the "Röteli" tomatoes grown in the Basel region. It is currently cooperating with Pro Specie Rara, Sativa (seed propagation and cultivation of organic wheat and organic spelt) and the Research Institute of Organic Agriculture (FiBL) on developing a demanding, long-term project that would enable Coop to offer customers several seasonal Pro Specie Rara products a month throughout the year. In addition, Coop has supported the Pro Specie Rara Foundation, the Sativa cooperative and the Research Institute for Organic Agriculture (FiBL) with money from the Coop Sustainability Fund.

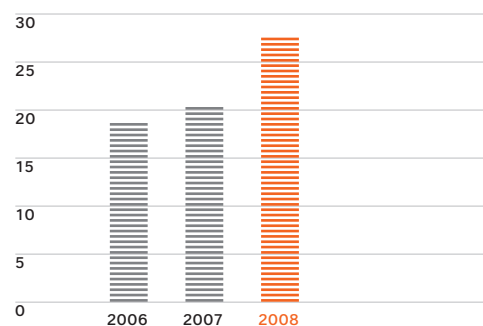
>> [www.prospecierara.ch](http://www.prospecierara.ch)

### Fish for future generations too

Fish is an important part of a well-balanced diet. If we are to ensure that future generations will also be able to enjoy fish, we have to act immediately. The fact is that three-quarters of commercial fisheries worldwide are already overfished or at risk of being overfished. The survival of popular fish such as monkfish, sole or cod is endangered. A quarter of current catches is unwanted bycatch and is tossed back into the sea dead. Because we are running out of time, Coop has already implemented a variety of measures. It is a co-founder of the WWF Seafood Group and has stopped selling

acutely endangered species from wild-catch such as groper, skate, bluefin tuna and blue marlin. It had already stopped selling shark, sturgeon and caviar from wild-catch. As a further measure, Coop promotes the sale of fish from MSC-certified wild-catch and organic fish farms. The MSC (Marine Stewardship Council) label is awarded to wild-catch originating from fisheries in which stocks are able to regenerate. In 2008, Coop initiated a partnership with Tropenhaus Frutigen, in which the warm Lötschberg water discovered during the construction of the base tunnel is used for breeding sturgeon and producing caviar. Once full production is under way from 2017 on, about 45 tonnes of sturgeon and two tonnes of caviar will be produced there each year. In 2008, Coop introduced MSC-quality white tuna and mackerel fillet, the first Swiss retailer to do so. These fish are caught either with fishing rods or lines. Organic char from Switzerland, MSC-certified pike perch from Sweden and organic shadefish from France were also launched in 2008. As much as 32 % of Coop's farmed fish are already of organic standard. A total of 60 % of shrimps are already obtained from organic fish farms. Eleven percent of fish from wild-catch comply with MSC standards. Coop would like all these experiences to have a multiplier effect. In 2008,

**Sales of sustainable fish (organic and MSC)**  
in % of total sales



“If you take the average family size to be 6–8 people, the bioRe projects in India and Tanzania reach more than 70 000 farmers and their families. This corresponds roughly to the population of the City of St. Gallen.”

it raised the whole issue of overfishing in the Coopernic international sourcing alliance. As before, the WWF's seafood guide will continue to inform consumers on which fish species they can eat without feeling bad about it.

>> [www.msc.org](http://www.msc.org)

## TEXTILES

More and more customers want textiles that have been produced ecologically and under fair working conditions. In addition, they should be both fashionable and easy on the skin. Coop offers two labels that satisfy these expectations. **Coop Naturaline** stands for textiles made with organic cotton that have been produced and finished in accordance with strict social and ecological guidelines. **Coop Oecoplan** rounds out the offering with an ecological textile cleaning service and environmentally friendly detergent.

### **Organic, fair-trade textiles: Naturaline**

In 2008, Coop Naturaline gained, in Swiss celebrity Melanie Winiger, a new and enthusiastic ambassador for its smart fashion articles that are also both environmentally and socially responsible. Naturaline stands for fair-trade fashionwear made with organic cotton. It is currently supplied by some 10,300 organic cotton farmers. Coop is the world's largest retailer of ecologically produced fair-trade textiles made with organic cotton and has over 440 different models in its range. It took a further major step in the year under review. In a project that was unique of its kind anywhere in the world, it produced 80,000 T-shirts that were CO<sub>2</sub>-neutral over the entire production chain, with residual CO<sub>2</sub> emissions being offset within the production chain, for instance by the installation of biogas plants for the farmers. Coop is aiming to achieve carbon-neutral production of all Naturaline textiles made with organic

cotton by the end of 2012. Through the bioRe® Association, Coop also funds social projects such as schools or a mobile health centre for the medical treatment of the farmers and their families.

### **Ecological textile care:**

#### **Oecoplan textile cleaning service**

Coop has offered Coop Oecoplan textile cleaning services at some 160 sales outlets since 2000. Consumers find collection points for an environmentally-friendly laundry service at Coop City department stores and the newsstands of larger Coop supermarkets. The textiles are cleaned professionally using methods that have to satisfy strict conditions regarding energy and water consumption. The laundries use chemical cleaning agents that are particularly harmless to the environment and health. Coop Oecoplan textile cleaning does not use any perchloroethylene (PER) at all, because PER damages the ozone layer and is suspected of being carcinogenic. The solvent used is hydrocarbon, recommended as an alternative by environmental organizations. The shirt-laundering service also satisfies the high ecological and quality standards of the Oecoplan textile cleaning service. Annual independent audits ensure that VOC emissions are kept below the permissible limits and that the rigorous conditions regarding energy and water consumption are met. Compliance with the strict requirements governing the use of chemical cleaning agents is also rigorously monitored.

#### **Washing ecologically: Oecoplan detergents**

Coop offers laundry detergents, phosphate-free tabs and Skip Sunlight detergent under its Oecoplan label. The detergents combine optimum washing performance with minimal environmental impact. Certain legally permitted substances used in conventional detergent production are poorly biodegradable. They may also trigger allergic reactions. Coop Oecoplan detergents are biodegraded rapidly and thoroughly and

thus have little impact on water-courses. This is monitored regularly by EMPA (Swiss Federal Laboratory for Materials Testing and Research). Oecoplan detergents are made from raw materials that are as natural as possible and do not contain any components that are harmful to health or the environment.

#### **NATURAL CARE PRODUCTS AND THERAPEUTIC AGENTS**

More and more customers want care products and therapeutic agents that have been produced ecologically and under fair working conditions. When purchasing cosmetics, they are interested increasingly in natural body care and good skin tolerance. The Coop Group offers solutions under the **Coop Naturaline** label and, outside Switzerland, the **Alpina Care** brand.

##### **Cosmetics from natural raw materials: Naturaline Natural Cosmetics**

Coop has been selling particularly gentle and natural cosmetic products under the Coop Naturaline label since 1999. They are based on natural raw materials that have been processed lightly and whose main active ingredients have been obtained from monitored organic crops, wherever possible. Coop now offers 29 Naturaline cosmetic products, covering the entire spectrum from facial and lip care to hand and foot care and body care. Sales of Coop Naturaline cosmetics have increased almost fivefold since 1999. The label was relaunched in 2008, with new formulations, revamped packaging and a new logo.

Natural Cosmetics are produced by the Coop manufacturing company CWK, which launched 17 new products in 2008. It has acquired valuable know-how from developing and manufacturing Naturaline Cosmetics

and has used this experience to develop a new brand, Alpina Care, which is intended for the international market. CWK has already launched it in two countries. Alpina Care systematically dispenses with the use of synthetic colours and fragrances, silicones and oil products. None of the products contain genetically modified substances.

##### **Naturaline organic cotton-wool products**

The cotton-wool products manufactured under Coop Naturaline Natural Cosmetics consist entirely of organically produced cotton and are chlorine-free bleached with oxygen. The range comprises cotton buds, cosmetic cotton wool pads and cotton bandages. Naturaline cotton-wool products now account for 93 % of Coop's entire cotton-wool sales.

#### **BUILDING AND HOMES**

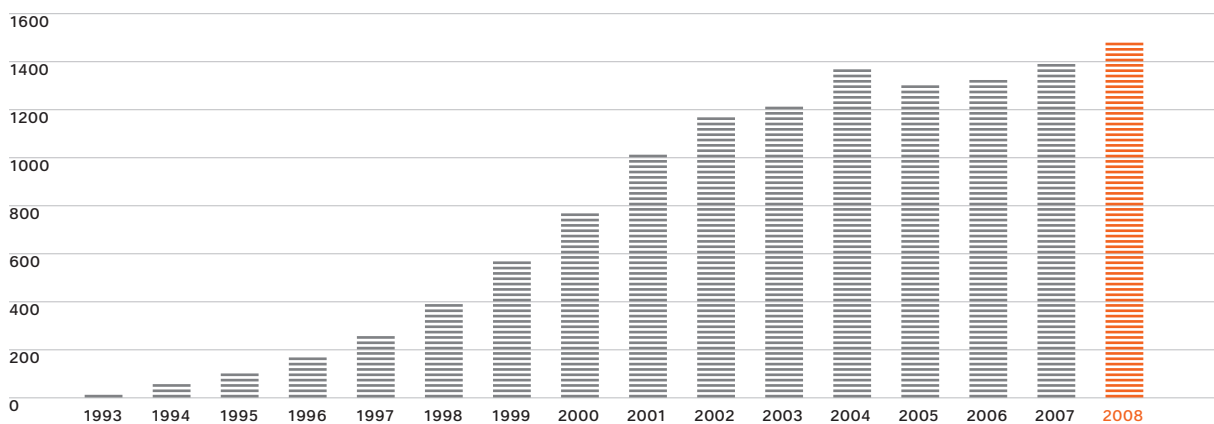
Customers also increasingly want ecological options in the building, homes and garden sector. Coop offers many such solutions under its **Coop Oecoplan** label.

##### **Good thermal insulation in new buildings saves energy**

In times of rising energy costs, the manner in which energy needs are taken into account in the construction of houses is becoming increasingly important. Improved building and heating techniques and efficient insulation reduce environmental impacts and save costs. In 2008, Coop Building & Hobby offered customers a full range of home-insulation products and services. They include having thermographic images taken of the customer's house. Building & Hobby evaluates the photographs, which yield detailed data on the heat loss occurring in the buildings. Coop Building & Hobby produced some 3,000 thermographic images in the winter of 2008. If so requested, the Building & Hobby

### Sales trend of the environmentally and socially responsible flagship labels

Coop Naturaplan, Coop Naturafarm, Coop Naturaline, Coop Oecoplan, Max Havelaar, Pro Specie Rara, Slow Food, Pro Montagna  
Sales in CHF millions



team then acted as a go-between for the work required to bring heat insulation at the customer's house up to the required standard. In addition, Building & Hobby stocks a broad range of FSC-certified Oecoplan wood products and environmentally and health-friendly Oecoplan paints and varnishes.

>> [www.fsc-schweiz.ch](http://www.fsc-schweiz.ch), [www.fsc-produkte.ch](http://www.fsc-produkte.ch)

### Energy-efficient household appliances

If Swiss households used only energy-efficient appliances, they could save some 30 % of their electricity costs. There is huge potential in this area. With this in mind, Coop offered its full range of energy-saving appliances and lighting at a 30 % discount as a contribution to the 2008 Energy Day. Freezers and fridges use up a particularly large amount of energy. Enormous progress has been made in terms of energy saving in this area in recent years. Coop now stocks only A, A+ and A++ appliances. A second important way of re-

ducing electricity consumption is to use energy-saving lamps, which have accounted for two-thirds of Coop's lighting range since 2008. These energy-saving lamps enable customers to save between 30 % and 80 % of their electricity costs. The working group for "Sustainability of Electrical & Electronic Appliances" started work in 2008. It includes representatives from Interdiscount and Dipl. Ing. Fust AG.

### Sustainable range of garden supplies

Coop Building & Hobby stocks a growing range of sustainable garden products under the Coop Oecoplan label. They include FSC-labelled covering material from Switzerland and seeding, universal garden and outdoor potted-plant soils certified with the "Auxiliares" organic bud label. Coop Building & Hobby also stocks Swiss-made recycled agriculture and forestry products as peat substitutes for outdoor potted and tub plants. Coop Oecoplan's garden range additionally

includes seed, seedlings, kitchen herbs and fertilizers of organic quality, and pesticides based on soft soap and beneficial animals.

## **AWARENESS-RAISING, INFORMATION, COMMUNICATION**

### **Strategies for coping with the flood of information**

As the number of ecological and social labels from different providers and of different quality increases on the market, so, too, does the consumers' lack of overview. Customers do not have the time to procure full information on what the different labels offer and compare them with the competition. In this situation, it is very important for Coop to enjoy the customers' trust. At Coop, every label has to satisfy the highest demands. This means continual improvement and, in the long term, a great deal of meticulous work. But the outcome is new added value for customers. But how do they hear about this added value? How do they know which products enable them to promote sustainability by purchasing them? How much information can customers "take"?

Coop also offers solutions for coping with the flood of information. By drawing clear distinctions between its labels, it creates transparency and overview. The weekly Coop member press supplies a great deal of background information and choices for customers in its "ecological & fair" section. Coop's website supplies a wide range of detailed information on all label products. Helpful leaflets on individual items are available at the sales outlets. The Coop Consumer Service responds to all consumer queries and passes on their suggestions. Coop also helps raise awareness among the general public by investing in advertising of the labels.

### **Verde – exemplary and innovative**

Coop launched the organics magazine "Verde" in 2008. "Verde" is a good example of the fact that environmentally-aware behaviour and enjoyment of the good things of life are not mutually exclusive. Besides organic recipes, it offers fascinating background information and tips on promoting sustainability in everyday life. With a print-run of just under 1.4 million, "Verde" demonstrates Coop's commitment to organic products and thus promotes consumption of such sustainable items.

### **Information from independent ratings and tests**

Thanks to independently conducted studies, customers are increasingly able to access information on a company's social and ecological awareness and behaviour. At the beginning of 2007, for instance, the Declaration of Berne (EvB) organization conducted an international rating of social standards in companies operating in the textile industry. It rated the transparency, code of conduct (in terms of both content and compliance), monitoring of compliance and the organic offering of some 50 companies. The findings were then presented in a folder for the attention of consumers. Information brochures such as this are an ideal aid to consumers looking for ways to promote sustainable consumption. Coop also benefits from such tests and ratings because they encourage self-criticism and show companies what they can do to improve.

### **Workshops on sustainable consumption**

How are customers to be won over to the cause of sustainable consumption? This is a question posed not only by trade and industry, but also by public authorities and NGOs. Coop exchanged views on possible approaches with WWF and the Federal Office for the Environment (BAFU) at four workshops. Action taken in other countries, e.g. the UK's Carbon Trust, the German PCF (product carbon footprint) model and

the European Retailer Platform, was evaluated. From the legislators Coop would like to see clear operating conditions and challenging targets that private providers can implement as they think fit.

#### **ETH project: intervening at the right point**

Consumers also want to know which measures have the greatest effect. There is no denying that environmental impacts can be reduced along the entire value chain, from production of the raw materials right through to processing, transport, storage, preparation and disposal. But for us to intervene at the right point, we have to know what the individual impacts are. To this end, Coop and the ETH Institute of Environmental Engineering (IfU) initiated a research project. The first step involves creating a basis for helping Coop buyers make decisions. It enables purchasing staff to select those products that require the least resources. Studies to determine the environmental impact of fruit and vegetables have already been completed. The greatest impact in this connection comes from air freighting of goods. Coop has already taken action on this issue. It labels air-freighted imported goods "By Air" and offsets the carbon footprint. The next step is to apply the new insights to product purchasing. Moreover, the role that full eco-audits can play in improving transparency for customers is being discussed.

#### **Improving quality of life**

"About 4,600 litres – that's how much water we Swiss use up every day, according to WWF's Living Planet Report. Most of it goes on food and consumer goods. A kilo of beef alone requires 15,000 litres. As if that weren't problem enough: many of these products are made in countries in which water is very scarce. If everyone were to live like us, we would need 2.4 planets Earth. The retail sector has the power to redirect the utilization of resources along more sustainable lines, because it has a big say in how products are made. This is why WWF Switzerland entered into a wide-ranging environmental partnership with Coop as far back as 2006.

Coop plays an active role in various WWF Groups and concludes voluntary target agreements on product ranges – very much in line with its slogan: "For shopping that leaves behind less of a footprint". This commitment enables consumers to make informed choices in favour of sustainably produced products, thereby improving the quality of life in both large and small ways and helping safeguard the future of our planet."

*Hans-Peter Fricker, CEO of WWF Switzerland*



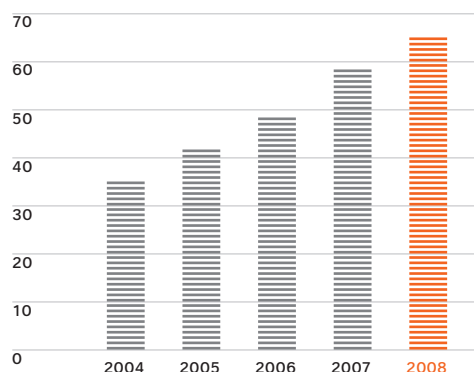
# Employees

We approved a new Personnel Strategy in 2008. It has a clear focus on employee training and continuing education. We help our employees keep pace with the growing demands they have to satisfy. As a company, we address the future challenges that demographic change and internationalization will bring.

## HR activities with a sustainable long-term impact

Coop is a market leader in many respects. This position is due to its dedicated, motivated employees and their social and professional skills. For Coop to benefit even more from this huge potential in the future, sustainable human-resources activities are of great importance. Numerous major challenges lie ahead for HR, for instance demographic changes such as the ageing of society and the labour shortage forecast for 2015. Blueprints for recruiting new employees need to be developed. In addition, the opportunities created by political developments such as the free movement of people or the integration of women into the national workforce should be exploited. Retailing is becoming increasingly international, which in turn is sharpening competitive pressures. The “competition for talent” will grow. As a result, the demands made on employees and managerial staff will increase even further. Professional mobility and the maintenance of employability will become increasingly important. The training of apprentices, the establishment of successor pools, the need to increase the proportion of women in senior management and ways of addressing the problem of an ageing society will become strategic tasks. Coop’s

**Internal training and continuing education**  
in thousands of participant days





main concern is to offer its employees a wealth of occupational and development opportunities and enable them to share in the Group's success. Coop takes its social responsibilities seriously and offers solutions appropriate to the needs of the different groups involved: apprentices, executives, school-leavers with poor grades, women, fathers, employees over 50, the disabled, retirees and many more.

#### COOP COLLECTIVE EMPLOYMENT AGREEMENT

##### **Employees benefit from nationwide collective employment agreement**

Coop's collective employment agreement applies to the whole of Switzerland and covers over 38,000 employees remunerated on a monthly or hourly basis. It benefits employees in both sales and manufacturing, logistics and administration. In the agreement, Switzerland's second-biggest retailer guarantees fair and generous working conditions – and this in a sector that is generally described as low-pay. The French-speaking part of Switzerland is particularly notable for the large numbers of regional and even local collective agreements in force. On the whole, Coop's nationwide collective employment agreement offers better working conditions than regional variants in particular in terms of salaries, working hours and holidays. It also offers Coop Group employees a number of other benefits and advantages. It demonstrates that Coop, Switzerland's second-biggest employer, has for years been committed to a form of social partnership that all parties can count on. The agreement takes due account of the needs of both younger and older employees. In the first half of 2008, Coop completed the conversion of Carrefour outlets into Coop megastores. Almost all Carrefour employees took up Coop's offer of continuing their employment following the takeover.

#### **Binding social standards for sustainable development**

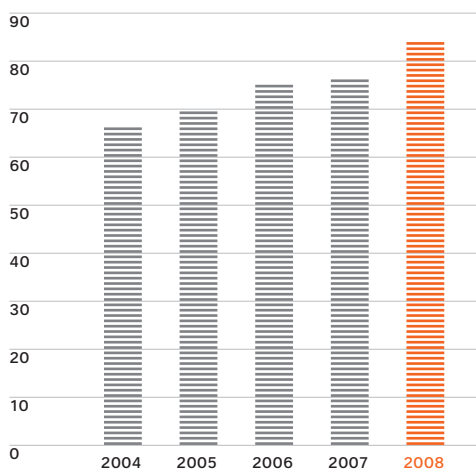
“With the opening up of national borders and the dismantling of customs and trade barriers, binding social accountability standards are essential both abroad and in Switzerland, particularly in the Swiss retailing sector. The Syna trade union wants to see a collective employment agreement in place that will contain defined employment conditions and procedures for resolving industrial conflicts, as is already the case at Coop. To satisfy the growing demands made on employees, efforts to encourage vocational training should be stepped up by guaranteeing at least three paid continuing-education days per person per year. The subject of remuneration continues to be of great importance: Syna wants to see guaranteed minimum wages, scaled according to qualifications. The steady increase in the remuneration of lower paid employees at Coop – particularly that of women, who have traditionally been paid low wages – is very much to be welcomed in this connection. In addition, socially responsible working hours must become mandatory. They are essential because they enable employees to plan the right balance between personal, family and work commitments.”

*Angela M. Carlucci, Syna  
Delegate for International Trade-union Policy,  
Social Policy and Migration*

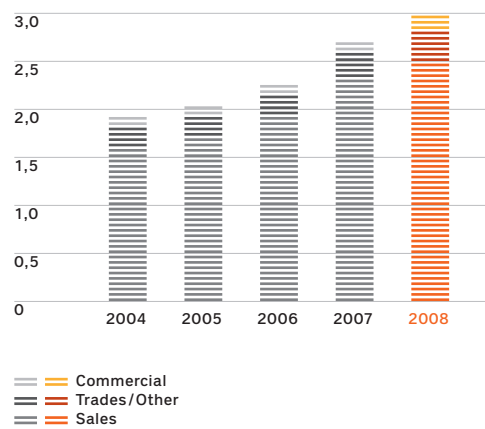
##### **Lower wages systematically improved**

Coop increased its overall payroll by a total of 3.25 % on 1 January 2009. This decision was the outcome of constructive and frank negotiations between Coop and its contractual partners KV Schweiz (Swiss commercial association), Syna / OCST and UNIA (trade unions), and VdAC (Association of Salaried Employees of Coop) and pointed the way forward for other companies. All full-time employees with a gross monthly wage of up to 4,000 francs benefit from a pay rise of at least

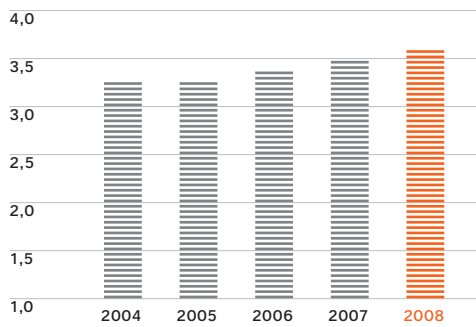
**Hourly productivity**  
Sales per hour worked, in CHF



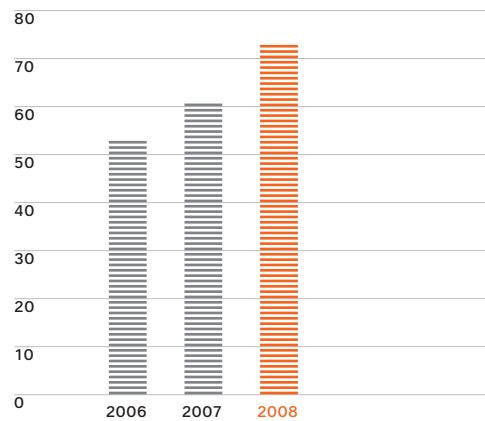
**Number of apprentices**  
in thousands



**Trend of minimum wage for unskilled employees**  
in CHF thousands



**Continued employment after apprenticeship**  
Continued employment as %



100 francs gross a month on 13 monthly salaries a year. This will ensure the steady improvement of female employees' pay and the maintenance of purchasing power for lower-paid workers.

## **PERSONNEL STRATEGY 2012+**

### **Focus on sustainability**

The new "Personnel Strategy 2012+" defines the main focuses of the Coop Group's HR activities over the next few years. Until now, the goals of Coop's HR activities had been focused on the standardization of processes following the merger of the regional cooperatives into a single enterprise in 2001. In future, Coop's attention will be focused even more directly on sustainability. Coop's HR activities are geared to two sectors of the labour market. Against a backdrop of growing market competition, Coop on the one hand needs to find and hold on to highly qualified staff with professional skills and a flair for leadership. On the other, the Group's success depends in large measure on the motivation, commitment and productivity of its entire sales and logistics workforce. A range of diverse measures tailored to specific needs will have to be implemented in these areas. Coop has set itself clear, demanding and measurable goals in the Personnel Strategy 2012+.

### **Apprentices are the mainstay**

A good five years ago, at a time when apprenticeships were in very short supply, Coop decided to greatly expand its apprentice programme. In doing so, it was taking on responsibility for an important economic task. In 2008, Coop had 2,974 apprentices – an increase of a good 50 % since 2004. This means that, among Swiss retailers, Coop has the greatest number of apprentices per 100 full-time positions (8.1 %). Coop offers basic training in a good 20 occupations. A total of 30 people are employed primarily in looking after the apprentice-

es. A total of 2,000 trainers – themselves all trained by Coop – support the apprentices and maintain close contacts with the cantonal authorities. Coop is one of the largest training companies in Switzerland. It is also a highly active member of nationwide commissions in the field of vocational training and education. In sales, logistics and administration, today's successful apprentices are the mainstay of tomorrow's executive staff. Within the next few years, Coop would like to recruit just under half of its sales executives from former apprentices. It also aims to enable at least 60 % of apprentices to continue working for the Group after completing their training and will encourage them by offering a wide range of opportunities for promotion and personal development, including secondment to other language regions.

### **Integration of school-leavers with poor grades**

Every year, between 2,000 and 3,000 young people leave school in Switzerland without having the grades they need to complete a certified two-year training, let alone an apprenticeship. This problem constitutes a major challenge to society. As early as 2006, Coop seized the initiative and, in addition to its regular apprenticeships, created new traineeships for young people. These are jobs designed to help school-leavers with poor grades become integrated into working life. Here, too, Coop has set clearly defined targets in its Personnel Strategy 2012+: at least 50 internships that enable young people to be integrated into the work process or to undertake a certified two-year training or even an apprenticeship are to be created every year. In 2008, Coop even offered 130 positions.

### **(Re)integrating the disabled into the workforce**

In 2007, the state disability insurance fund (IV) paid out about 9.1 billion francs in disability pensions to almost half a million insured persons. Despite their particular mental, physical or emotional problems, many of these

“The number of people we train would fill 108 classrooms with 25 pupils each.”

people want to work (or go back to work). Since the fifth revision of the law on disability insurance came into effect, the political focus has been unequivocally on integration into the workforce rather than payment of pensions. As Switzerland's second-biggest employer, Coop has a considerable social obligation in this area. In western Switzerland, it is cooperating with the organization “IPT- integration for all” . In the other parts of Switzerland, Coop's team of social workers does valuable work in this field. They help fellow employees who have health problems and they cooperate with the Swiss National Accident Insurance Organization SUVA, the cantonal IV authorities, private insurers and the medical profession.

#### **Sustainable employee behaviour**

As the company with the largest range of sustainable products and a vision of achieving carbon neutrality, Coop also expects its employees to act sustainably, whether at the workplace or at home. In 2008, in the context of its membership of the WWF Climate Group, Coop launched the CO<sub>2</sub>-Monitor energy programme for all employees with an Internet connection at the office or at home. The key feature of this programme is a CO<sub>2</sub> calculator that computes individual CO<sub>2</sub> emissions and shows ways of cutting them. In 2008, Coop created a series of posters dealing with the subject of sustainability and sent one each month to all sales outlets and other operations. The posters provide ecological tips and information on topics such as climate change, water shortage, destruction of woodland, loss of biodiversity and overfishing.

#### **Project 50+ focuses on employee marketability and early partial retirement**

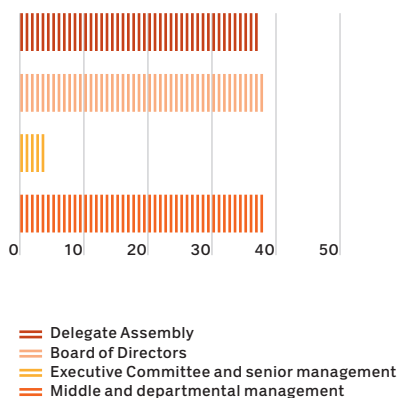
As a result of demographic changes, every third employee in Switzerland will be over fifty by 2010. Only 20 % of employees will be under thirty. Moreover, older employees will also greatly shape the company's

culture. Binding older employees to the company and helping them maintain their marketability will become a strategic benefit. Coop had established “Project 50+” in 2007, setting itself the target of implementing at least two measures from it every year. In 2008, it concentrated on improving the knowledge and skills of its older employees. It is regarded as proven that people's interest in professional development declines significantly after the age of fifty. In 2008, Coop conducted a one-to-one discussion on this topic with each store manager over fifty before then jointly agreeing on the individual measures required. The aim is to be able to keep as many employees as possible in their jobs until they retire. In 2008, Coop also focused on the question of early partial retirement. The goal here is for employees who can no longer work full-time to be kept in the workforce on a part-time basis and, as a medium-term objective, even to be further employed beyond the age of 65.

#### **Raising the proportion of managerial posts held by women**

Coop is interested in increasing the proportion of managerial posts held by women. Given the demographic changes taking place, Coop will seek to make better use of women's potential in the company. In compliance with this goal as set out in the Personnel Strategy 2012+, it will draw up a programme of measures in 2009. In the year under review, Coop, together with an external occupational medical practitioner, analysed the Group's sales outlets and restaurants with regard to maternity and pregnancy issues. They focused on the possible risks to which the women who worked there were exposed. The analysis showed that there was a risk of problems arising from “lifting and carrying”. In 2008, Coop therefore developed a set of behavioural instructions and practical aids for the managers of those stores. The risk assessment is to be extended in 2009 to include the entire Coop Group.

**Women in governing bodies and management positions**  
in %



**Extensive range of advisory services from Coop’s social services department**

The 13 social workers at the Coop Group do much more than offer advice in the corporate field. They also offer employees support with health-related, personal, family, legal and economic problems. For instance, if an employee is off work because of illness, the social workers engage in comprehensive case management. They mediate impartially between the employee, his/her family members, the physician treating the employee, the line manager and the daily sickness benefits insurance company and identify all possibilities for offering assistance. Coop social services are available to employees and their families both at Head Office and in all sales regions and divisions. Around 5 % of all Coop Group employees take advantage of the free advisory service. Well over half consult the advisors on their own initiative.

**Illness and accident**

The employees’ state of health can be judged by, for instance, the rate of illness-related absenteeism. This improved from 4 % in 2003 to 3.3 % in 2008. The rate of accident-related absenteeism is an indication of whether the company’s safety regulations and the employer’s duty of care are being observed. Compared with 2003, there was a further slight reduction in the rate in 2008.

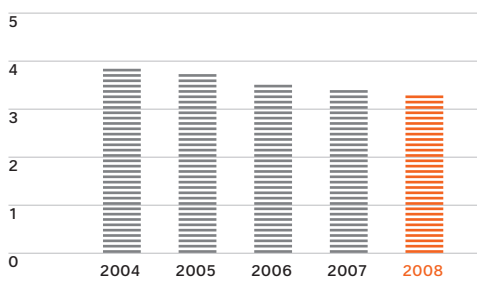
**Great demand for Sunday and evening work**

Following a change in labour law effective as of July 2008, the cantons can designate up to four Sundays a year on which sales staff can work without special authorization having to be obtained. Although consumer behaviour has changed greatly, however, most cantons designate fewer than four Sundays as open for retailing. But many customers appreciate the possibility of shopping on selected Sundays. In western Switzerland, where there is no Sunday shopping at all, consumers often cross the border into France for their shopping because the opening times are more liberal there. But the employees also appreciate the range of part-time jobs on Sundays and evenings as they are ideal for combining work with further training or child care. In addition, Coop guarantees special pay rates for Sunday and night working in the collective employment agreement. Hence, the trade unions’ opposition to Sunday shopping is at odds with the employees’ interests.

“The number of people we employ corresponds to the population of Lucerne.”

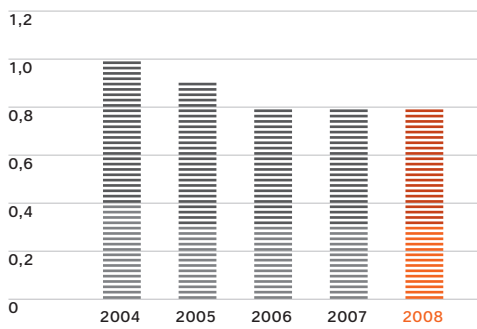
**Sickness rate**

Absences as % of total working days



**Accident rate**

Absences as % of total working days



— Non-occupational accidents  
— Occupational accidents



→



From organic ingredients  
to Naturaplan  
organic sushi









Coop Naturaplan's organic sushi is the first of its kind in Switzerland. It blends awareness of our responsibilities towards the environment with enjoyment and a modern lifestyle. All ingredients are organically produced and satisfy the strict criteria of the Bio Suisse bud label. Organic sushi is not produced – as is perhaps assumed – in Asia, but at Carouge in the Canton of Geneva. Salmon for the fillings is sourced from organic production in Ireland and freshly filleted at the Swiss producer's.

# Business partners

We count on our business partners to play a role in the provision of sustainable products. Eco-audits show where there is potential for improvement. Internationally recognized social and ecological standards enable this potential to be efficiently implemented. We take a risk-based, step-by-step approach to this task.

## HIGH SOURCING STANDARDS

### **Ecological and social labels with demanding requirements**

Thanks to global trade, Swiss consumers can choose from a broad range of goods at affordable prices. However, Coop is facing a challenge from expanding sourcing opportunities and increasingly complex supply chains. Considerable efforts are called for to ensure transparency, traceability, high quality, and ecologically and socially responsible production conditions. Coop's highly diverse range of own brands require it to act particularly responsibly. These primarily comprise the environmentally and socially responsible flagship labels, which have to satisfy the highest requirements in terms of ecology and fair trade. They account for a good 12 % of sales, and in some product ranges between 90–100 %.

### **Small footprint thanks to organic products and Coop Sustainability Fund**

The ecological footprint of our consumer behaviour in Switzerland is almost two and a half times as large as it should be if future generations are to be able to live in an intact environment. Food production accounts for about one third of our entire ecological footprint. Since the early 1990s Coop has been making a major contribution towards reducing this footprint through its commitment to organic farming. With a view to further reducing the ecological footprint, Coop uses the Coop Sustainability Fund to support, among other activities, research projects at the Research Institute of Organic Agriculture (FiBL). The findings of such studies are applied specifically to expanding the range of organic products on offer at Coop outlets. They are also used by producers outside Switzerland, which in turn promotes the worldwide spread of sustainable production methods.

>> [www.fibl.org](http://www.fibl.org)

**Showpiece project Naturaline:  
joining forces to achieve goals**

Before sustainable products can be produced, the necessary production chains have to be put in place. Sustainable success depends on long-term efforts on the part of everyone involved. Coop considers the process by which its organic, fair-trade cotton textiles marketed under the Coop Naturaline label were developed to be a showpiece project. Together with its business partner Remei AG, Coop was able to improve growing conditions step by step for the 10,300 organic farmers and their families in Maikaal (India) and Meatu (Tanzania). In 2008, Coop sold 80,000 T-shirts produced under carbon-neutral conditions. CO<sub>2</sub> emissions along the entire production chain were kept as low as possible and offset.

**Max Havelaar:  
efforts to promote fair trade bear fruit**

The Max Havelaar seal of quality stands for fair trade. The focus is on long-term supply agreements, minimum prices that cover producers' costs, fairtrade premiums for improving living and working conditions and compliance with strict social standards. As part of an international association, the Max Havelaar Foundation checks for compliance with Fairtrade standards along the entire trading chain. Posting sales of 135 million francs, Coop is by far the biggest licensee of the Max Havelaar Foundation and is one of the leading marketers of Fairtrade products.

>> [www.maxhavelaar.ch](http://www.maxhavelaar.ch)

**Pineapples as an example of fair sourcing**

Pineapples from Ghana are a good example of how important fair trade is for people in the developing countries. Between December 2002 and the end of 2008, a total of 190,000 US dollars for Fairtrade projects was transferred to Ghana as a result of sales at Coop. A committee appointed by the workers is responsible

for distributing the money fairly. It is spent primarily on health care, water-related projects and education. The benefits have included a fresh-water well and toilet facilities with running water and purification plants – a great advance for the local population in terms of reducing health risks. Since Coop began sourcing Max Havelaar pineapple from this area, the local workers, their families and villages have acquired a new quality of life. If this is to become permanent, it is important for consumers to make an aware choice of Max Havelaar products. Coop's wide-ranging communication activities make an important contribution in this respect.

**Standard own-brand range also has to meet  
minimum ecological and social standards**

Coop approved a Guideline on Socio-ethical and Ecological Sourcing as far back as 2002. In 2008, the Guideline was spelled out in greater detail, particularly as regards the ecological requirements, and now applies to the entire Coop Group, including internal purchasing and the Toptip and Interdiscount formats. The Guideline is an integral part of Coop's quality agreement with suppliers and has to be signed by all business partners. New suppliers from critical countries are additionally obliged to subscribe to the Code of Conduct of the Business Social Compliance Initiative. Existing suppliers are being audited, using a step-by-step, risk-based approach. The challenge here is to develop reliable, long-term relations with business partners despite pressure on prices. After all, implementing standards and eliminating the shortcomings identified in the audits may involve major investments and additional costs. These may be incurred by, for instance, air-conditioning or ventilators, higher remuneration for overtime, suitable sleeping accommodation and rest rooms, and improved management.

## IMPLEMENTING STANDARDS

### Greater effectiveness thanks to Eurogroup and Coopernic

Coop plays a part in drawing up sustainability standards and ensuring that they are implemented credibly. In international terms, however, Coop is a relatively small retail company. Its scope for enforcing compliance with guidelines among suppliers is limited, and therefore joint sourcing through Eurogroup or Coopernic plays an essential role. Together with Eurogroup, Coopernic and tooMax-x, Coop drew up uniform standards that apply systematically to collective sourcing projects.

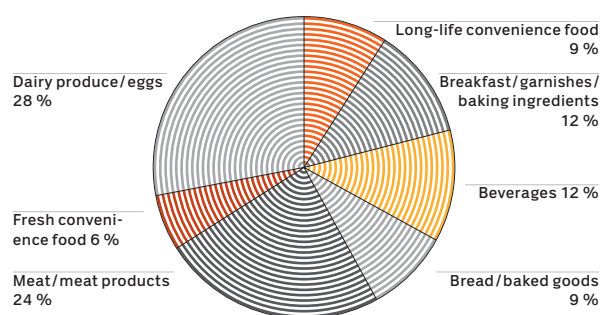
### Risk-based, step-by-step progress

The goal of such joint endeavours is clear: to ensure that suppliers in all product categories comply with demanding social and ecological standards as well as with other challenging requirements. Coop's approach to achieving this goal is risk-based, priority-oriented and step-by-step. The particular focus is on business partners in critical countries and sectors. Implementation is monitored in audits conducted by independent accredited organizations. Any shortcomings identified have to be remedied within six to twelve months. Business partners can count on receiving support in the form of training and advice. This applies particularly to suppliers of ecological and social labels.

### BSCI: common platform for improving social standards in China

In the year under review, the media condemned human rights infringements and poor working conditions in China, especially in the run-up to the Olympic Games. Audits are essential if these abuses are to be eliminated. There is, however, no sense in having the same production facilities audited several times in accordance with almost identical checklists on behalf of a

**Breakdown of quality audits of producers**  
by product category  
Total number: 33



succession of different retailers. In 2003, the Foreign Trade Association FTA therefore founded the "Business Social Compliance Initiative" (BSCI), domiciled in Brussels. BSCI is a European platform for improving social standards in all high-risk supplier countries; Coop became a member in 2005. BSCI has grown substantially since then and now comprises over 256 members from 18 countries. It applies uniform criteria and provides uniform management tools. Awareness workshops and a self-assessment questionnaire help prepare producers for the audits. If an audit identifies shortcomings, a corrective action plan (CAP) is drawn up that has to be implemented within three to twelve months and then re-audited. Training and advice are offered in order to speed up the process of implementation. Between 2003 and the end of 2008, BSCI archived the results of 69 audits and 16 re-audits in a dedicated database. BSCI attaches great value to dialogue with governments and business federations in the producer countries. Thus, the labour law in effect in China since January 2008 is largely based on the

standards laid down in BSCI's Code of Conduct. The Chinese textile federation is highly active in efforts to implement BSCI and its own, similar standards. The federation is convinced that the rise in productivity that China needs can be achieved only with well trained, motivated employees.

>> [www.bsci-eu.org](http://www.bsci-eu.org)

#### Goal: SA 8000 social standard

BSCI is based on the core conventions of the International Labour Organization (ILO). The aim is gradual improvement to the point of certification to the most demanding social standard, SA 8000. The textile companies working for Coop Naturaline in critical countries are certified to SA 8000. Within the Coop Group, 3 of the 8 manufacturing companies already comply with this social standard. Coop is active in various BSCI working groups, is represented on the Supervisory Board and supports implementation of BSCI in the primary production sector. In addition, Coop heads up the national contact group of BSCI members in Switzerland. This contact group cultivates exchanges with human-rights organizations in Switzerland, works together with the authorities in examining the scope for joint training activities in the producing countries, organizes courses for buyers and sustainability managers and sees to the acquisition of new members.

#### Hong Kong Purchasing Office: driver of implementation

In order to be closer to suppliers, Coop and Rewe Group have, in the framework of Eurogroup, decided to employ a staff member in the Hong Kong Purchasing Office who will be directly on site to drive forward implementation of the BSCI requirements. These include awareness measures, training and advice, regular contact with the responsible managers and monitoring of improvement measures. There is still a great deal of groundwork to be done in terms of convinc-

#### Implementation of socio-ethical sourcing in non-food sector according to BSCI Database, status December

Number of	2007	2008
Producers audited to BSCI standard	66	85
Of which producers with completed BSCI process	3	13
Suppliers which are BSCI members	5	17
Producers certified to SA8000	13	13

ing suppliers, particularly in product categories such as garden or electrical appliances, in which BSCI is less well known than in the textile and toy sectors. Not everything is imported directly through the Purchasing Office. Thus, Coop is also endeavouring to persuade importers to join BSCI and thereby promote implementation of the Code of Conduct in the corresponding manufacturing plants. At the present time, 17 suppliers are already BSCI members. They submit a written report each year on the progress they are making with implementation.

#### CHALLENGES

##### Greater commitment in southern Spain and southern Italy

Working conditions in the fruit and vegetable production sector in regions such as southern Spain or southern Italy are often very poor. Various provisions of the law are ignored, for instance those governing payment of minimum wages and remuneration for overtime, or the transfer of social security contributions to the authorities. This situation is a result of legal and illegal immigration of low-wage labour from Africa and Eastern Europe. The migrant workers often work only a few

days a month, are rarely affiliated with trade unions and are unaware of their rights and unfamiliar with the language of the country to which they have migrated. In addition, intensive fruit and vegetable farming has an impact on the environment. Its downside includes falling ground water levels, mountains of plastic waste and excessive use of agrochemicals. Three types of problem arise: how to safeguard product quality, how to make sparing and sustainable use of resources and how to treat workers fairly. Coop is confident that a good, systematically implemented internal management system is the key to solving these three problems. Implementation is complicated by the fact that Coop generally has contractual agreements with packaging plants and cooperatives that may themselves be supplied by 100 or more small producers. Coop requires all fruit and vegetable producers abroad and now also those in Switzerland to have themselves certified to the GlobalGAP and the SwissGAP standard respectively, which govern good agricultural practice.

>> [www.globalgap.org](http://www.globalgap.org)

#### **Proper employment contracts, working hours and social benefits from GRASP**

To ensure that greater importance is attached to social criteria, Coop cooperated with the German Society for Technical Cooperation (GTZ) and GlobalGAP to draw up a voluntary model that supplemented GlobalGAP. GRASP (GlobalGAP Risk Assessment for Social Practice) governs concerns such as proper written employment contracts, working hours and social benefits. The GRASP project entered an important phase in autumn 2008 with the regional interpretation of the criteria list in a stakeholder dialogue. Then producers in the Almeria region received training in GRASP, with different European retailers also taking part. The practical application on the farms was subsequently monitored by external auditors. Implementation of GRASP in other production regions is scheduled for 2009.

#### **Ecologically, economically and socially responsible coffee production**

Quality and sustainability also have to be properly defined in the coffee sector. For this reason, the largest coffee processors and retailers, under the aegis of the German Society for Technical Cooperation (GTZ), approved the "Common Code for the Coffee Community", 4C in short, at the end of 2006, following four years of intensive discussion. The code is based on definitions of common compliance criteria and control points for ecologically, socially and economically sustainable coffee production. The key to this goal is, on the one hand, implementation of training courses designed specifically to improve productivity and quality. On the other, coffee producers have to reorganize themselves in order to improve their negotiating position. The courses are paid for by the coffee processors and retailers, who also undertake to increase the quantities of 4C coffee they purchase each year. Coop was the first retailer to sign up to this initiative and will adapt its entire range of own brands to it in the next five years.

>> [www.4c-coffeeassociation.org](http://www.4c-coffeeassociation.org)

#### **Sustainable soya growing**

There has been a large increase in the worldwide consumption of meat. As a consequence, the cultivation of soya for animal feed has more than doubled in the last twenty years. Slash-and-burn of forests and felling of trees are the result, destroying 1.7 million hectares of land a year in the savannahs and rain forests of South America. Switzerland imports some 250,000 tonnes of soya products a year from South America for the production of meat, eggs and milk. Only internationally recognized regulations can halt the fatal effects of soya production on the rain-forest and savannah regions. In a joint initiative of the Coop and WWF Switzerland, the "Basel Criteria for responsible soy production" was drawn up in 2004. Since then, the soya imported by the Swiss feed industry has been produced under increas-

ingly sustainable conditions. Coop also plays an active role in the Roundtable on Responsible Soy (RTRS) to establish global specifications along the lines of the Basel Criteria. In 2008, an international group of experts formulated the necessary criteria and a code of conduct for the soya supply chain. The aim is for the criteria and code of conduct to be approved at the annual general meeting of the RTRS in May 2009.

>> [www.responsiblesoy.org](http://www.responsiblesoy.org)

## ORGANIZATION

### **New organizational structure boosts effectiveness**

In the field of product-sourcing, there is a very close link between sustainability and quality assurance. Coop therefore restructured this area of activity in 2008 by setting up the Quality/Sustainability organizational unit. The unit reports directly to the Chief Executive Officer and its key tasks include analysing quality and sustainability risks along the entire production chain, defining and promoting standards and guidelines, certifying and training producers and performing combined audits.

### **Coop extends product-safety requirements**

Coop regards product safety as the cornerstone of quality assurance. Thus, specialists from Coop's Quality Centre rate the risks associated with certain products and define safety requirements and test specifications. New suppliers of critical product groups or products from critical countries are audited for quality, sustainability and social aspects before any agreement is signed. This task is the responsibility of, among others, Eurogroup Far East Ltd., the joint purchasing office of Coop, Rewe Group and Baumax. Hong Kong-based Eurogroup has branches in a number of important sourcing countries in the Far East. It has a central quality assurance unit that implements the

### **Unequivocal labelling of fair-trade and organic products**

“Despite – or perhaps because of – the financial crisis, the daily stream of alarming news about global warming, vanishing biodiversity, poverty, social injustice and food scandals is causing many consumers to do some re-thinking. Fair-trade and organic products are leading sales growth throughout Europe. But they have to be clearly identified or labelled as such for consumers to recognize them. The introduction of such labels has enabled sustainable supply chains to be built up in many countries and for a variety of products, thus making a demonstrable contribution to social and ecological progress and enabling important issues that are supported by public-sector development-aid bodies to be effectively and efficiently implemented. In the successful application and/or implementation of voluntary sustainability standards, retailers such as Coop play a key role by informing consumers that their purchasing choices can make a substantial contribution to sustainable development.”

*Hans-Peter Egler, State Secretariat for Economic Affairs (SECO), Head of Trade Promotion, Economic Development and Cooperation*

test specifications defined by Coop. The suppliers undertake to present test certificates and declarations of conformity with the statutory requirements. The last link in the chain is the incoming-goods inspection carried out at Coop's distribution centres by Coop's own central laboratory.



**Combining internal quality management  
with audits all over the world**

Sustainability can also be perceived as part of a broad definition of quality. Coop is therefore increasingly combining audits of business partners in Switzerland and abroad with checks on compliance with quality criteria, on environmental management and observance of social standards. Wherever possible, Coop applies internationally recognized standards and employs external auditors. In the international arena, however, standards are unfortunately not always checked according to the same strict yardstick. This is why Coop considers additional internal audits of suppliers of particularly critical products to be indispensable. During on-site audits of producers, Coop not only urges companies to improve quality but also raises their awareness of environmental and social requirements.



→



From preliminary design  
to the Martello coffee  
capsule system







It takes the manufacturer of the Martello coffee capsule system in China only five days to produce some 10,000 machines. Production satisfies the criteria of the International Labour Organization (ILO), which have been binding on all of Coop's business partners since 2005. In addition, the Chinese firm has signed the BSCI Code of Conduct. In the framework of the BSCI, suppliers in critical countries receive special training and are regularly audited for compliance with restrictions on working hours, minimum wages, safety regulations and the ban on child and forced labour.

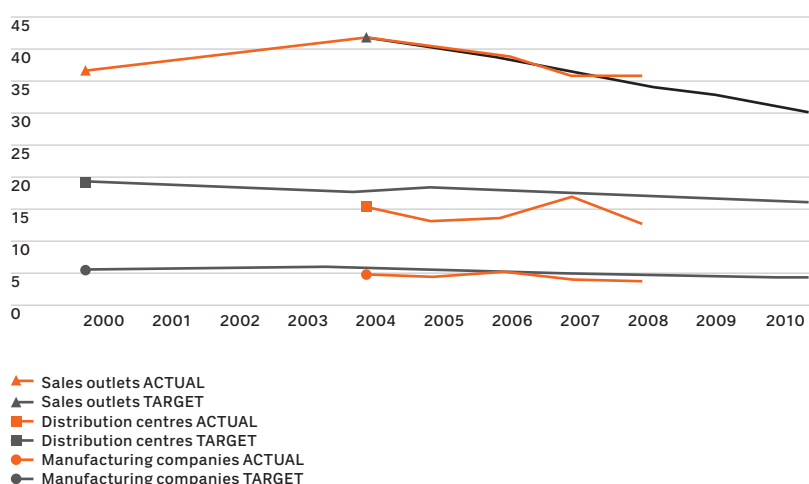
# Corporate ecology

To realize our vision of achieving “CO<sub>2</sub>-neutrality by 2023”, we want to reduce our carbon emissions as much as possible. All newly built or remodelled sales outlets therefore have to comply with the Minergie low-energy standard. Further action includes promoting renewable energy sources, raising waste recycling rates and shifting transport to rail and ship.

## Exploiting savings potential

The dramatic increase in the cost of raw materials and energy up to mid-2008 made the majority of the population more aware of the importance of conserving resources. At the same time, awareness of the risks associated with global warming helped ensure that the most developed countries – including Switzerland – made specific undertakings regarding the reduction of greenhouse gas emissions. The rapid rise in global CO<sub>2</sub> emissions is due to the world’s enormous consumption of coal, oil and natural gas. As a consequence, the various measures to reduce consumption tend to focus on energy prices. In Switzerland, this approach resulted in the introduction of a CO<sub>2</sub> emission charge on combustibles. Coop naturally takes its responsibilities seriously in matters relating to CO<sub>2</sub> emissions and is implementing wide-ranging measures to identify and exploit the potential for savings. Such endeavours depend very much on a knowledge of the company’s material flows and main consumption points. Coop has

**Achievement of CO<sub>2</sub> target agreements with Federal Government (EnAW-CO<sub>2</sub>)**  
CO<sub>2</sub> emissions in thousands of tonnes



therefore developed the pcsNHR data acquisition system for systematically gathering and evaluating data on the internal use of resources. The results are used in the planning of objectives and action. The system also serves as a control tool for determining whether consumption and cost saving targets are being reached. Coop launched the pcsNHR system in the water sector in 2008. In 2009, it will be applied to energy, transport, waste and recyclable materials.

>> [www.enaw.ch](http://www.enaw.ch), [www.energieschweiz.ch](http://www.energieschweiz.ch)

## THE CO<sub>2</sub> VISION

### Specific targets up to 2023

As far back as 2004, Coop had entered into a commitment vis-à-vis the Federal Government to improve its energy efficiency and lower its CO<sub>2</sub> emissions. It concluded target agreements concerning its logistics, sales outlets, distribution centres and manufacturing companies – the first Swiss retailer to do so. As long as Coop stays on course to achieve its targets, it is exempted from the emission charge on fossil fuels. In 2008, the Executive Committee decided that, by 2023, Coop would be CO<sub>2</sub>-neutral in the areas in which it could exert a direct influence on emissions. The total annual volume of CO<sub>2</sub> emissions involved exceeds 100,000 tonnes. The targets apply to all Coop sales outlets, distribution centres, transport fleet, manufacturing companies, administration and domestic and international business travel. They also apply to numerous other divisions of the Coop Group such as Interdiscount and Toptip. Coop's vision of becoming "CO<sub>2</sub>-neutral in 15 years" goes much further than current target agreements with the Federal Government. It means that all technically feasible and financially beneficial measures will be implemented in order to minimize Coop's contribution to global warming. With this vision, Coop is demonstrating that environmen-

tal protection is compatible with profitability. Energy savings help conserve limited resources, reduce impacts on the environment and health, strengthen the company against turbulence on the energy markets and lower operating costs. Consumers also benefit. Thanks to the sparing use of energy, increases in the cost of heating oil and vehicle fuel do not have to be passed on to customers.

### Intervening where it can be effective

Achieving sustainable business operations consistent with climate change is not solely about reducing energy use. It is more a question of deploying the required energy as efficiently as possible and of using primarily renewable, low-CO<sub>2</sub> sources of energy. Going beyond the implementation of the targets agreed with the Federal Government, in 2008 Coop also conducted further studies of the potential technical feasibility and economic value of achieving CO<sub>2</sub> neutrality. It found that a far-reaching reduction in emissions was realistic and would, in the long term, also pay off financially. Depending on how energy prices develop, an absolutely acceptable level of investment would prevent over half of CO<sub>2</sub> emissions. In 2009, Coop aims to define the next stages in its efforts to benefit from potential in-house savings and drive forward the implementation of measures.

### Supplementary measure: carbon offsetting projects

Energy consumption is growing steadily, particularly in the developing countries, where some of the technologies used are outdated and much of the potential for reducing carbon emissions is neglected. In its CO<sub>2</sub> vision, Coop therefore envisages using offset projects to compensate for CO<sub>2</sub> emissions that will be disproportionately expensive to avoid internally or cannot be avoided at all. Coop set up its own carbon offsetting fund in 2007, the endowment of which was raised from two to three million francs a year in 2008. The fund was initially used

“A Coop sales outlet built to Minergie standard requires 20 % less electricity and 38 % less heat than the average amounts required by all new and modernized Coop sales outlets.”

exclusively to offset emissions generated by air freight, business travel and deliveries on behalf of coop@home. Generally speaking, however, the focus will continue to be on internal action to reduce emissions.

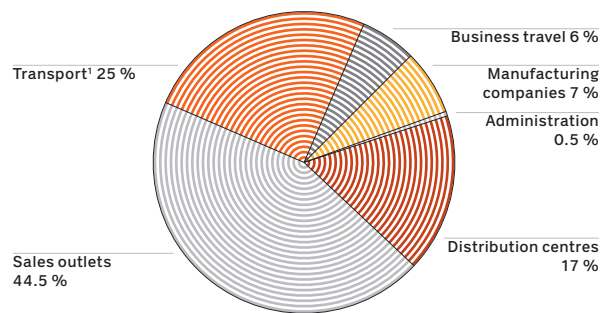
Thanks to the carbon-offsetting fund, Coop is gaining valuable experience in implementing projects in developing countries. As part of its wide-ranging environmental partnership with WWF Switzerland, Coop supports the use of wind turbines and solar cookers on Madagascar and the installation of biogas plants in Nepal. For Coop Naturaline too, the CO<sub>2</sub> emissions are offset by biogas facilities in India. On the one hand, they cut environmental pollution by reducing the need to fell trees for firewood. On the other, solar cookers and biogas plants are not harmful to health. They replace the open wood fires found in most homes, which release a great deal of fine dust and thereby cause respiratory problems. The carbon offsetting projects also enable Coop to create new jobs and disseminate up-to-date technical know-how. Coop devotes great care to selecting the individual projects and ensuring that they satisfy the internationally recognized high Gold Standard requirements.

## ENERGY SOURCES

### Falling energy consumption despite growing sales figures

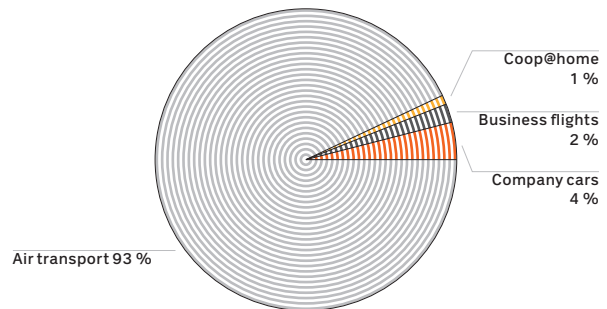
Electricity accounts for about two-thirds of Coop's entire consumption of energy. By far the largest part occurs at the sales outlets, which use electricity for their cooling, air-conditioning and ventilation systems, lighting and other building installations. Coop covers one-third of its entire energy consumption from fossil fuels such as heating oil, natural gas and vehicle fuels. Much of it goes towards generating heat in buildings or for production processes. Sales outlets again account

**Share of CO<sub>2</sub> emissions**  
Overall emissions: 79 561 tonnes



<sup>1</sup> From distribution centres to sales outlets

**Offsetting**  
Total offset: 87 046 tonnes of CO<sub>2</sub>





for about half of Coop's entire heat requirement. The manufacturing companies and distribution centres account more or less equally for the remaining heat requirement. The vehicle fuel used for transporting goods from the distribution centres to the sales outlets and for other transport purposes accounts for less than 10 % of Coop's overall energy consumption. Despite the gratifying rise of 15.6 % in Coop Group sales, total energy consumption for heating and electricity in 2008 was slightly lower than in the previous year. Energy consumption at the sales outlets was reduced by about 2 %.

#### **Measurement systems and Minergie standard in the sales outlets**

The sales outlets are the best place to start implementing measures to reduce energy consumption because they account for a large proportion of the total. Energy consumption at a sales outlet depends largely on the size of its sales area and on its energy-technology status and its equipment and fittings. For this reason, measurement systems enabling Coop to monitor energy consumption systematically and check it against the given targets are currently installed in over 300 new or refurbished outlets. Looking forward, about 40 further outlets are to be equipped each year with measurement systems. Evaluations show that the consumption of both heat and electricity has been declining in the multi-year period compared, even though the sales areas and the part of them taken up by refrigerated shelves has grown. Since Coop has been systematically building all new sales outlets and Coop Pronto convenience shops to comply with the Minergie low-energy standard since the end of 2007, the downward trend of heat and electricity consumption is set to continue in the years to come. When modernizing or refurbishing stores, Coop will apply the Minergie standard at least to the lighting, heating and ventilation systems.

>> [www.minergie.ch](http://www.minergie.ch)

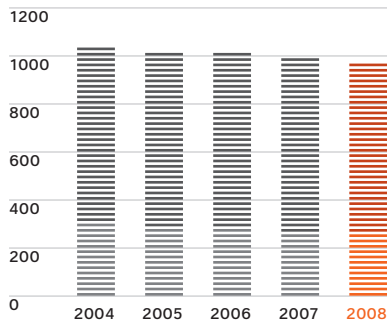
#### **Distribution centres and manufacturing companies on course**

In 2008, the heat requirement of Coop's distribution centres rose for weather-related reasons, while electricity consumption fell. The manufacturing companies used slightly more electricity and about the same level of heating as in the previous year. In relation to the enormous growth of sales at Coop, there was a clear fall in energy consumption in all sectors. This means that in 2008 the distribution centres and manufacturing companies exceeded the targets agreed with the Federal Government. The positive trend was driven to a great extent by targeted individual measures designed to ensure more efficient use of the energy sources required, for instance using waste-heat recycling systems. Other examples include the success of the manufacturing companies Swissmill and Nutrex in further reducing their heat requirements by optimizing process and room temperatures without affecting output.

#### **Wider-ranging reduction measures**

In addition to the above, Coop uses countless other opportunities to reduce energy consumption and CO<sub>2</sub> emissions throughout the Group. They include raising employee awareness of energy-saving practices and increasing the share of renewable energy sources in overall energy consumption. In 2008, Coop concluded an agreement with Kompogas, the world leader in the production of energy by dry fermentation of organic waste and recyclable biogenic waste. Under the terms of the agreement, Coop undertakes to deliver henceforth a large part of its organic waste to Kompogas, which will use it to produce biogas and green electricity. Another approach is using old frying oil to make fuel. Coop has oil from Coop restaurants prepared and then adds it to normal diesel fuels. In the field of wood energy and ambient heat, Coop conducted large-scale investigations of the savings potential which showed that obtaining the bulk of our energy from indigenous

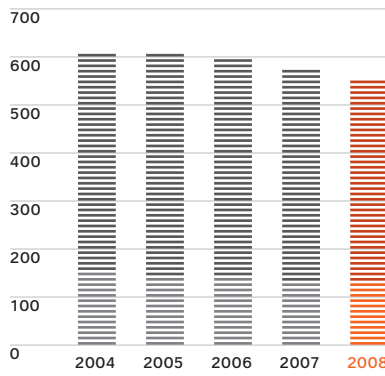
**Total energy consumption<sup>1</sup>**  
in gigawatt-hours



Electricity  
Heating

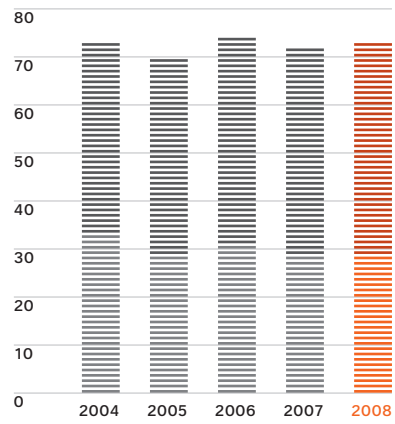
<sup>1</sup> Manufacturing companies, distribution centres, sales outlets (supermarkets, Coop City, Building & Hobby) and administration

**Specific energy consumption per sales area**  
in kilowatt-hours per square metre



Electricity  
Heating

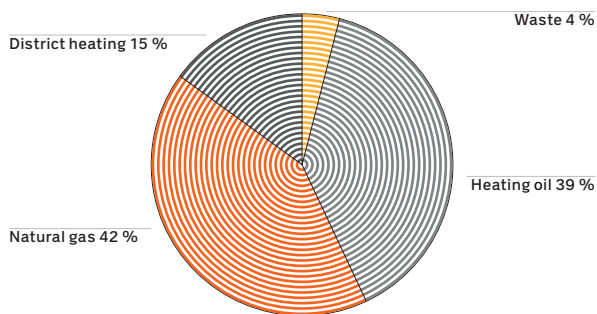
**Energy consumption of manufacturing companies** in gigawatt-hours



Electricity  
Heating

**Heating energy sources<sup>1</sup>**

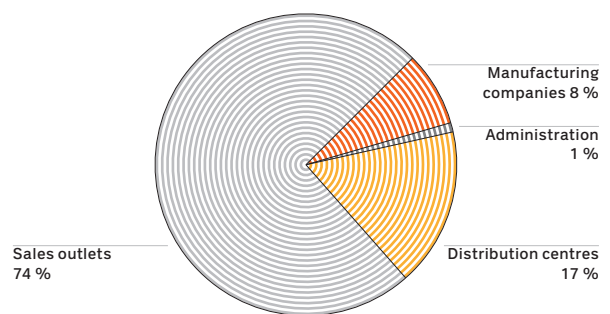
Total consumption: 274 gigawatt-hours



<sup>1</sup> Manufacturing companies, distribution centres, sales outlets (supermarkets, Coop City, Building & Hobby) and administration

**Share of total energy consumption**

Total consumption: 961 gigawatt-hours



renewable energy sources was not a utopian dream. In terms of developing new, clean sources to meet electricity needs, Coop is investing 2 million francs in the construction of ten wind measurement masts in Valais. It is thus supporting a potential value study for the use of wind energy in Switzerland.

## TRANSPORT

### **Sustainable domestic freight transports**

Reducing energy consumption in the transport field is a particularly great challenge. For one thing, merging distribution centres to improve efficiency means that goods have to be transported over longer distances. For another, the transfer of further freight services from road to rail means that Swiss Railways' freight company, SBB Cargo, is increasingly approaching the limits of its capacity. Nevertheless, Coop now effects two-thirds of its freight transports from the national distribution centres in Wangen and Pratteln by rail. The volume of goods forwarded by rail increased in 2008, posting a year-on-year rise of 5 %. Rail freight enables Coop to save about 50,000 truck journeys a year. One reason for this development is the statutory heavy-goods vehicle charge that has been levied since 2002. The heavy-goods vehicle charge initially helped in shifting transports from the roads to rail, but is now only a cost factor. In recent years, Coop has optimized its logistics, which reduced the number of empty trips and thus benefits the environment. CO<sub>2</sub> consumption in carriage per transport unit declined by 4 %. Coop continues to rely on a large fleet of trucks for transporting goods from the distribution centres to the 800 or so supermarkets. Here Coop acted decisively and switched from older vehicles to Euro 5 class trucks, which are currently the most efficient. About 35 % of trucks, i.e. a total of 141, currently comply with this standard. In addition, Coop is investing in the purchase

of trucks that run on biogas. In 2008, Coop was able to scale back its vehicle fleet by a further 62 vehicles in the Euro 1 and 2 categories. Of these, 35 vehicles were decommissioned and not replaced, while 27 were replaced with vehicles in the Euro 5 category.

### **Imports by ship and rail**

Coop permits air freighting only if quality considerations or extreme shortage of time make it unavoidable. As a general rule, organic products may not be air freighted. As an example, the impact of the air transport of vegetables on the climate is about 80 times greater than that of in-season vegetables from Switzerland. This restriction has now been enshrined in Coop's internal Guideline on Socio-ethical and Ecological Sourcing. When there is no alternative to air transport, Coop has been open about it, labelling the goods "By Air" since 2007. The CO<sub>2</sub> emissions caused by this air freight are offset. The "By Air" declaration means that all such transports can be clearly identified, enabling Coop to pinpoint shortcomings and any potential for improvement. Coop now passes on part of the offset payments for air freight to the procurement department, thus creating a further incentive for reducing air freight. Mandatory carbon offsetting does not apply to Max Havelaar-certified roses, which Coop has obtained solely from fair-trade producers in Kenya and Ecuador over the last few years. In this particular case, numerous studies have shown that air freighting causes up to four times less CO<sub>2</sub> emissions than if the flowers were obtained from heated greenhouses in Europe.

### **Carbon offsetting of business travel**

Systematic offsetting of the carbon emissions caused by business trips has increased awareness of the problem. As a result, the volume of CO<sub>2</sub> emissions from business travel fell slightly in 2008. This was due partly to the introduction of a video-conferencing room at

“If you were to line up all of our rail freight wagons end to end, they would stretch from the FC Basel stadium to the FC Barcelona stadium.”

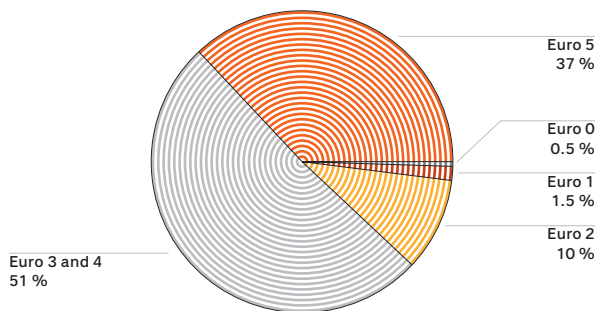
Coop’s Head Office in Basel, which has already enabled numerous trips abroad, particularly Asia, to be avoided. However, the main goal continues to be greater use of public transport, as it offers the greatest potential for savings. In order to promote both business and private travel on public transport, Coop pays employees on at least a 50 % employment contract a large part (600 francs) of the cost of a nationwide Swiss railways GA travelcard.

**WASTE**

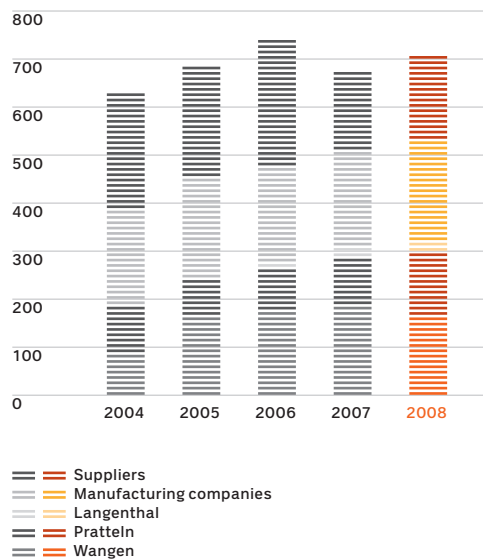
**Increased commitment to waste recycling**

The growing scarcity of natural resources is increasingly pushing up the price of raw materials and thus also of packaging in the medium term. This is one of the reasons why Coop has stepped up its efforts to reduce its consumption of packaging material while also raising its recycling rate.

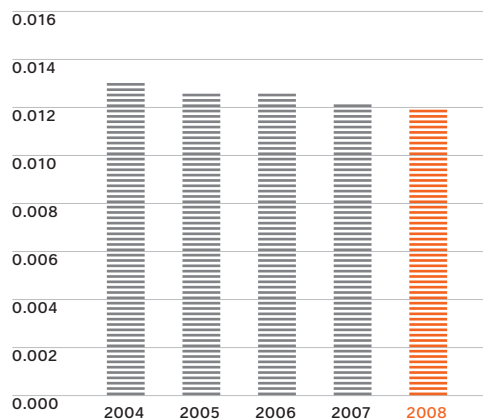
**Distance travelled, by Euro class**  
as % of total distance travelled



**Rail transport**  
in thousands of tonnes  
Total: 709 389 tonnes



**Specific diesel consumption by trucks**  
in litres per tonne-kilometre



### Coop relies on biogas plants for waste disposal

As Coop's own incineration plant at the Berne distribution centre was closed, no waste was disposed of by incineration in 2008. As a result, the recycling ratio declined slightly, despite an overall rise in the volume of recyclable waste. Towards the end of the year under review, prices for recycled products fell sharply, as a result of the financial crisis. Nevertheless, Coop is sticking to its goal of raising the recycling rate over the long term. The PE milk container collection trend is very encouraging. In 2008, 11 % more PE bottles were returned to the points of sale. With organic waste, Coop is relying increasingly on fermentation in biogas plants rather than on composting. In future, frying oil from Coop restaurants will no longer be exported but prepared and used as fuel for Coop's own trucks.

### Comprehensive recycling at the distribution centres

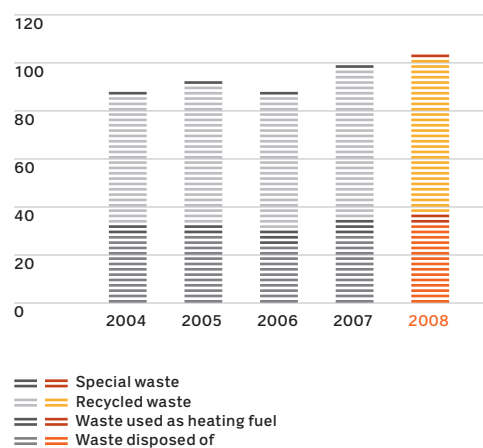
The high recycling rate is due primarily to improved waste management at Coop's distribution centres and sales outlets alike. Up to 27 different waste materials are separated, collected and passed on for recycling. The clean separation of residual waste and recyclable packaging depends on considerable input from the workforce. To guarantee this input, Coop carries out special training courses to raise employee awareness that waste consists of recyclable materials. Coop's customers also benefit from this comprehensive recycling system. At every Coop store, for instance, they can return PE milk containers, PET bottles, reusable glass containers, Brita water filters, batteries, whipped cream cartridges and energy saving lamps. Outlets that stock electrical and electronic appliances take them back free of charge for recycling. At the Building & Hobby centres, household quantities of all paints, varnishes and chemicals sold by Coop are disposed of professionally and free of charge.

### Lowering recycling charges

Coop actively supports environmentally friendly recycling. Where justified, however, Coop also supports the reduction of prepaid recycling charges and contributions, thereby benefiting consumers directly. A number of recycling organizations lowered their charges in 2008: the Swiss Waste Disposal Foundation (SENS) lowered those on electrical and electronic appliances by about 35 to 50 % and the Swiss Light Recycling Foundation (SLRS) reduced charges on energy-saving lamps by 50 %. In addition, the prepaid recycling contribution (vRB) on aluminium cans was reduced to one centime. As part of its active commitment to recycling, in May 2008 Coop became a member of the IGORA Cooperative for Aluminium Recycling, which promotes the collection and recycling of empty aluminium packaging. Aluminium recycling achieves energy savings of up to 95 %.

>> [www.swissrecycling.ch](http://www.swissrecycling.ch)

Total waste production  
in thousands of tonnes



“If you were to line up all the PET bottles returned to Coop for recycling, they would stretch from Switzerland to Uganda.”

**Combating litter**

Although retailing has been shown to be responsible for no more than 30 % of litter, Coop takes its responsibilities in this area very seriously. As a member of the Swiss retailers’ organization IG DHS, Coop has been actively involved in efforts to combat litter at the municipal, regional and national level over the last few years. The first jointly developed measures were now implemented in Basel in 2008. They include cleaning the area in front of Coop stores and emptying litterbins located outside them. The implementation of these measures is being scientifically monitored. If the Basel project is successful, there will be a report on it to a nationwide roundtable group and it will then be implemented throughout Switzerland. There are already signs that litter can be combated more effectively by undertaking joint action rather than by repressive measures such as levying of litter charges.

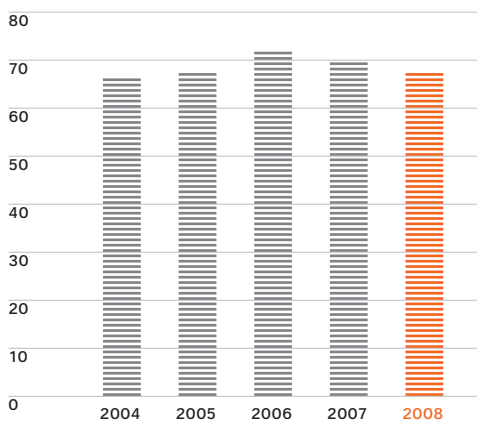
Moreover, levying of a deposit on packaging would result in a great deal of bureaucracy and substantial costs to the economy. For this reason, several initiatives at the national or regional level to introduce a deposit on drinks containers or take-away packaging were rejected. As part of its activities to combat litter, Coop is also a member of the Interest Group for a Clean Environment in Switzerland (IGSU), which carries out anti-litter campaigns all over the country. IGSU’s activities include employing special anti-litter ambassadors to raise awareness of the problem and thus persuade the general public to reconsider the matter.

>> [www.igsu.ch](http://www.igsu.ch)

**Stepping up activities during Euro 08**

Cooperation between Coop and the authorities worked particularly well during the 2008 European football

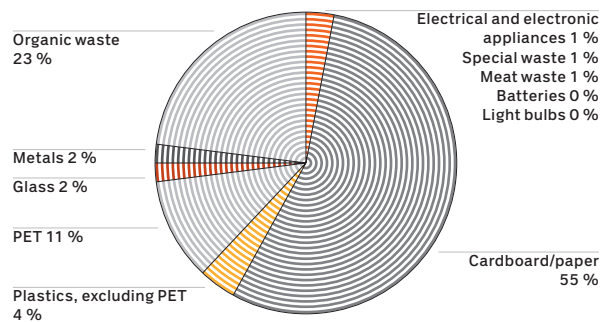
**Waste recycling rate<sup>1</sup>**  
in %



<sup>1</sup> Manufacturing companies, distribution centres, sales outlets (supermarkets, Coop City, Building & Hobby) and administration

**Share of recycled waste**

Total: 65 100 tonnes, excluding use as fuel



championships. In the host cities, much less litter was carelessly dropped than had been feared in the run-up to the event. Rates of up to 85 % for returns of drinks containers were achieved in June 2008. Coop took its responsibility for protecting the environment seriously in this area as well and required re-usable systems to be systematically employed wherever they were available. Looking forward, Coop would like, wherever possible, to employ re-usable systems at future sponsorship events as well.

## WATER

Switzerland is fortunate enough to have sufficient, and above all high-quality, water at its disposal. However, Coop also sources food and other items from countries that suffer from a shortage of water. It is therefore all the more essential for Coop to use water resources carefully and to make the public aware of the problem. This includes constant reminders that the use of warm water requires consumption of heating energy. As issues, a direct connection therefore exists between saving on water and saving on energy.

### Lower water consumption thanks to concentrated logistics

In 2008, Coop was able to reduce its water consumption at the distribution centres, production companies and management by 4.8 %. A major factor here was the closure of the regional distribution centres in Kriens and Zurich and the concentration at the Dietikon logistics site. However, the national distribution centres also used 27 % less water in the year under review. Water consumption at the production companies rose by a slight 2.7 %, due mainly to higher production volumes. In 2008, points of sale also generally reduced their water consumption. However, a defect in the re-cooling plant in Neuchâtel resulted in a 4 % increase

### Perceiving challenges as opportunities

“The environmental sector is driven by three developments: growing numbers of people are consuming growing quantities of goods, resources are becoming scarce and global warming is confronting mankind with completely new kinds of problems and challenges. Each and every company has to manage its business in such a way that it can operate successfully under the new conditions: massively higher energy prices, government demands to reduce emissions, and market expectations of environmentally compatible products and production methods. Yet the scope for action is surprisingly large. Coop has recognized this and is implementing the right measures efficiently and creatively. This approach benefits Coop itself, but also, of course, the environment and its customers, as they receive greater value at little cost to themselves. We are impressed by Coop’s systematic approach to climate protection: to mention just a few of its measures, it has hugely reduced the use of energy for heating and refrigeration, it has improved freight forwarding, it encourages local and organic production and it labels air-freighted goods. Coop examines the entire value chain for compatibility with climate protection and it also tackles measures that have never before been tried out.”

*Sabina Döbeli, Co-Managing Director of Öbu, the Sustainable Business Network*

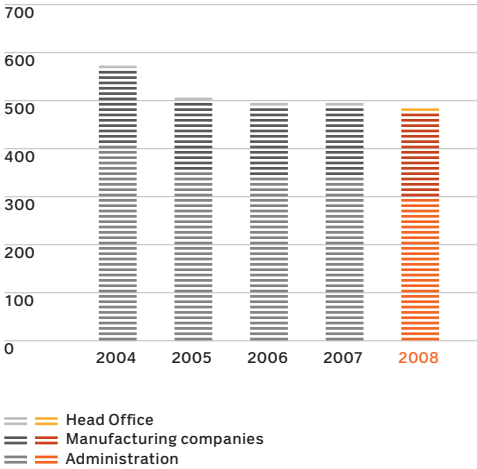
in consumption to 79 litres of water per square metre. Without this defect, the quantity of water consumed per square metre would have fallen by 4 %.

### Action marking World Water Day

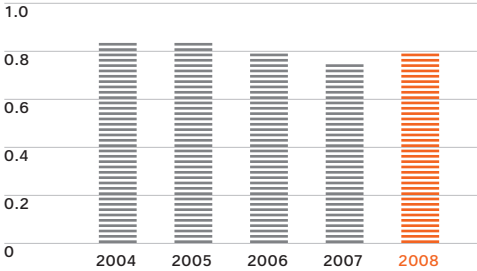
In order to reduce water consumption at the sales outlets, Coop marked World Water Day in March by installing a total of 6,000 water-saving tap attachments in all

sales outlets. This measure enables Coop to save up to 40,000 cubic metres of water a year. Also to mark World Water Day, Coop offered customers the Oecoplan water-saving set at a special price. This helped raise public awareness and gave customers a means of lowering their personal water consumption in the future. From the total revenues accruing from the special offer, Coop donated one franc per set to Helvetas, the Swiss Association for International Cooperation. This donation from Coop helps finance a water project in Guatemala that provides inhabitants with access to clean drinking water and improves sanitation services.

**Water consumption in manufacturing companies, Head Office and administration**  
in thousands of cubic metres



**Specific water consumption per sales area only modernized sales outlets**  
in cubic metres per square metre







→



# From Engadine milk to Pro Montagna mountain yoghurt







Every morning and every evening at five, the dairy cows on the Engadine mountain pasture Giop are herded into the cowshed for milking. They provide part of the milk used to make Pro Montagna mountain yoghurt, which is produced only eleven kilometres away at the Lalaria Engiadinaisa dairy (LESA) in Bever. Depending on size, for each tub of yoghurt purchased 5 or 10 centimes go to the Coop Sponsorship for Mountain Regions. This money is spent on projects for improving living and working conditions in the mountains.

# Society

Coop is well aware that any action or inaction on its part has consequences. This is why we take on responsibility: for instance by imposing a uniform age limit on the sale of alcohol, drawing up the “Movie Guide” to protect the young in the electronic media field, and producing the Nanotechnology Code of Conduct to provide our customers with transparent information.

## **Partnership-based commitment**

To operate a responsible, long-term corporate policy, Coop has to be able to anticipate upcoming issues and potential risks. This can be achieved by maintaining a dialogue with the different stakeholder groups. Over and above this regular and intensive dialogue, Coop is actively engaged in cooperation projects with different organizations at the national and international levels. Besides providing financial support, they focus on the long-term, partnership-based exchange of in-depth know-how with producers, suppliers, authorities and scientists. Coop is also actively involved at the political level. It participates in consultation exercises and cooperates with economic-policy interest groups to draw up contractually agreed sector solutions. As part of its active commitment to social issues, Coop devotes particular attention to the areas of product safety and health. This includes numerous sponsorship projects in the field of nutrition and physical activity. In addition, Coop is increasingly focusing on support for less densely populated parts of Switzerland, for instance through Coop Sponsorship for Mountain Regions. An overview of the success that Coop has achieved in cooperation with the different stakeholder groups in the year under review can be found on its website.

## **HEALTH**

### **Coop acts to protect the young**

In 2008, Coop took increasing account of public discussions about the growing tendency to violence among young people and its causes. Labelling all electronic media with an age rating is a first step towards protecting young people from harmful modern media. As consumers have difficulty grasping the relevant laws, which vary from canton to canton, and the retail sector cannot implement them efficiently and systematically, Coop seized the initiative. In its capacity as

a member of the Swiss retailers' organization IG DHS, it cooperated with the Swiss Videogram Association in drawing up the Movie Guide Code of Conduct. Together with the voluntary PEGI Code of Conduct for computer and video games, it is being implemented at all Coop and Interdiscount stores. The two codes of conduct state that all importers, manufacturers and suppliers of electronic media have to label their products with an age rating in accordance with recognized rating systems. Coop also undertakes to monitor compliance with such age restrictions by, if necessary, checking the ID of customers at the point of purchase. The check-out staff underwent awareness and training courses. The signatories to the Movie Guide Code of Conduct represent over 95 % of the home entertainment sector in Switzerland. Coop's efforts have thus resulted in a standard, nationwide solution in place of a proliferation of contradictory cantonal regulations. As Switzerland's second biggest retailer, Coop also takes its responsibility to protect young people seriously with regard to the sale of alcoholic beverages. Since 2 June 2008, a standard age limit of 18 has been applied to all alcoholic beverages, including beer, cider and wines, that are sold at any Coop supermarkets, Coop Pronto shops and Coop City department stores. Until then, the cantons each had their own specific regulations that were difficult to communicate and monitor. By voluntarily introducing a standard nationwide solution that takes account of all individual cantonal requirements, Coop can now provide specific training for all its employees and thus guarantee that the solution will be systematically implemented.

>> [www.igdhs.ch](http://www.igdhs.ch), [www.svv-video.ch](http://www.svv-video.ch), [www.pegi.info](http://www.pegi.info)

#### **Effective support for healthy eating habits**

The number of overweight individuals is on the rise, and not only in Switzerland. In addition, individual dietary needs are of growing importance. Coop makes an active contribution to improving nutrition and physical

#### **Independent action by the retail trade to protect young people**

"Youth protection activities currently focus particularly on the sale of alcohol, tobacco and media products. Retailers bear responsibility at three levels. Any specific restrictions in existing youth-protection laws have to be effectively implemented and the sale of such merchandise properly organized. This entails providing clear information for customers, training the sales staff, assisting them with modern technical aids and carrying out in-store checks. There are, however, substantial gaps in youth protection law, for instance in relation to the new media. The retail trade is therefore also expected to apply age restrictions to critical products that are not subject to specific legal provisions. As an important player in economic policy-making, the retail trade should provide constructive support for improvements in public youth-protection law. Coop has taken responsibility in this area by playing an active role in drawing up the Movie Guide Code of Conduct, with which it undertakes to label all electronic media with an age rating."

*Michael Marugg, Pro Juventute,  
Head of Legal and Policy Staff Unit*

activity in the Swiss population. It is the first retailer in Switzerland to include a new, clear and detailed nutritional value labelling system on its product packaging – the so-called food profile. In addition, its Free From, Délicorn and Weight Watchers lines offer the broadest range of products for special consumer needs. Coop is working continuously on improving the nutritional value of individual products and on persuading customers to take up a healthy lifestyle. With the support of the Pro Senectute organization for the elderly, it published the manual "Ernährung in der zweiten

“Coop is close to its customers. On average, Coop generates 85 % of its total sales with customers who can reach the nearest sales outlet within a maximum of 10 minutes’ drive.”

Lebenshälfte” [Nutrition in the second half of life] in October, 2008. To promote the consumption of fruit and vegetables in Switzerland, Coop supports the “5 a day” campaign backed by the Swiss Cancer League, the Swiss Foundation for Health Promotion and the Federal Office of Public Health. Coop was the first retailer in Switzerland to use the “5 a day” portion label, which is currently to be found on over 150 Coop items. The portion label provides information on how many of the five recommended portions of fruit and vegetables the product contains. On the Coop website, the Online Coach helps people reach or keep their desired weight. From a database of over 12,000 recipes, Coop compiles a dietary plan geared to the individual needs of the participants and rounds it out with an exercise plan containing specific fitness tips. In addition, a team of psychologists and scientists answers all questions about nutrition and physical activity by e-mail. A total of 15,000 participants have already benefited from the services of the Online Coach, which have also been available in French since 1 January 2009.  
>> [www.5amTag.ch](http://www.5amTag.ch), [www.coopcoach.ch](http://www.coopcoach.ch)

#### **Sponsoring more nutrition & physical activity projects**

In the sponsorship field, Coop is also taking its responsibility for health seriously by enshrining a greater commitment to nutrition and physical activity in its new sponsorship concept for the next four years. Coop works closely together with its in-house Nutrition Unit to raise awareness of a healthy lifestyle among children, parents and teachers. It supports regional and cross-regional projects that are aimed either at a broad public or specifically at children. In 2008, Coop took part – for the second time – in “fit-4-future”, an initiative aimed at combating lack of exercise and overweight among schoolchildren. Monitored by researchers from the University of Basel’s Institute for Sport and Sport Sciences, a series of action days, sports

events, teacher training courses and parent evenings were organized for the purpose of introducing children aged between six and twelve to the joys of physical activity and of motivating them to take up a more active lifestyle. In 2008, the “fit-4-future” project visited 95 schools, reaching a total of about 11,615 children. The Freestyle Tour, which is aimed specifically at young people, has been supported by Coop since 2004. It was singled out by Network HEPA [Health Enhancing Physical Activity] Switzerland as the best youth project for the promotion of physical activity. For visitors, it above all demonstrates the interplay of exercise and diet. On their 2008 tour, the Freestyle professionals and young cooks visited a total of 28 schools, where they gave lessons in nutrition, breakdancing, footbagging and skateboarding. The go-ahead was given at the end of 2008 for submitting entries to the next Coop Municipality Duel, in which adults, and more particularly families, compete with one another in a sporting activity. The event will be held in May 2009 and was initiated by the Federal Office for Sport and the Swiss Foundation for Health Promotion.

#### **HANDLING RISKS AND CONFLICTING GOALS**

##### **Responsible use of nanotechnology**

The nanotechnologies are among the key technologies of the 21st century. Targeted changes made in the structure of materials on a scale of between 1 and 100 nanometres (a nanometre is one hundred millionth of a millimetre) results in the creation of materials with new properties. These new materials can be developed for specific purposes and used effectively in applications such as the treatment of surfaces and for coatings, textiles and cosmetics. Numerous products involving nanotechnologies are already on the market all round the world – even though, given the present state of knowledge, it is too early to arrive at a conclu-

sive verdict on the impact of nanotechnologies on the environment and health. The legislative framework is lacking, particularly a binding definition of synthetic nanoparticles. Against this backdrop, in March 2008 the Swiss retailers' organization IG DHS approved the Nanotechnology Code of Conduct, which had been drawn up on the basis of a Coop initiative. In this code of conduct, Coop and the other Swiss retailers undertake to market only products that, according to the current state of the art, are not associated with any risks to health or the environment. Using a questionnaire drawn up jointly, manufacturers are required to provide retailers with the information they need in order to assess a product. In this connection, Coop, along with IG DHS, has a financial stake in the VIGO project being run by EMPA (Swiss Federal Laboratory for Materials Testing and Research). VIGO enables synthetic nanoparticles to be investigated for parameters such as acute toxicity, risk of inflammation or mutagenic effect. Standardized tests of this kind have not hitherto existed. Since companies do not all take the same approach to defining their products, Coop acts as a link between consumers and manufacturers. For this purpose, intensive dialogue with the different stakeholder groups is indispensable. In December 2008, the Nanotechnology Working Group of the Swiss retailers' organization IG DHS engaged in the first discussions with the cosmetic industry, while other dialogue platforms with the consumer organizations and the textile federation had already been set up.

>> [www.igdhs.ch](http://www.igdhs.ch)

### **Resolving the conflicting goals of environmental and animal protection**

Coop's Naturafarm flagship label offers meat and eggs produced under humane, free-range or access-to-range conditions. However, humane animal husbandry over large outdoor areas also results in the increased release of gaseous nitrogen compounds and hence to

greater environmental pollution. For instance, switching from tie-stall to free-stall animal housing doubles or even triples the amount of ammonia released. To avoid a conflict of goals between environmental protection and animal welfare, in 2008 Coop engaged in numerous discussions with cantonal authorities and was actively involved in developing measures to reduce nitrogen emissions. It is in producers' interests that agricultural production should comply with the requirements of both environmental protection and animal welfare. Longer-term emission-reducing goals to be achieved by, for instance, infrastructure improvements have already been defined. In addition, some of the Naturafarm label's guidelines already implicitly indicate that the release of large amounts of ammonia has to be avoided. They include the regular cleaning of the enclosure areas and the regulation stating that exposed parts of pig enclosure pens must be protected against the sun in summer. These measures now have to be checked and management has to be improved, using every means available to ensure animal-friendly husbandry. Within this dialogue, Coop actively represents the view that progress in animal husbandry must not be sacrificed to environmental goals.

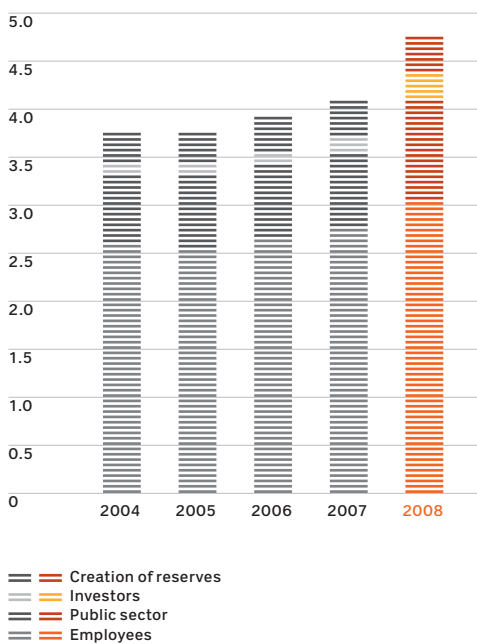
### **COMMITMENT TO PERIPHERAL REGIONS**

#### **Coop Sponsorship for Mountain Regions provides start-up assistance**

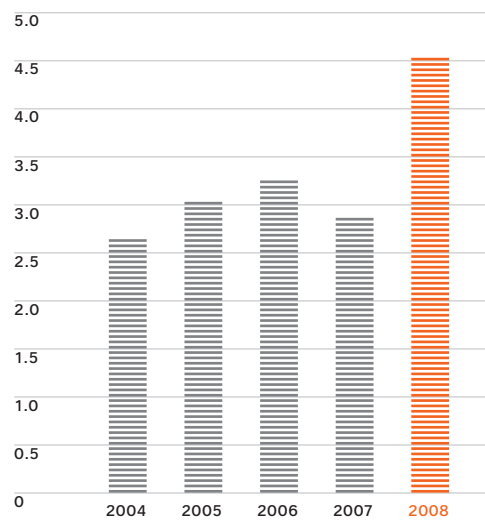
The purpose of Coop Sponsorship for Mountain Regions is to improve difficult living and working conditions for the inhabitants of Switzerland's mountain regions and to offer new prospects for young people living there. Donations enable Coop Sponsorship to support important self-help projects and thus secure the livelihoods of mountain farmers and their families. At the beginning of 2007, Coop launched the Pro Montagna label, which offers high-quality products from



**Distribution of added value**  
in CHF billions



**Total donations**  
**Coop Sponsorship for Mountain Regions**  
in CHF millions



Swiss mountain regions. Not only do the raw materials stem from the Swiss mountains, the products are also processed there. A portion of the sales price of every product sold under the Pro Montagna label goes to Coop Sponsorship for Mountain Regions as a token of solidarity. The assistance provided in 2008 amounted to more than 500,000 francs. Over and above this contribution, the growing demand for Pro Montagna products creates new jobs and promotes the regional economy as a whole. For instance, the Stgier bakery in Tiefencastel, Graubünden, currently employs 25 people, while the Novena pasta factory in Ulrichen in the Valais has a workforce of 23.

### Targeted, nationwide location planning

Operating a total of 818 supermarkets, Coop possesses the densest network of sales outlets in Switzerland. For Coop, nationwide location planning means seeking closeness to customers and deliberately developing a presence even in smaller, remote localities and peripheral regions. These include the villages of Wengen and Mürren in the Lauterbrunnen Valley, which are traffic-free and accessible only by cable car or rail. In 2007, Coop opened a new store on Bettmeralp in the Upper Valais – at 1,900 metres above sea level. Stores such as these provide entire villages with their basic needs. They enable the inhabitants to do their shopping locally and thus save them the trip to the next big

town. By carefully selecting its locations, Coop helps promote local trade and industry and makes a valuable contribution to stimulating the Swiss economy as a whole. For instance, about one third of the 128 supermarkets in the Berne region are very small stores specially designed to supply small regions. Another goal of Coop's nationwide location planning policy is the systematic revival of urban neighbourhoods. When first the railway station and then the post office closed down in the Lerchenfeld district of Thun, Coop held on to its store there. It even decided to expand the store, which hitherto had a sales area of 205 m<sup>2</sup>, and invested in a complete remodelling. Customer numbers have soared since then, demonstrating that the investment has paid off and is making a valuable contribution on the part of Coop to the revival of the neighbourhood. These and other examples underscore the great importance of spatial planning and of dialogue with the authorities. As part of the *espace.mobilite* interest group of the retail and property businesses, in 2008 Coop also supported the search for reasonable and sustainable solutions that met the conflicting needs of spatial planning and environmental protection.

>> [www.espacemobilite.ch](http://www.espacemobilite.ch)

# Reporting in accordance with GRI

## **Coop complies with internationally recognized guidelines**

This Sustainability Report, together with the Annual Report, is designed to provide the fullest possible information on the economic, ecological and social performance of the Coop Group.

The reporting is based closely on the indicator list of the Global Reporting Initiative (GRI). The GRI is an international organization that drafts generally recognized guidelines for sustainability reporting. It attests an Adherence Level of B for the present report.

In the present set of reports, the outline of the Coop Group's sustainability performance is not broken down by GRI indicator, but by the most important areas in which Coop is active, with a view to making the publication more readable and in order to clearly signal Coop's priorities and interests. On key points, the reporting goes further than GRI requirements.

On Coop's website a detailed overview shows where and how the present reports provide information on GRI indicators.

> [www.coop.ch/sustainability](http://www.coop.ch/sustainability)

> [www.globalreporting.org](http://www.globalreporting.org)

## **Content**

Coop

Quality / Sustainability

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Any statements in this report that do not refer to historical facts relate to the future and do not constitute guarantees of future products and services. They incorporate risks and uncertainties including, but not exclusively, future global economic conditions, exchange rates, statutory regulations, market conditions, competitors' activities and other factors beyond the company's control.

This report is published in German, French, Italian and English and can also be downloaded from the website [www.coop.ch](http://www.coop.ch). The German version is authoritative.

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