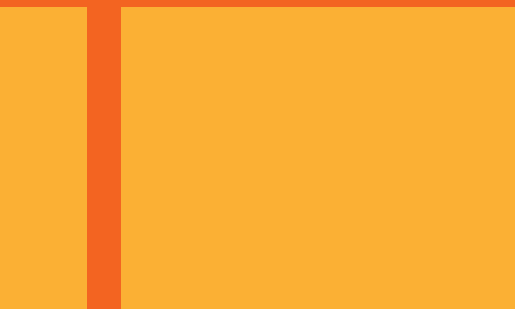
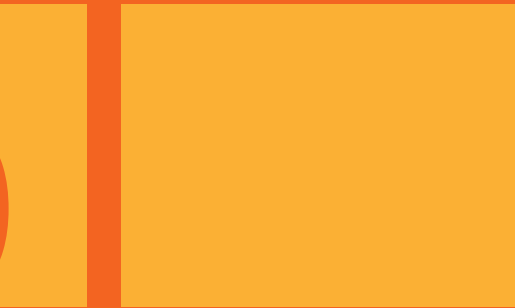
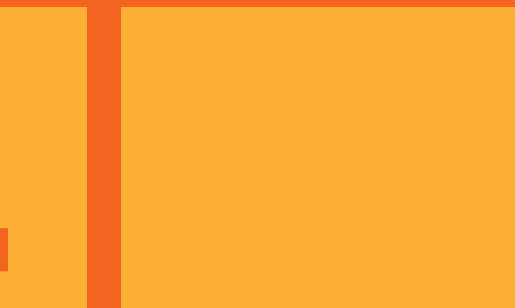


Coop Group
SUSTAINABILITY REPORT
2010





KEY FIGURES →

KEY ENVIRONMENTAL DATA

Sales of Coop own-label sustainability brands and quality labels			
in CHF million	2010	2009	Index %
Coop Naturaplan	758	726	104.5
Coop Naturafarm	461	478	96.6
Coop Oecoplan	117	112	104.5
Coop Naturaline	67	68	98.5
Other (Pro Montagna, Pro Specie Rara, Slow Food, Max Havelaar, Bio, MSC, FSC, from 2010 Topten)	487	238	–
Cash turnover	1 891	1 621	116.6
Survey period for electricity and heating data July to June, calendar year for other data	2010	2009	Index %
Electricity consumption			
Total consumption in MWh ¹	765 993	772 889	99.1
Point of sale consumption in kWh per m ² of sales area	372	380	97.9
Point of sale consumption in kWh per thousand CHF of turnover	40	41	98.2
Energy consumption for heating purposes			
Total consumption in MWh ¹	299 841	318 903	94.0
Point of sale consumption in kWh per m ² of sales area	113	120	94.4
Point of sale consumption in kWh per thousand CHF of turnover	12	13	94.7
Fuel consumption			
Total consumption in MWh ²	201 670	201 145	100.3
Consumption per tonne-kilometre in litres of diesel ³	0.0123	0.0122	100.7
Energy consumption			
Total consumption (electricity, heating and fuel) in MWh ^{1,2}	1 267 503	1 292 937	98.0
Point of sale consumption (electricity and heating) in kWh per m ² of sales area	484	499	97.0
Point of sale consumption (electricity and heating) in kWh per thousand CHF of turnover	52	54	97.4
Carbon dioxide (CO₂) emissions			
Total emissions in tonnes ^{1,2}	129 596	142 938	90.7
Point of sale emissions in kg per m ² of sales area	31	37	83.1
Point of sale emissions in kg per thousand CHF of turnover	3	4	83.4
Goods transport emissions per tonne-kilometre in kg ³	0.0350	0.0364	96.2
Water consumption			
Consumption in m ³ ⁴	441 723	485 960	90.9
Point of sale consumption in m ³ per m ² of sales area ⁵	0.6073	0.6143	98.9
Waste recycling			
Recycling quota as a %	73	70	104.3

¹ Manufacturing companies, distribution centres, sales outlets, administration

² Coop's own goods transport, coop@home deliveries, goods transport by third parties in Switzerland on behalf of Coop, goods transported by air, business travel

³ Coop's own goods transport from regional distribution centres to points of sale

⁴ Manufacturing companies, distribution centres, administration

⁵ Points of sale with a measuring system

Prior-year figures restated

ABOUT THE REPORT

Like its predecessors, this sixth Coop Group Sustainability Report underscores the great importance Coop attaches to sustainability in its corporate strategy. In addition, it constitutes a review of the progress Coop has made in achieving the Group's sustainability goals in 2010. The report is based on the indicator list of the Global Reporting Initiative (GRI) and is also a "communication on progress" as proposed by the United Nations Global Compact.

The target audience for this report includes business and cooperation partners, consumer organizations, authorities, NGOs, the media and the Group's employees, but also customers and the general public.

Unless otherwise stated, the corporate ecology data relate to the Coop parent company. Personnel figures relate to the entire Coop Group unless otherwise specified. Wherever possible, comparative figures are given for the last five years, i.e. 2006–2010. Current figures in the text usually refer to 2010.

Given the wide range of Coop's achievements in terms of ecology, the economy, social accountability and society, it has not been possible to mention every single activity in the present report. A list of additional subjects is therefore provided at the end of each section, including links to the Coop website www.coop.ch/sustainability.

The Coop Group Sustainability Report is published every year together with the Annual Report. The copy deadline for Coop's 2010 Sustainability Report was 3 February 2011.

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BUILDING AND MAINTAINING PARTNERSHIPS

Finding suitable partners and then establishing and fostering these partnerships is essential for Coop, particularly in the field of sustainability. Whether in developing and sourcing sustainable products, raising public awareness or in corporate ecology – good networks are crucial to success.



When drawing up its medium-term sustainability goals, Coop asked around 50 organizations which areas they thought the company needed to take action in. These discussions were very informative. First of all, they indicated that we are on the right track. Coop has already tackled almost every subject that was mentioned. Secondly, Coop is expected to focus its efforts on its core business. In particular, we should exert our influence within the value chain and help to ensure that our entire product range is produced in an increasingly resource-efficient manner. Thirdly, the organizations we questioned suggested that we exert even more influence on the way our product range is compiled, in particular discontinuing products that are problematic and harmful to the environment. And fourthly, Coop should team up with other business players to campaign for good framework conditions for sustainable business and consumption.

Particularly in the field of sustainability, Coop has developed an ability to find suitable partners, cultivate partnerships and jointly achieve the objectives that have been set. It has maintained partnerships with Bio Suisse – the umbrella organization for organic Swiss producers – and Swiss Animal Protection for almost 20 years. These partnerships facilitate an in-depth exchange of knowledge and boost the credibility of Coop's commitment. Collaboration covers guidelines, monitoring activities by affiliated or independent certification organizations, communication and research projects, and extends as far as a joint commitment to a favourable political context. For almost 20 years, Coop has collaborated with Max Havelaar on joint projects and communication activities in the fair-trade sector and promotes small-scale farming in developing countries. These have resulted in global innovations such as fair-trade-quality quick rice.

Coop also actively enters into and maintains commercial partnerships. As early as 2002 at the UN Summit in Johannesburg, the close collaboration between Coop, in its capacity as a retail company, and Remei was acknowledged. This collaboration led to the joint establishment and development of the Coop own-label sustainability brand Naturaline for fair-trade textiles produced from organic cotton. In addition to this vertical partnership, Coop also maintains numerous horizontal links with business partners and competitors. For example, Coop is a member of the Roundtable on Sustainable Palm Oil and the Business Social Compliance Initiative. Together with the WWF, it initiated the Round Table on Responsible Soy. All these major international initiatives are

aimed at tackling important sustainability-related issues in a non-competitive manner. Involvement in such initiatives is primarily intended to minimize risk and is not publicized on products or to consumers.

Coop is also an active member of a number of Swiss networks that are jointly tackling selected sustainability issues, providing training for employees and suppliers, and developing markets by means of joint measures. Notable examples include the WWF Seafood Group, the Swiss Working Party of the Forest Stewardship Council and also Öbu, the Swiss Sustainable Business Network. However, collaboration on sustainability issues is also possible with government bodies. For example, Coop has for many years now held the annual energyday initiative in collaboration with the Swiss Federal Office of Energy. This event aims to motivate people to consume less energy.

The partnerships that Coop has established with regard to sustainable products are complemented by other successful methods of collaboration, for example in corporate ecology. These positive experiences and our dialogue, flexibility and conciliation skills – honed during many years of partnerships – are also having a beneficial effect in other areas of business, including international purchasing alliances and the successful integration of new, previously independent companies such as The Body Shop Switzerland AG.

We are convinced that an ability to work together and good networking will be decisive when it comes to meeting future environmental and economic challenges.



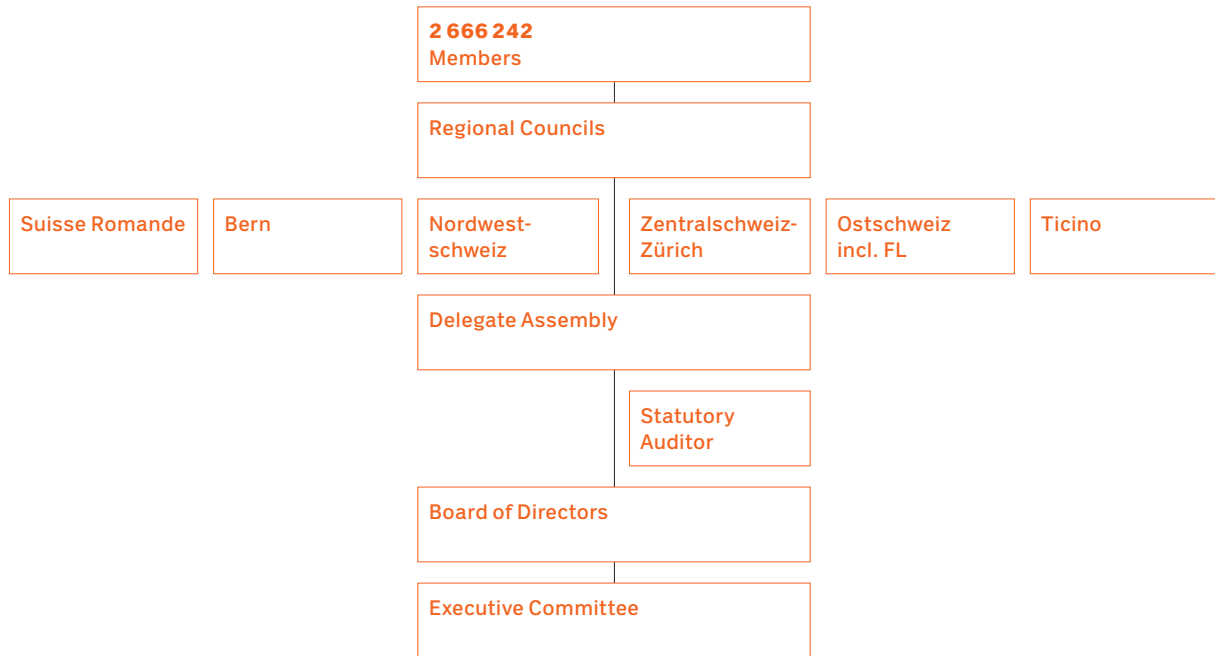
Irene Kaufmann
Chairwoman of the Board of Directors



Hansueli Loosli
Chairman of the Executive Committee

COMPANY STRUCTURE

As at 31 December 2010

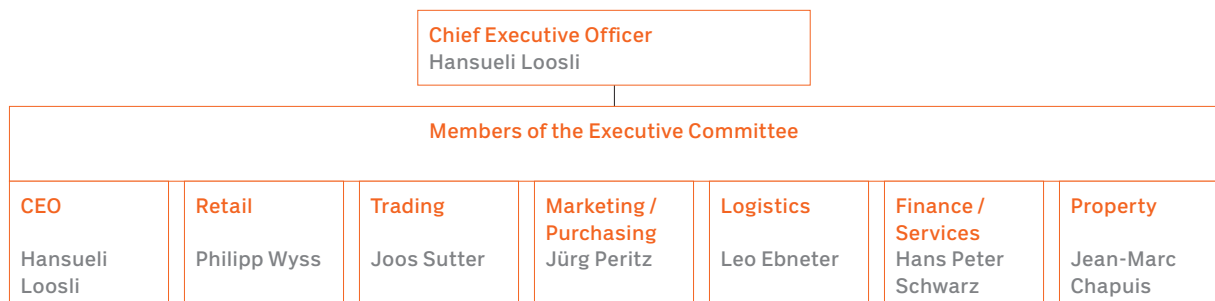


Board of Directors

Peter Eisenhut	Michela Ferrari-Testa	Hans-Jürg Käser
Irene Kaufmann (Chairwoman)	Beth Krasna	Roman Kuhn
Lillia Rebsamen-Sala	Bernard Rüeger	Giusep Valaulta (Vice-Chairman)

Internal Auditing

Heinrich Stamm, Head of Internal Auditing



THE COOP GROUP'S EXECUTIVE COMMITTEE



1 Hansueli Loosli, 2 Jürg Peritz, 3 Jean-Marc Chapuis (left) and Hans Peter Schwarz, 4 Leo Ebnetter (left) and Joos Sutter, 5 Philipp Wyss (right)

STRATEGY AND ORGANIZATION

For Coop, sustainability is not a luxury to be afforded when times are good. It brings decisive competitive advantages and is a driving force for innovation. Sustainability goals are incorporated into all relevant strategies and managed using a balanced scorecard.

ENGRAINING SUSTAINABILITY AS A WAY OF THINKING

Sustainability in all business segments

The economic crisis has not affected Switzerland as extensively as was feared. Nevertheless, many companies are wondering whether they can afford to commit themselves fully to sustainability, given the somewhat gloomy economic indicators. When it comes to sustainability, Coop has been guided by consumer expectations from the outset and sees sustainability as an opportunity to set itself apart in the market. In 2010, around 12% of Coop's total sales came from sustainable products – well above the international average for retailers with a comparable range. The added value of these products is recognized by consumers as such, and they are prepared to pay for it. It is Coop's aim that its entire range of products will ultimately meet sustainability requirements. However, depending on the product segment in question, this may simply mean that minimum social and environmental criteria are being observed, something that cannot usually be mentioned in product advertising or recouped via mark-ups. To protect the credibility of the Coop brand and avoid endangering the added appeal and confidence Coop has generated in recent years by consistently expanding its range of own-label sustainability brand products, efforts to achieve systematic implementation of minimum requirements across the entire supply chain must be advanced with commitment.

This must be done efficiently, as part of normal processes and procedures. Key Coop partners in this respect are purchasing offices in production countries, since they know the suppliers well and maintain regular personal contact with them.

Efficiency and a proximity to daily operations are also challenges in the field of resource efficiency and climate protection. In investment calculations, a higher internal valuation of CO₂ and an assumption that fossil fuels will become more expensive mean that sustainability is taken into account in all of Coop's medium and long-term investments. This is apparent in the consistent implementation of the Minergie standard when constructing and renovating sales outlets, for example. But the investments made by Coop's manufacturing companies and the new Logistics and Bakeries strategy 2015+ are also characterized by their sustainability. Resource conservation measures include the careful use of waste, which Coop sees as reusable material – thanks to segregated collection, it can be sold and then recycled. Coop firmly believes that there is still much recycling potential that can be exploited worldwide. For this reason, it has acquired a financial interest in a company that disposes of refrigerators properly in Brazil, thus securing carbon offset certificates for future years at a good price.

And in the third area of the company's strategic approach to sustainability, that of employees and

community, efforts to be a good, responsible employer do not conflict with Coop's corporate goals. Its impressive increase in productivity over recent years shows that Coop's serious commitment to training apprentices, its clear dedication to including employees in the company's success, and its employees' high level of identification with the company all pay off.

Sustainability and profitability are not mutually exclusive – quite the opposite, in fact. Even where sustainability measures lead to additional costs in the short term, apparent contradictions can be resolved, given the right internal and external conditions. Coop advocates this at a political level. From Coop's point of view, sustainability is not a luxury to be afforded when times are good, but an economic necessity that can be crucial for success in a highly competitive environment.

Sustainability as a driving force for innovation

Coop's experiences with its own-label sustainability Naturaplan have clearly shown that promoting and successfully implementing sustainable strategies can trigger a powerful innovative drive. For example, the Naturaplan innovation generated a large number of new, own-label sustainability brands such as Naturaline, Naturafarm and Pro Montagna. Close collaboration with Bio Suisse when launching Naturaplan showed that partnerships can promote innovation. Based on this experience, Coop established further partnerships, including those with Pro Specie Rara and Slow Food, from which yet more sustainable products were generated that now enhance the Coop range. It is interesting to note that this momentum has also influenced areas other than that of sustainability. For example, as a result of its positive experiences with sustainability partnerships, Coop decided to work with Weight Watchers to develop a new range of products for figure-conscious customers. The most impressive result of innovation at Coop is the Naturaline own-label sustainability brand. With Naturaline, Coop became the world's largest supplier of fair-trade organic cotton. Close strategic collaboration with key business partner Remei AG, a detailed knowledge of the entire value chain and a pooling of production and sales expertise are the ideal prerequisites for further innovations such as the CO₂ neutrality of Naturaline along the entire chain.

 www.remei.ch

The company's deeply embedded environmental and social values form the basis for developing innovative, sustainable product ranges. Today, Coop has a varied set of tools for promoting sustainable innovation. The Coop Sustainability Fund supports

RESPONSIBLE COMPANIES ARE IN DEMAND

"Pressure on natural resources is increasing. Between 1990 and 2007, the consumer expenditure of Swiss households increased by 26% to 280 billion francs. Consumer behaviour has a huge impact on the environment. We therefore need information on living, mobility and leisure-time behaviour and on nutrition in order to support purchasing and consumption decisions that conserve resources – the environmental market transparency of products must be improved. The Swiss government also demanded this in the 'Green Economy' working paper it approved on 13 October 2010. To implement a green economy, administration and politics depend on responsible companies. But these companies need a framework to ensure that sustainable business is also profitable business. This is why we engage in dialogue with Coop."

Bruno Oberle, Director of the Swiss Federal Office for the Environment (FOEN)

innovative projects across the entire value chain, leading to a broader range of attractive sustainable products, and validates innovative ideas in pilot projects in the field of corporate ecology. For example, funding scientific studies may in the long term lead to new products or help to solve specific production problems. The innovative drive of Coop's suppliers is fostered by the Natura Prize, which Coop awards every two years for exceptional innovative achievements in the field of sustainability. Coop maintains its proximity to customer needs thanks to market research and uses systematic stakeholder dialogues to incorporate the expectations of numerous other target groups. Their requirements too have the potential to trigger innovation.

Strategic and operational controlling

Coop attaches great importance to integrating sustainability into all its corporate strategies. In 2009, it therefore developed a strategic approach to sustainability that coordinates and harmonizes the sustainability goals already established in the different business segments (see figure). For all relevant strategies, key sustainability performance indicators and targets are defined for strategic controlling using balanced scorecards reports (BSCs). Achieving these goals is therefore the duty of those responsible for the individual strategies. For controlling in an operational sense, support is provided by the sustainability portfolio, which includes all Coop's sustainability projects. This tool makes it possible to compare Coop's current commitment against the three pillars of its strategic approach to sustainability – sustainable products and services, resource

Sustainability strategy



efficiency and climate protection, and employees and community. This approach enables any deficiencies in these areas to be identified and resolved in a targeted manner. The portfolio is used to identify projects for effective communication. To make this selection process easier, all projects are assessed against three criteria – potential for boosting the company’s profile, innovation potential and communication potential. In addition, linking the project portfolio with project management tools makes it possible to obtain an overview of the status of individual projects in terms of goal achievement, resource usage and deadlines.

SUSTAINABILITY COMMUNICATION

Communicating at different levels

Coop is involved in a large number of environmental and social projects. Its own communication media, such as the Coop member press, the Internet and point of sale communication offer versatile platforms on which to communicate Coop’s commitment to consumers and other target groups. As well as demonstrating its own commitment to environmental and social issues, Coop’s sustainability communication specifically aims to raise consumer awareness of the need for sustainable consumption. The most important means of communication here is that provided in sales outlets, the expertise of sales staff, and the information provided on products themselves. This involves treading a fine line between providing complete transparency across the entire value chain and regarding all aspects of sustainability, while taking account of the amount of information consumers can absorb while doing their daily shopping.

To reduce complexity, Coop makes preliminary decisions on its customers’ behalf based on eco-audits or as a result of pressure from environmental and animal protection organizations when creating product ranges. These will, from time to time, restrict customer choice. However, discussions in customer forums have shown that this is not only increasingly accepted, but also actively demanded of Coop. At the same time, detailed, credible information must be provided in a suitable, understandable format when required. Coop has therefore redesigned the sustainability pages of its website and now provides a wealth of up-to-date, attractively presented information on its commitment, as well as tips for sustainable everyday behaviour. Communication on sustainable consumption cannot be targeted at consumers alone, but must also involve the relevant stakeholders. Joint communications as part of awareness-raising campaigns such as energyday and the WWF campaign for sustainable consumption are of particular importance here.

www.wwf.ch

Integrated brand and corporate communication strategy

In 2010, Coop drew up an integrated brand and corporate communication strategy on the subject of sustainability. This strategy defines procedures and communication focal points for each target group. Coop also chooses a top-level sustainability-related theme each year. 2010 was the UN International Year of Biodiversity. Coop adopted this theme and, with numerous activities, contributed towards raising consumer awareness of the huge environmental and economic significance of biodiversity. Coop won international awards for its commitment. Alongside the theme of the year, Coop groups its sustainability communication within the three pillars of its strategic approach to sustainability. Communication relating to pillar one, sustainable products and services, predominantly takes the form of advertising, sales promotions and product PR, with point of sale communication playing a key role. Coop’s commitment is so extensive that it is necessary to define focal points. In the fields of “resource efficiency and climate protection” and “employees and community”, the main tools used are stakeholder dialogue, media relations, the Internet and the Coop member press.

TARGETS

Target attainment 2008 to 2010

Coop published its first sustainability report in 2004. In its 2006 sustainability report, the company was

already transparently presenting its targets, measures taken and an estimated degree of attainment. Recognizing that some measures cannot be implemented within a year, in particular due to organizational reasons, Coop drew up medium-term targets for the first time in 2007, covering the period 2008 to 2010. This was additionally linked to the annual publication of measures implemented, and also a self-assessment. Three years later, it is clear that good progress has been made towards reaching most targets, for instance integrating sustainability issues into Coop's standard procedures including strategic controlling, and further extending its position as market leader with product lines that are particularly ecologically and socially responsible. In its standard range too, Coop has achieved success with fish, palm oil and soya, as well as in implementing requirements for socially accountable working conditions. During this time, Coop has achieved innovations in several areas, such as launching products from mountain regions under its own-label sustainability brand Pro Montagna, introducing carbon offsetting for all goods imported by air, and agreeing a comprehensive vision for CO₂ neutrality. Coop has been involved in identifying solutions to global problems, ranging from drawing up and agreeing criteria for sustainable soya cultivation at an international round table to enhancing the GlobalGAP global standard for good agricultural practice to include a module on social standards.

Numerous measures have already been taken for many targets, but additional efforts are still required. These include reducing the use of materials in packaging, implementing comprehensive sustainability standards for fruit and vegetables, and reducing CO₂ emissions. There is just one target for which, after three years, our level of achievement is still low. Although the need to develop an end-to-end supplier management system has been recognized, its implementation has been delayed because Coop did not want to have a separate solution for sustainability. This delay is all the more frustrating since the area of suppliers and supply chains is particularly complex, and in recent years expectations with regard to full transparency in implementing social and environmental standards have grown increasingly at the various stages of the value chain.

Outlook for 2011 to 2013

In drawing up its targets for 2011 to 2013, Coop has pursued a different approach. On the one hand, it has been guided by the relevance table published in the 2009 sustainability report, and has therefore focused primarily on subjects for which society's

STAKEHOLDERS DEMAND OPENNESS AND TRANSPARENCY

"Stakeholders are very discerning. Consumers play a part in deciding which products and types of production should be promoted and developed. Suppliers want to bring healthy, fair products to the market. Environmental and social interest groups want high standards. Coop sees this as an opportunity to make step-by-step progress together towards sustainability.

Coop is a driving force for sustainable development with processes that are not only socially and environmentally responsible but also economically attractive. It tenaciously pursues ambitious targets. It communicates successes openly as well as barriers to progress in implementing these targets. With its comprehensive sustainability report, Coop provides an insight into its activities. We're delighted with this openness, and we take Coop at its word – now and in the future."

Gabi Hildesheimer, Joint Director, Öbu – Sustainable Business Network

expectations are high and for which significant leverage can be achieved. On the other hand, it has also given around 50 organizations and Federal Offices in fields relating to ecology, social responsibility and agriculture the opportunity to submit proposed targets for the next three years. Around two-thirds of the organizations took up this offer and proposed a total of over 150 targets in differing levels of detail. In summer 2010, Coop held a stakeholder workshop to weight and prioritize the proposed targets that had been submitted. Approximately 20 specialists examined the proposed targets and derived five main issues from them:

1. Ensuring the product range, including manufacturer brands, is sustainable along the entire length of the supply chain, taking account of risks and potential leveraging.
2. Reducing the environmental pollution caused by employee and customer mobility, including optimization of locations.
3. Steering consumers towards sustainable consumption.
4. Active political lobbying to achieve good underlying conditions for sustainable business.
5. Assuming joint responsibility with producers for sustainable, productive Swiss agriculture.

Other important concerns included creating transparency with regard to environmental and social standards along the entire supply chain for own-label brands and manufacturer brands; using eco and social audits as a basis for creating product ranges;

optimizing packaging and demanding production-level improvements; expanding communications on sustainable consumption; defining minimum requirements for products and de-listing products that do not meet these minimum requirements. And finally, ensuring sufficient time for employee training and continuing education on sustainability, since staff make a major contribution towards achieving sustainability targets in their everyday work.

ADDITIONAL TOPICS ON THE INTERNET 

Sustainability milestones	www.coop.ch/milestones
Stakeholder dialogue	www.coop.ch/stakeholder
Sustainability principles	www.coop.ch/principles
Memberships	www.coop.ch/memberships

TARGETS AND DEGREE OF ATTAINMENT

GOALS FOR 2008–2010	MEASURES TAKEN IN 2010	GOAL ACHIEVEMENT LEVEL
Strategy and management		
Include all Coop divisions in the process for defining sustainability goals	– Completed the integration of all divisions into the goal-setting process and implementation support committees	High
Integrate the sustainability goals into Strategic Controlling	– Completed integration and defined reporting system	High
Integrate Coop Personalversicherung CPV into the sustainability process	– Investigated the integration of the UN Principles for Responsible Investment – Carried out a large building renovation project in accordance with the Minergie-P standard	Medium
Sustainable consumption		
Consolidate Coop's leadership in environmentally and socially responsible products in all retail formats	– Over 100 new Naturaplan products – All basic T-shirts and underwear from Naturaline, nightwear and socks are CO ₂ -neutral – Launched Oecoplan FSC-certified nappies and shopping bags made from 100% recycled material – Significantly expanded range and increased sales of products with the Max Havelaar quality seal – Expanded Pro Montagna range and grew sales significantly	High
Include internal purchasing in the scope of the Coop Guideline on Socio-ethical and Ecological Sourcing	– Completed review and optimized all office supplies – Switched all paper to FSC or recycled paper – Converted all computers and laptops to energy-saving machines with the Energy Star label	High
Expand the range of fish and shellfish from sustainable farming (organic) or from wild catch (MSC)	– Increased the proportion of MSC-certified wild fish in the range to 42% – Increased the proportion of Bio Suisse-certified farmed fish in the range to 30% – Discontinued a further 14 products from threatened fish stocks (total = 33)	High
Expand the range of energy-saving appliances	– Introduced "Topten" as a quality seal: redesigned packaging and expanded range significantly – Updated WWF Climate Group action plan for 2010 to 2012 – Took part in "energyday10"	Medium
Expand the range of wood and paper products with the FSC label or made from recycled fibre	– FSC innovation projects in Indonesia and Laos – Expanded the range of FSC garden furniture – Expanded the Oecoplan range – Completed the conversion of the handicrafts range	High
Successfully market products that have been sustainably produced in Switzerland (Pro Montagna, Slow Food, Bio Regio)	– Relaunched Naturaplan regional organic products – Ensured all Naturaplan organic Swiss fruit and vegetables are traceable – Increased the number of Swiss Slow Food presidia to 22 – Expanded Pro Montagna range and grow sales significantly	High
Identify potential for reducing the use of materials in packaging and consumables	– Introduced purchasing checklist – Selective reductions in packaging – Increased labelling of aluminium packaging	Medium

GOALS FOR 2008–2010	MEASURES TAKEN IN 2010	GOAL ACHIEVEMENT LEVEL
Employees		
Integrate sustainability issues into employee training at all levels	<ul style="list-style-type: none"> – Drew up a sustainability training strategy – Completed integration into initial training programme – Redesigned and extensively publicized monthly sustainability posters 	Medium
Promote a balanced diet and more physical activity among employees at all levels	<ul style="list-style-type: none"> – Held a nutrition and exercise workshop with 548 participants at the Wangen national distribution centre – Drew up principles for measures targeted at specific groups 	Medium
Determine the potential for creating family-friendly working-time models	<ul style="list-style-type: none"> – Transferred 700 hourly paid employees working at least 50% to contracts based on a monthly wage 	Medium
Business partners/purchasing		
Introduce a supplier management system that extends as far as their production facilities	<ul style="list-style-type: none"> – Provided tools for evaluating existing, new and potential business partners and suppliers as part of the purchasing management process – Initiated projects to include information from supplier audits in SAP applications 	Low
Audit suppliers of textiles, toys, Coop Oecoplan and Trophy articles in risk countries in accordance with BSCI standards and train them in sustainability	<ul style="list-style-type: none"> – Extended to all suppliers with production facilities in risk countries – Increased the number of manufacturing companies audited in accordance with BSCI from 193 to 281. Increased the number of completed BSCI processes from 66 to 136. An additional 54 suppliers are BSCI members themselves and have their production facilities audited. – Carried out in-house training for suppliers in China 	High
Raise awareness, train and audit suppliers of fruit and vegetables in Spain, Morocco and Italy in quality, ecology and social standards	<ul style="list-style-type: none"> – Organized GRASP training courses in Spain and addressed issues relating to good agricultural practice and the environment at special Coop supplier meetings in several regions – Became involved in organizing a BSCI course on good social practices in agriculture in Morocco – Coop and its suppliers participated in a GlobalGAP round table in Bari on implementing GRASP. Addressed quality and sustainability issues at special Coop meetings. 	High
Increase the proportion of coffee, palm oil and soya from sustainable production	<ul style="list-style-type: none"> – Coffee: Increased the proportion of 4C coffee from 20% to 40% – Palm oil: 100% of palm oil in own-brand products is covered by sustainability certificates – Soya: 60% of soya animal feedstuffs in Switzerland meet the Basel criteria for sustainable soya (ProTerra standard). Due to a lack of supply chain separation, it is not possible to allocate this amount to Coop-specific programmes. 	Medium
Define and exploit synergies with Eurogroup and Coopernic in relation to sustainable sourcing	<ul style="list-style-type: none"> – Set up a quality and sustainability working group at Coopernic to support all purchasing processes – Included Eurogroup Far East Ltd. in the BSCI implementation process – Pilot project for training Asian suppliers in environmental protection issues 	Medium
Corporate ecology		
Reduce CO ₂ emissions in line with the target agreement drawn up with EnAW (Business Energy Agency) and the Swiss Government	<ul style="list-style-type: none"> – Increased the use of waste heat in manufacturing companies and distribution centres – Increased the use of biodiesel and biogas as fuels for goods transportation 	High
Increase the proportion of green electricity in overall electricity consumption	<ul style="list-style-type: none"> – Purchased 50 GWh of “naturemade star” green electricity between 2008 and 2012 – Switched to 100% hydroelectric power from 2010 	High

GOALS FOR 2008–2010	MEASURES TAKEN IN 2010	GOAL ACHIEVEMENT LEVEL
Reduce energy consumption in the sales outlets and in central departments	<ul style="list-style-type: none"> – Constructed or renovated a further 42 sales outlets to Minergie standard, 11 of them certified – Specified CO₂ as a refrigerant and partial LED lighting as standard in new and renovated buildings – Specified LED lighting throughout as standard for new and renovated Coop restaurants 	High
Reduce water consumption in the sales outlets and in central departments	<ul style="list-style-type: none"> – Installed water-saving nozzles in all facilities – Adapted recooling plants so they do not use mains water 	Medium
Promote the eco-awareness of employees in relation to the workplace and their personal surroundings	<ul style="list-style-type: none"> – Employee offers in CO₂ Monitor – Joined the Swiss Energy “Mobility management in companies” programme – Increased the efficiency standards for company cars 	Medium
Reduce motor fuel consumption by gradually switching to low-consumption company cars	<ul style="list-style-type: none"> – Modify purchasing guidelines so that new company cars only have diesel engines and a higher efficiency classification 	Medium
Offset CO ₂ caused by business travel, coop@home deliveries and air freight in collaboration with WWF	<ul style="list-style-type: none"> – Developed five new carbon offset projects (total = seven) including a carbon offset project (fridge recycling) in Brazil with SENS International 	High
Improve information about the environmental impact of consumption	<ul style="list-style-type: none"> – Activities in the UN Year of Biodiversity: TV commercial “C’est réel” (It’s real) with the well-known Swiss rapper Stress, participatory event, organic farms open day, sponsorship and active participation in the “NATUR 5/10” trade fair on the subject of biodiversity – Relunched sustainability pages on the Internet – Weekly reports in the Coop member press on the “Environmental & fair” double-page spread – Various POS activities, presentations, publications (press kits, shopping tips, leaflets and magazines) 	High
Stakeholders/society		
Make the best possible use of the Coop Sustainability Fund	<ul style="list-style-type: none"> – Strengthened the fund’s focus on innovative sustainability projects within the value chain and on communication regarding sustainable consumption – Strengthened the strategic issue of “water as a global resource” – Supported the UN Year of Biodiversity by funding internal and external projects 	High
Expand commitment in the nutrition and physical activity fields	<ul style="list-style-type: none"> – Submitted a second campaign promise for the Federal Office of Public Health’s actionsanté initiative – Relunched Coop Weight Watchers and expanded the Délicorn and Free From ranges – Launched the Gorilla prevention project on nutrition and exercise for young people – Expanded the fit-4-future school project – Expanded the Coop Community Duel to include nutrition elements in 210 communities and a competition on the subject of nutrition 	High
Step up communication activities relating to sustainability	<ul style="list-style-type: none"> – Agreed a communication strategy for sustainability: defined processes and responsibilities for integrated brand and corporate communication – Successfully focused sustainability communication on a theme of the year 	High
Step up political activities relating to environmental protection and sustainability	<ul style="list-style-type: none"> – Provided active support for an ambitious and consistent Swiss policy on climate change – Carried out active lobbying to strengthen the effectiveness of environmental laws – Funded a study and expert conference on expanding the separate collection of reusable materials in conjunction with the Swiss retailers’ association IG DHS 	High

SUSTAINABLE CONSUMPTION


Enjoyment and quality are playing an increasingly large role in sustainable products. To maintain its leading position in the Swiss market, Coop continuously invests in innovative product ranges, communication and collaboration with professional partners.

CREATING PRODUCT RANGES

Combining ecology with quality, diversity and enjoyment

Coop is aware of its key role in promoting sustainable consumption and has occupied a clear leading role in the Swiss market for years in the field of sustainable goods and services. The company has worked hard to achieve this position. Success factors include long-term visions, ongoing efforts in product range creation and communication, collaboration with credible, experienced partners and investment in innovation and research. In 1993, when Coop set itself the goal of being the first major Swiss retailer to provide its broad customer base with credible, affordable organic products, and then jointly launched the first Naturaplan organic products together with Bio Suisse, the general public derided this vision. Today, the Coop range includes around 2 000 organic food products. Coop is the Swiss market leader in the steadily growing organic segment with sales of around 800 million francs, and is one of the world's largest organic suppliers. To sustain and build on successes such as these, Coop takes account of changing customer needs and responds to new consumer trends such as the current fashionable "Lifestyle of Health and Sustainability", or LOHAS. While previously issues such as humane animal husbandry and healthy eating encouraged consumers to focus on sustainable consumption, today the decisive factors are quality, aesthetics and enjoyment as well

as diversity and freedom of choice. Coop is meeting these needs with modern, high-quality products that are also sustainable, by steadily expanding its environmentally and socially responsible ranges, and with appropriate point-of-sale communication and presentation.

 www.bio-suisse.ch

THE ROLE OF COOP'S MANUFACTURING COMPANIES

Joint product development

Coop manufacturing companies have a high degree of purchasing and production expertise, while Coop itself is positioned close to the market and knows what its customers need. In the early years, collaboration between Coop and its manufacturing companies was predominantly order-based, even for the creation of sustainable product ranges: Coop defined its requirements for sustainable products, and the production companies fulfilled the order. Today, Coop and its manufacturing companies work jointly on developing and finalizing ideas for innovative, sustainable products. Regular meetings provide a platform for discussing and developing ideas, analysing processes and exploiting synergies. Coop manufacturing companies currently have a broad range of sustainable products with which they can make their name in the market, and they base their national and international success on this business model.

Sustainability performance of the manufacturing companies

When developing sustainable products, manufacturing companies depend on sustainably produced and processed raw materials. It is important to secure long-term access to these raw materials. Today, many small-scale farmers in Asia, Africa and South America are having to contend with falling harvests and financial problems due to climate change. Ecological risks also include deforestation and a loss of biodiversity and soil fertility. Added to this, conventional supply chains are often long and opaque. This means that manufacturing companies are having to get actively involved in developing new, sustainable products and identifying solutions locally in the country of production. For example, Chocolats Halba launched a project in 2008 to procure wholly sustainable cocoa from Honduras. In close partnership with the development organization Helvetas, the local FHIA research foundation and farmers' cooperatives, the manufacturing company helped to establish and develop trade in organic and fair-trade cocoa beans. The result is a high-quality chocolate that is unique thanks to the old premium cocoa varieties used, and should be available at Coop in 2012.

Together with Coop, Reismühle Brunnen (RMB) was one of the first companies in Europe to source fair-trade rice. It also initiated the establishment of fair-trade projects in Asia with the Max Havelaar Foundation (Switzerland). In March 2002, RMB launched its first fair-trade rice, gradually expanding its range in subsequent years. At the end of 2010, it launched the first fair-trade boil-in-the-bag rice for Coop. RMB is currently evaluating a sustainability project that would take account of water management, biodiversity and CO₂ emissions across the entire supply chain. The intention is to safeguard and expand sustainable procurement for the future.

Sustainable raw materials are not overly abundant in Switzerland either, but must be specially nurtured. One of the first projects to benefit from the Coop Sustainability Fund involved the development of new, high-quality and high-yield varieties of organic wheat and spelt, under the current brand name of Bioverita. Swissmill provided significant support for the establishment and development of Bioverita (previously known as Sativa), by accepting, processing and continuously improving the cereal through quality testing. The project has now reached a stage where the same high quality standards apply for Bioverita cereals as for other organic cereals.

Innovative sustainable products also need to be stored and processed in an environmentally friendly way. One example of this is the use of beneficial animals such as spiders and insects as an alternative to synthetic chemical insecticides when storing cereals. Together with project partners, Swissmill used field trials to research and promote the use of beneficial animals, and passed its findings on to other manufacturing companies. As a result, Pasta Gala and Sunray have since 2010 also decided to systematically use organic pest control methods.

As a result of valuable collaboration between Coop manufacturing companies, Coop and external partners, there have been many other product innovations. For example, Steinfels Cleaning Systems developed the Maya product line for professional cleaning on behalf of Coop, thus overcoming the discrepancy between simply disinfecting and also protecting water, soil and the air. The Coop manufacturing company CWK-SCS is still the only supplier to offer a full range of environmentally friendly cleaning products for professional use. Other innovative sustainable products to emerge from Coop manufacturing companies include the Coop Naturafarm products made by Bell AG, whose strict animal protection

Percentage of sustainable ranges at Coop manufacturing companies as a % of total sales

Coop manufacturing companies	Sustainable ranges	Percentage of sales	
		2009	2010
Swissmill	Coop Naturaplan, Bio Knospe (organic bud)	18.1%	19.0%
Pasta Gala	Coop Naturaplan, Bio Knospe (organic bud)	8.3%	7.1%
Chocolats Halba	Coop Naturaplan, Bio Knospe (organic bud), Max Havelaar	5.6%	7.9%
Reismühle Brunnen	Coop Naturaplan, Bio Knospe (organic bud), Max Havelaar	16.3%	18.8%
Nutrex	Coop Naturaplan, Bio Knospe (organic bud)	10.0%	8.7%
Sunray	Coop Naturaplan, Bio Knospe (organic bud), Max Havelaar	10.7%	12.4%
CWK-SCS	Coop Oecoplan, Coop Naturaline Natural Cosmetics, Maya	16.6%	19.8%

guidelines were developed jointly with Coop and Swiss Animal Protection (Schweizer Tierschutz STS). In 2010, sustainable product ranges (Coop Naturafarm, Coop Naturaplan, Pro Montagna, Bio Knospe (organic bud) and MSC) accounted for around 42% of Bell Switzerland's total sales. Vinegar manufacturer Nutrex has also been steadily expanding its range of organic products in recent years and has, like other Coop manufacturing companies, invested in corporate ecology measures.

 www.coop.ch/manufacturing

SEASONAL AND REGIONAL PRODUCE

Steps to promote seasonal produce

A stakeholder dialogue initiated by Coop revealed that seasonal produce is seen as a key element in sustainable consumption and should be promoted by responsible retailers. Coop is taking this responsibility seriously by showcasing and actively communicating its range of seasonal fruit and vegetables at points of sale. Promotions such as bags full of seasonal vegetables help to raise customer awareness of the current season's produce. Coop also uses a seasonal calendar to tell its customers what's in season when, and publishes weekly seasonal offers in the Coop member press.

Innovative approaches by Swiss suppliers

In 2010, Coop and its vegetable suppliers formed three regional alliances (west, central and east) under the "Swiss Alliance" (Allianz Schweiz) umbrella. The aim of this alliance is to provide long-term support for the production and consumption of high-quality fresh seasonal Swiss vegetables. Centralizing management, planning and communication has improved procedures and production can be more closely aligned to customer needs. Thanks to the alliance, Swiss producers of fresh vegetables have been better able to withstand competition and further strengthen the Swiss brand. At the same time, Coop suppliers have found ways of improving their use of sustainable resources in order to improve their products and services. For example, the herb grower Mäder Kräuter has bought a facility in Ticino and can now produce herbs in accordance with strict organic cultivation guidelines for a longer period each year than in northern Switzerland, thanks to the milder climate. It is currently considering whether to expand the facility's production capacity. Efforts are also being made jointly with seven other companies to use waste heat from the newly constructed waste incinerator at Giubiasco in Ticino. At its production plant in Boppelsen, Mäder Kräuter has already success-

fully conducted a pilot project for using waste heat from a nearby waste timber incinerator. This can now be scaled up. Gebrüder Meier in Hinwil already heats its vegetable greenhouses using waste heat from the Hinwil incinerator – heat that would otherwise not be used due to its relatively low temperature. In doing so, it is expanding the supply of Swiss greenhouse vegetables in a sustainable manner.

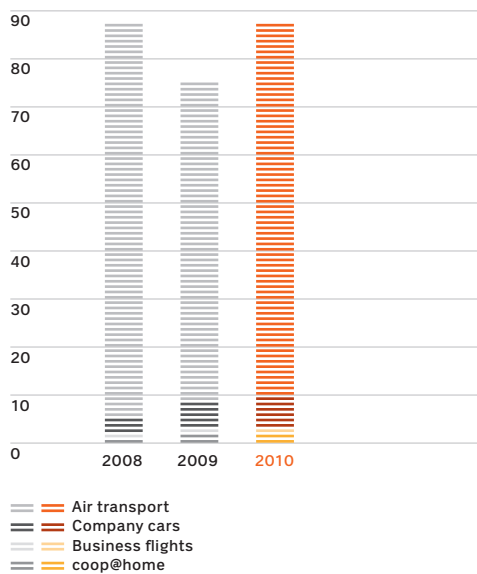
Handling air freight

In addition to increasing the supply of seasonal produce, Coop is seeking to reduce imports by air, particularly of fruit and vegetables. Air freight has the largest impact on the climate, together with growing produce in heated greenhouses. The "By Air" label enables Coop's customers to see for themselves which products are imported by air and offset by Coop. Coop aims to minimize air imports by transporting more goods by sea and rail instead. It has already made significant progress towards sustainable procurement in the case of asparagus. Since 2009, Coop has transported 100% of its white asparagus from overseas by ship. It has discontinued special offers on green asparagus imported by air. At the same time, it is expanding and actively marketing its range of European asparagus. Asparagus production is also being established within Switzerland and Europe in joint initiatives with producers. This has led to increased consumer demand for European products.

Regional organic produce – minimizing food miles

There are both rational and emotional reasons for consumers' increasing enthusiasm for regional products. In the interests of sustainable consumption, more and more customers are consciously opting to buy products that have added environmental or social value. Selling regional produce usually results in fewer food miles, safeguards jobs and generates added value in the region concerned. Furthermore, buying goods from particular regions may be associated with holiday memories or a personal relationship with the products or the people behind them. Coop has been stocking a range of regional organic products under its own-label sustainability brand Naturaplan since 2004. This was initially restricted to dairy products such as cheese, yoghurt and milk, with organic fruit and vegetables being added later. To further strengthen the marketing and range of regional organic produce, the line was comprehensively relaunched in 2010. All products now have standard packaging, on which there is a map of Switzerland with an arrow pointing to the product's region of origin. The regional organic range includes fruit and vegetables from nine different regions and

Total carbon dioxide (CO₂) offset
in thousands of tonnes



dairy products from over 30 different regions of origin. For example, Coop sells own-brand organic milk from 13 Swiss regions. All Coop regional organic produce meets strict Bio Suisse guidelines and bears the Bio Suisse bud label. Products made from a single ingredient such as milk or cheese must originate 100% from the region, while processed products such as yoghurt or bread must be 90% regional. In the case of fruit yoghurts, this means that both the milk and the fruit must come from the region, and only the sugar can be manufactured elsewhere. Products must also be processed within the region of origin wherever possible.

Pro Montagna safeguards livelihoods in mountain regions

Switzerland not only offers a wide variety of scenery but also culinary delicacies, especially in its mountain regions. Under its own-label sustainability brand Pro Montagna, Coop sells choice mountain products that offer more than just added flavour and authenticity. These delicacies are produced and also processed in Switzerland's various mountain regions. This safeguards jobs, revitalizes peripheral mountain regions that are prone to depopulation and creates added value precisely where it is needed. For example, Pro Montagna Graubünden mountain yoghurts are produced in Bever in Europe's highest dairy, the Lätaria Engiadinaisa, or LESA for short. LESA sets great store by its strong regional roots – the dairy uses only mountain milk from the Engadine. The added value generated in this high Graubünden valley not only safeguards the jobs of LESA's 15 employees,

but also the livelihoods of Engadine farmers. Short transport distances also protect the environment. LESA aims to use as much of the milk produced by Engadine farmers as possible locally. Finished products are transported to the lowlands via the Rhaetian Railway and then on to Coop points of sale. As well as LESA mountain yoghurts, the Coop Pro Montagna brand includes mountain cheese, meat, pasta, blends of herbs, wine and non-food products such as wooden toys. Out of a total of around 120 mountain products, some are available in larger Coop points of sale across Switzerland, while others are only available in a few regional points of sale when they are in season, due to a shortage of ingredients. Every time a Pro Montagna product is bought, a contribution is made to Coop Aid for Mountain Regions. This non-profit organization has been supporting Swiss mountain farmers and producers for almost 70 years, and helps to improve the livelihoods of the inhabitants of mountain regions. This support from Pro Montagna is enabling ground-breaking projects to be carried out in mountain regions.

GREEN DIY SUPERSTORES

The "green DIY superstore" vision

Coop Building & Hobby centres have for many years successfully operated in the Swiss do-it-yourself market, providing environmentally-friendly products and services and setting standards in the field of energy conservation. In future, Building & Hobby intends to further differentiate itself with outstanding sustainable products and services and to establish a long-term position as the most sustainable DIY superstore operator on the Swiss market. For Building & Hobby, being a "green DIY superstore" means, firstly, consistently expanding its range of sustainable products and services. The focus here is on promoting the Coop own-label sustainability brand Oecoplan. The second important component is improving employee training in sustainability issues. To be able to give customers expert advice, it is not enough simply to be aware of the "green DIY superstore" vision. Employees must have specialist knowledge and be fully aware of the added value generated by sustainable products. The third priority is to bring the green DIY superstore to life at the point of sale, for example by prominent, themed displays of environmentally friendly products. Posters, information leaflets and lapel badges worn by staff all reinforce the perception of Building & Hobby as a green DIY superstore.

Oecoplan – the green alternative

With Coop's own-label sustainability brand Oecoplan, Building & Hobby offers consumers a reliable way of identifying environmentally optimized products within its DIY range. For example, all Oecoplan timber products bear the quality label of the independent non-profit organization Forest Stewardship Council (FSC), and have been made exclusively from timber harvested in an environmentally and socially responsible manner. Oecoplan goes even further and also guarantees that all additional materials used in its processed timber products, such as varnishes, glues and wood preservatives, come from known sources and meet strict environmental standards. Oecoplan paints meet the highest quality requirements and are also environmentally optimized, being free from solvents, preservatives containing formaldehyde, plasticizers and heavy metals. The energy consumption of Coop Oecoplan Satrap fridges and freezers is well below that of an average appliance. The savings in energy costs more than compensate for the slightly higher cost price after just a few years. And you can even use Oecoplan products in your own garden to help protect the environment on a daily basis. Oecoplan seeds, seedlings and herbs are all Bio Suisse-certified, its composts are peat-free and bear the Bio Suisse auxiliary input bud label, and its fertilizers and crop protection products contain no synthetic chemical materials.

 www.fsc-switzerland.ch

Energy saving made simple

Most household activities consume electricity. By choosing energy-efficient appliances, it is possible to save a lot of energy and also money. Building & Hobby stocks a large selection of own-brand and branded LED and energy-saving light bulbs. For example, the new Oecoplan energy-saving light bulbs consume up to 80% less energy than conventional bulbs, and also have a guaranteed lifetime of at least 15 years. Oecoplan domestic electrical appliances are energy-optimized and represent outstanding value for money. Building & Hobby also sells solar-thermal heating systems and heating options that use environmentally friendly resources. Since 2009, it has also been possible to obtain prefabricated houses from Building & Hobby. These conform to the Minergie-P standard, ensuring they have the best thermal insulation and the latest technology to ensure low heating costs and environmentally friendly living.

 www.minergie.ch

More than a self-service DIY store

Building & Hobby clearly has much more to offer than a conventional self-service DIY store. In addition to a

VALUABLE CONTRIBUTION TO SAVING ENERGY

“Coop and its specialist outlets Building & Hobby, Interdiscount, Fust and Luminart have for many years actively promoted the sale of energy-saving appliances and lighting, thus making a significant contribution towards ensuring that we will still have enough electricity in the future. Through its authoritative information, the Coop Group is raising the population's awareness on the subject of saving energy. Since 2006, Coop has been an active gold partner of energydays, which takes place each October and is organized jointly by the Energy Agency for Electrical Appliances and the Swiss Federal Office of Energy (SFOE). With a wide variety of measures across the entire Group, Coop is making a valuable contribution to saving energy, thus promoting sustainable consumption.”

Heinz Beer, Energy Agency for Electrical Appliances, energyday project manager

wide variety of products, Building & Hobby offers a comprehensive range of services and expert advice provided by specialist staff. To increase customer awareness on the issue of sustainability, Building & Hobby takes part in information events on energy saving for home owners. With its energy analysis service, Building & Hobby helps customers to identify energy weak spots in their homes and also provides suitable advice on renovation. On request, it can also find suitable tradesmen. Building & Hobby also took part in energyday10, a multi-week campaign organized jointly by the Energy Agency for Electrical Appliances (eae) and the Swiss Federal Office of Energy (SFOE). Numerous campaigns, extensive information and comprehensive in-store measures raise consumer awareness on the subject of saving energy. Building & Hobby and other Coop outlets also actively supported WWF's "Action not words" campaign to promote sustainable consumption and a water-saving project of the Helvetas organization .

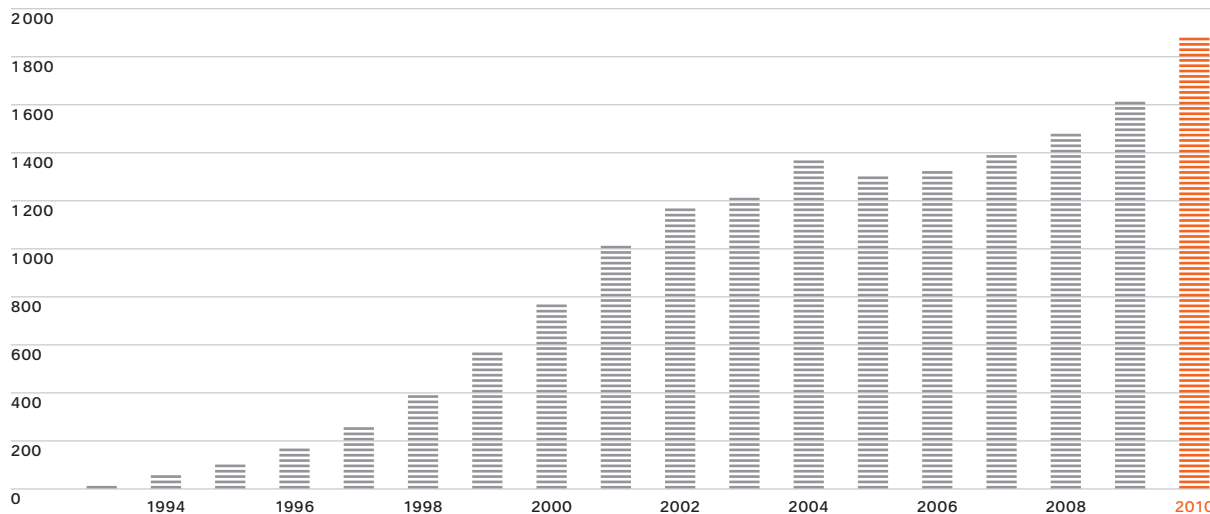
NATURALLY BEAUTIFUL

Naturaline – responsible textiles and cosmetics

Coop stocks textile and cosmetics products under its own-label sustainability brand, Naturaline. These products have been produced in a particularly environmentally and socially responsible manner, in accordance with clearly defined guidelines. Consisting of around 40 products, the Naturaline Natural Cosmetics range is based on plant-based ingredients that have been gently processed and are therefore particularly gentle on the skin and also kind to nature. The active ingredients featured on the packaging of cleansing and care products are organically grown,

Sales of Coop own-label sustainability brands and quality labels

Naturaplan, Naturafarm, Oecoplan, Naturaline, Pro Montagna, Pro Specie Rara, Slow Food, Max Havelaar, Bio, MSC, FSC, Topten
Sales in CHF millions



as is the cotton from which all cotton-wool products are made. All fragrances are natural, and no synthetic colourings are used. The surfactants used in shower gels and shampoos are biodegradable. All Naturaline Natural Cosmetics products are free from parabens and silicones, and contain no mineral ingredients. They are dermatologically tested on human volunteers and not on animals.

The textiles used in the Naturaline Bio Cotton range are also made from organically grown natural fibres in accordance with fair-trade principles. The 460 or so designs combine sustainability with fashionable styling, outstanding quality and comfort. For example, no problematic harmful substances are used in the washing process for ladies' and mens' denim jeans, and the dye used for the basic T-shirts contains no heavy metals. The skin-friendly nature of organic cotton is particularly apparent in the underwear collection and baby clothes. 2010 saw a significant expansion in the Coop Naturaline ladies' range. The presentation of goods at points of sale was made even more attractive, and Naturaline featured more prominently at fashion shows. Close collaboration between Coop and its processors, most of which have been working with Coop for many years, generates a steady stream of innovative projects and proposals. For example, the production of all Coop Naturaline basic T-shirts as well as underwear, nightwear and socks is now carbon-neutral, from the cultivation of organic cotton right through to presentation in points of sale. Carbon offsetting is achieved via targeted production measures that also improve the quality of life for local people.

Going natural with The Body Shop

In acquiring The Body Shop Switzerland AG. in June 2010, Coop gained a company that places the same high value on sustainability as itself. Founded by Anita Roddick in England in 1976, The Body Shop International plc has around 2 800 branches in 65 countries, and a range of over 1 200 cosmetic and bodycare products containing natural ingredients. Its corporate philosophy is based on five keystones: community trade, environmental protection, animal protection, commitment to human rights and healthy self-esteem. The Community Trade programme was founded in 1987 and is a commitment to fair trade that is unique within the cosmetics industry. The Body Shop purchases 30 ingredients and accessories via this initiative, and in so doing guarantees a fair income for over 25 000 people worldwide. The Body Shop also pays a social bonus that enables the community to invest in social projects such as building hospitals or schools. The second keystone is environmental protection. In 2002, The Body Shop became the first carbon-neutral company in Switzerland. In 2010, The Body Shop introduced the Eco-Conscious symbol. This guarantees that stringent environmental criteria have been met. Its products respect the aquatic environment, are readily biodegradable and limit packaging waste. The Body Shop never tests its products or their ingredients on animals. The Body Shop Foundation also supports numerous organizations that research alternative methods of testing. In summer 2010 as part of its commitment to human rights, The Body Shop embarked upon the second phase of its international campaign "Stop Sex Trafficking of Children & Young People". In December 2010, The Body

Shop jointly launched the international campaign “Be an activist – join the fight against HIV” together with UNAIDS. The aim is to raise awareness of the risk of infection and to fight to prevent people with HIV and AIDS from being stigmatized.

www.the-body-shop.ch

FOR THE BENEFIT OF THE ENVIRONMENT

Sustainable palm oil to protect the rain forests

Due to its chemical properties, palm oil is suitable for many products, and is therefore a key ingredient, particularly for the food and consumer goods industries. Demand for palm oil is increasing by 6–10% each year. Coop uses palm oil or palm butter in more than 1 000 own-label brands. The amounts used are sometimes very small, and sometimes “derivatives” are used – chemical compounds derived from palm oil. Over 80% of the world’s palm oil and palm butter comes from Indonesia and Malaysia. Each year, hundreds of thousands of hectares of rain forest are cleared to make way for plantations, leading to huge environmental and social problems in these countries. In 2004, Coop became a member of the RSPO Roundtable on Sustainable Palm Oil. The principles and criteria drawn up by the RSPO aim to promote the socially and environmentally responsible cultivation of palm oil. Since establishing traceable supply chains for sustainable palm oil is very complex and also expensive, Coop buys compensatory certificates for the annual quantities of palm oil it requires. These promote the sustainable cultivation of palm oil, as the cost of the certificates goes to RSPO-certified palm oil plantations. However, the sustainable palm oil is not segregated and is mixed in with the huge flow of normal palm oil. But sustainable palm oil is more frequently becoming available separately from conventional palm oil. By 2013 at the latest, Coop intends to use sustainable palm oil in all its own-label products. This will only be possible through partnerships with product manufacturers and palm oil importers.

www.rspo.org

Sustainable seafood

The world’s oceans are home to thousands of fascinating species and are central to human life. It is therefore particularly important to take care of them and prevent them from being plundered any further. As a founder member of the WWF Seafood Group, Coop has its entire fish range, from fresh fish to tinned products, inspected annually by WWF and then takes specific actions based on these inspections. Coop promptly and systematically removes from its

COMMITTED TO SUSTAINABILITY

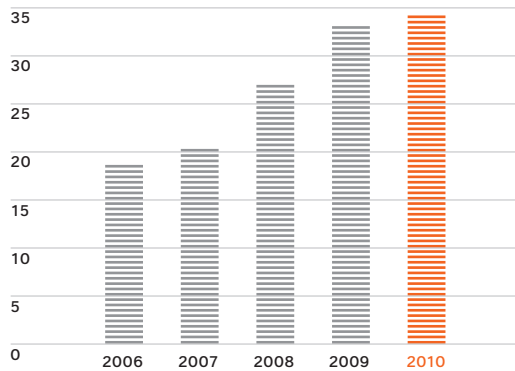
“Incorporating The Body Shop into the Coop Group has brought together that which belongs together. Like Coop, The Body Shop is deeply and passionately committed to the principles of sustainability, and therefore we can learn from each other. Coop has a firm base throughout Switzerland and in all segments of its population. Over 100 years of retail experience and a trusting relationship with its customers stretching back just as far make Coop a strong, capable partner. The Body Shop is characterized by strong products and a distinctive philosophy that is well-known in many parts of the world. Together, through our business activities, we can have an even greater influence on sustainability, for the benefit of customers, employees, producers and, last but not least, society. ‘Business has the power to do good,’ said Dame Anita Roddick (1942–2007), founder of The Body Shop.”

Ivan Levy, CEO The Body Shop Switzerland AG

range any species listed in the official WWF consumer’s guide as severely threatened. It does not carry out promotions on any species that are giving cause for concern. Coop relies on purchasing wild fish certified in accordance with Marine Stewardship Council (MSC) guidelines and farmed fish certified in line with strict Bio Suisse guidelines. Thanks to this systematic commitment, around 42% of Coop’s fresh and frozen wild fish range meets the MSC standard and around 30% of its farmed fish meet the Bio Suisse guidelines. This makes Coop the world’s largest and most diverse supplier of organically certified fish and seafood.

The Bio Suisse bud label means that all domestic and foreign products must come from fisheries that are regularly and independently inspected. The fish must be kept in animal-friendly conditions with a greater volume of water for each fish, feeding must be monitored and must not include any added hormones or growth promoters, and no preventive medication must be used. In addition, all plant-based feedstuffs must have been organically farmed. Predatory fish may be fed fishmeal or fish oil, but this must have come from the offcuts of edible fish processing or from sustainable fishing. The Marine Stewardship Council (MSC) quality label stands for sustainable wild fish and seafood, and guarantees that only as many fish may be caught as will breed again naturally. If stocks are being overfished or threatened, fishing quotas must be reduced to a level at which the stocks can recover. Fishing must not harm the structure, diversity or productivity of the ecosystem in question or its

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



native species. In 2008, Coop introduced Switzerland's first MSC-certified tinned fish into its range in the form of white tuna and mackerel fillets from the Connétable manufacturer brand. By the end of 2012, the intention is for all Coop own-label tinned fish to bear the MSC quality label – in 2010, white tuna was followed by Switzerland's first MSC-certified tinned sardines.

www.msc.org

Reducing the environmental impact of meat consumption

According to a study by the United Nations Food and Agriculture Organization (FAO), animal husbandry causes 18% of manmade greenhouse gas emissions worldwide, contributing more to global warming than the entire transport sector put together. One third of cultivable land is used for growing livestock feed, and one quarter of the ice-free land in the world is used for grazing. What's more, the use of concentrated feed in animal nutrition has increased drastically over the last 40 years. In Switzerland, 1.6 million tonnes of concentrated feed was fed to livestock in 2004. Coop wants to help consumers enjoy their food with a clear conscience here too. For this reason, it has launched a joint project with research institute Agroscope Reckenholz-Tänikon (ART) to investigate the environmental pollution caused by Swiss meat, and also draw up measures to reduce the environmental impact of meat production. Coop is also supporting the "Feed no Food" project being run by the Research Institute of Organic Agriculture (FiBL). The aim of this project is to develop solutions for organic milk and meat production that take account of livestock needs, promote fair conditions for producers in the north and the south, and protect the climate.

With the ban on meat and bone meal in livestock feed that was introduced in 2001 and the increasing

consumption of meat in developing and emerging countries, the demand for soya protein for animal feedstuffs has also grown dramatically. In recent years, this has led to a significant expansion in the acreage of soya, combined with the clearing and destruction of primary forest, principally in South America (the Amazon rain forest). Since 2006, Coop has been actively contributing to the International Round Table on Responsible Soy (RTRS) to draw up criteria for sustainable soya cultivation. This is being done in a realization that only an internationally recognized standard can solve the problems of deforestation and inhumane working conditions. As a first step, it was possible to agree the criteria for responsible soya cultivation in June 2010 at the RTRS general meeting. In 2010, Coop worked closely with labels, the animal feed industry, meat producers and various associations to achieve an industry solution so that sustainable soya can become a reality for the whole of Switzerland. Following many meetings, all the stakeholders declared in May that they were prepared to contribute to such a solution within the sustainable soya network. The aim is that by 2014, only sustainable soya that meets the ProTerra standard (Basel criteria) or the RTRS non-GM standard will be imported into Switzerland.

www.responsiblesoy.org

Stakeholders want Coop to take responsibility for environmental and social issues along its entire supply chain. In 2010, Coop investigated its entire food range for possible social and environmental risks. This enabled it to implement specific measures for improvement.

INTERNAL AND EXTERNAL EXPECTATIONS

Screening the food range

One important aim of Coop's 2015+ purchasing strategy is the long-term safeguarding of its supply sources. This task is becoming increasingly demanding. Not only have global population growth and changing consumer habits triggered increased demand, but a shortage of natural resources is also becoming apparent. Securing good supply sources and building up a reliable supplier network are now a strategic success factor, particularly in the food sector. In 2010, Coop therefore screened its entire food range for possible social and environmental risks using expert interviews and literature analysis. A similar exercise is planned for the non-food range in 2011. This review helps to identify potential risks at an early stage, develop solutions in pilot projects in good time and establish priorities. Screening will therefore form an important basis for innovation projects financed by the Coop Sustainability Fund.

Commitment on three levels

Stakeholder dialogue is increasingly indicating that Coop is expected to undertake measures to reduce environmental and social problems along the entire value chain. Coop must embrace its responsibility at three levels:

1. Eliminating socially or environmentally unacceptable products.

Although Coop fundamentally attaches great

importance to consumer choice, it has already discontinued non-sustainable products from various ranges. Notable examples include the discontinuation of severely threatened species of fish, and of tropical timber that does not bear the FSC quality label. In addition, Coop does not sell animal furs and frogs' legs, nor does it use eggs from battery hens in processed products. Surveys indicate that there is increasing public acceptance of legislation that restricts consumer choice, such as the ban on sales of conventional light bulbs.

2. Developing and implementing standards.

Coop has been instrumental in developing standards in a variety of areas, for example socially responsible conditions in agriculture, and sustainable soya. It also supports the widespread implementation of internationally recognized standards such as FSC for timber and paper, and MSC for fish from sustainably managed fishing areas. Internationally recognized industry-wide standards are an important prerequisite for implementing sustainability requirements within the standard range.

3. Pilot and flagship projects.

Whereas, with regard to standards, compromises have to be made in the interests of widespread acceptance and feasibility, Coop can use innovative pilot and flagship projects to raise its profile and gain a competitive edge. Its many years of experience with such innovative projects, a network of national and international partner organizations

and, not least, the opportunity to provide such projects with start-up funding from the Coop Sustainability Fund all enable Coop to be particularly successful in this field.

SUSTAINABLE PURCHASING OF NON-FOOD PRODUCTS

Living wages

In the year under review, consumers and the authorities again confronted Coop, insisting that it reduce the prices of its products even further. At the same time, people in production countries are voicing demands for fair living wages. For example, the development organization “Berne Declaration” used the slogan “10 cents more per T-shirt” to demand that Swiss fashion companies pay living wages in all their factories. To achieve decent working conditions, the International Labour Organization (ILO) has for many years advocated tripartite negotiations. These require trade unions to strengthen employee rights, a jurisdiction to attend to the legitimate concerns of workers and a government to push through employment legislation. If businesses want to remain competitive and also pay higher wages, they need to improve their productivity. It is important to realize that audits carried out by private regulators cannot and should not replace state controls, but only supplement them. A lack of occupational safety usually has less to do with pricing pressure from retailers than with authorities failing to implement legislation adequately. In such cases, the circumstances must be discussed at round tables such as those held in various production countries as part of the Business Social Compliance Initiative (BSCI), and responsibilities defined in a binding agreement with all parties involved.

Coop supports the ILO’s main requirements and helps its suppliers to adhere to them within the supply chain. In practical terms, Coop has undertaken to ensure that, by the end of 2012, two thirds of its supply volumes from high-risk countries must come from suppliers who have not only signed the code of conduct, but also passed a BSCI audit to prove they are adhering to this code. One important first step is to create transparency in factories – even where Coop does not import the goods concerned directly. If a self-assessment shows that a manufacturing company would not pass a BSCI audit, its managers are initially given BSCI training. They need to understand that managing employees well can reduce absence rates, improve motivation and increase productivity. www.bsci-intl.org, www.ilo.org

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

	2009	2010
Producers audited to BSCI	193	281
Of which producers with completed BSCI process	66	136
Suppliers which are BSCI members	34	54
Producers certified to SA 8 000	19	51

Working with Eurogroup Far East

When putting its commitment into practice in high-risk Asian countries, Coop is able to rely on the unwavering commitment of the employees of Eurogroup Far East Ltd., a Hong Kong-based purchasing office. Due to their knowledge of local markets, their services are enlisted to evaluate suppliers and also help suppliers prepare for audits and implement corrective measures. If an audit report is critical, unannounced follow-up checks are carried out. In this way, suspected cases of child labour can be dealt with very rapidly and effectively. Expertise has also been developed in environmental matters, both with regard to products and corporate ecology. There are now plans to carry out a joint pilot project involving selected suppliers to test the broad-based environmental module developed by the Global Social Compliance Programme (GSCP), in the same way as the BSCI’s social code of conduct. The aim is to bring strategic suppliers up to a good level with regard to quality, environmental and social issues. This is only possible within a long-term, partnership-based business relationship. Coop firmly believes that such business models are also financially worthwhile, at least in the medium term. Eurogroup Far East also supports Coop in developing new products and establishing sustainable value chains.

www.gscpnet.com

FSC-certified teak from Indonesia

As a member of the Global Forest & Trade Network Switzerland (GFTN), Coop is committed to environmentally and socially responsible forest management, and is steadily expanding its range of FSC-certified timber products. 75% of all Coop timber products currently bear the FSC quality label denoting sustainable forest management, and this figure is 100% for its own-label sustainability brand Oecoplan. Since there was previously virtually no FSC-certified teak on the world market, Coop teamed up with WWF to develop the “FSC Teak Indonesia” project. The aim of this project is firstly to obtain FSC certification for both plantations and producers in Indonesia. In parallel, the plan is to incorporate FSC-certified teak,

BETTER SOCIAL STANDARDS IMPROVE IMAGE

"We're one of China's top exterior flooring manufacturers. As a Coop supplier, we were asked to undergo a BSCI audit. In preparation for the audit, management took part in a training course on how to implement BSCI, organized by Eurogroup in Shanghai. The subsequent self-assessment showed us exactly where our weaknesses lay. To rectify them, we reworked numerous procedures and regulations, including those relating to remuneration, employment contracts and occupational safety. Our first BSCI audit took place in August 2010. The auditors helped us to analyse our strengths and weaknesses, and we jointly drew up a corrective action plan (CAP). We implemented this plan on time, and were able to achieve a good result when we were re-audited.

Although the BCSI process involved considerable effort, it was very important for us. By taking part in the initiative, we've improved our social accountability and therefore also our corporate image. At the same time, our productivity has increased because good working conditions and satisfied employees are a prerequisite for this."

*Zhang Yong, Director, Anhui Sentai WPC
New Material Co., Ltd*

for which the added value along the entire processing chain is generated in Indonesia, into the Coop range.

In close collaboration with WWF, Coop first of all selected and certified one large plantation, a process that was successfully completed at the end of 2009. The main challenge here was in implementing social standards. Together with WWF, Coop also specified which products made from FSC teak were suitable for marketing. Garden furniture for the Building & Hobby outlets was chosen in the first instance. Coop was actively supported by Eurogroup Far East in inspecting supply sources, assuring quality and carrying out detailed local investigations. The high quality standards required by the European market represent a challenge that many Indonesian manufacturers have not (yet) been able to meet. For example, it would have been much easier to ship the timber from Indonesia to Vietnam as logs and have it processed there, because the manufacturers there are more advanced and are familiar with European standards. But this would not have been in line with the project's objective. To improve quality standards, it was necessary to hold intensive discussions with manufacturers. These were hampered by cultural differences, different ways of thinking and acting, and language-related communication problems. The launch for the first items of furniture from this project had to be cancelled at the last minute in early 2010 due to

quality defects. Coop and WWF made a second attempt to launch an initial range of garden furniture made of FSC teak wood at Building & Hobby centres. The "FSC Teak Indonesia" project is only the beginning – Coop is already working on further sustainability projects in collaboration with international organizations.

Sustainable textile manufacturing by Biore Tanzania

With Naturaline, its own-label sustainability brand, Coop is the world's largest supplier of fair-trade textiles made from organic cotton. Naturaline organic cotton comes from both India and also Tanzania. In both cases, Coop's business partner is the organic cotton company Biore. Approximately 2 000 Biore farmers currently produce over 4 100 tonnes of organically cultivated raw cotton in Tanzania per year, making Biore a major employer in the Meatu region. Most of the raw cotton is spun in Tanzania and then shipped to India for further processing. Preliminary trials are underway to carry out this further processing in Africa. Biore Tanzania was founded in 1994 and helps farmers convert to organic farming and improve farming methods. Significant factors here include a major improvement in soil fertility and erosion control. In 2005, the Biore Foundation, which is supported by Coop and the Swiss textile manufacturer Remei AG, set up an agricultural training centre in Tanzania. As well as promoting organic farming, Biore Tanzania also focuses on infrastructure improvements. For example, Coop is currently funding the construction of new drinking-water fountains in villages via the Biore Foundation. By the end of 2010, 15 of these fountains had already been built. The Coop Sustainability Fund also supports projects for women in particular, such as the sewing groups set up by the Biore Foundation. At these groups, women sew mainly cotton sacks for transporting the harvested organic cotton from villages to be deseeded. By selling these sacks to Biore Tanzania, the women can improve their income. They can also use the sewing machines provided by the Biore Foundation for their own purposes.

www.biore.ch

Fairtrade roses from Kenya

In 2010, Coop learned the hard way that even socially motivated projects have to be considered from a holistic perspective, taking account of environmental aspects too. The cultivation of cut roses on an industrial scale has grown up around Lake Naivasha in Kenya over the last 20 years. Due to the demand for workers and a generally rapid growth in population, the number of inhabitants in the region has grown from around 7 000 to 250 000 today. Increasing

water requirements for the local population and the rose farms has led to a massive drop in the lake's water level over recent years. This situation has been exacerbated by the almost complete deforestation of the hill country along the lake's tributaries for charcoal and farmland for small-scale farmers. Due to increased erosion, the use of fertilizers by the farmers and the fact that there are no longer any forests to store water, the ecosystem is severely threatened, as is the lake's long-term viability. Coop currently sources around 50% of its total requirements for Max Havelaar roses from the Naivasha region. Although this fair-trade project has resulted in major social achievements, it has also contributed to an environmental imbalance in the region. Instead of moving its production elsewhere, Coop has decided to become actively involved in making long-term improvements locally. Some initial measures that might achieve this were drawn up jointly with external experts in 2010.

SUSTAINABLE PROCUREMENT OF FOOD PRODUCTS

Comprehensive social sustainability

In summer 2010, the umbrella organization Fairtrade Labelling Organizations International (FLO) conducted a producer survey on the personal perception and impact of climate change. The vast majority of farmers questioned in Latin America, Africa and Asia indicated that they were already being negatively affected by climate change. Other challenges they face include water shortages, declining soil fertility combined with global increases in fertilizer prices, and a growing battle for land and water rights between industrial agriculture and small-scale producers. This is exacerbated by the fact that small-scale farmers often have no written right to their land, and the increasing incidence of land grabbing – the buying up of fertile agricultural land by foreign conglomerates. One major problem in agriculture is the debt owed by small-scale farmers. In order to buy seeds and crop protection products, farmers who have no access to low-interest loans have to run up huge debts. Crop failures and weather-related crop problems can drive farmers to financial ruin. A lack of market transparency, the low level of organization between small-scale farmers and a lack of storage facilities reduce the abilities of small-scale producers to negotiate, which is reflected in low production prices that often do not even cover costs. For this reason, the farmers lack both the ability and the motivation to invest in their production infrastructure. The result is the abandonment of agricultural land and migration to cities, consequences that are particularly undesir-

able, given the global supply bottlenecks that are becoming ever more apparent.

In the production and processing of agricultural products, workers are also entitled to a minimum wage, regulations to protect their health and safety, and written employment contracts. In large agricultural companies, Coop is gaining some initial experience with the modified BSCI Code of Conduct for Primary Production. In small companies, the use of the GRASP module when carrying out Global-GAP audits is a more pragmatic and cost-effective way of improving working conditions. Coop played a significant part in launching both tools, and the standards themselves were drawn up with the active involvement of Coop experts. They are now available for widespread use by retailers and the food processing industry. Initial implementations and national interpretations of the standards as part of broad-based local working groups have been successful. The preparatory workshops and audits significantly increased the awareness of agricultural workers' rights, both within companies and also in local authorities and governments. For companies that package and process agricultural products, Coop uses the BSCI Code of Conduct – the working conditions here are very similar to those in non-food factories. Over the next few years, Coop plans to systematically press ahead with auditing its suppliers in all high-risk countries.

Coop is already using dual certification for many organic products from the south, in accordance with both Bio Suisse and Max Havelaar guidelines. In the knowledge that social and environmental problems are interrelated, Coop has repeatedly campaigned to strengthen the environmental aspects of the Fairtrade standard, not only because this comprehensive approach meets consumer expectations, but also in order to secure the production infrastructure of fair-trade producers in the long term. For example, the Coop Sustainability Fund co-financed a study in the year under review to highlight the opportunities small-scale farmers have to reduce CO₂ emissions and the possible participation by small-scale farming cooperatives in global emissions trading.

 www.maxhavelaar.ch

Deliciously sustainable chocolate

Alongside well-known social risks such as child labour and forced labour, the cocoa sector has in recent years increasingly seen the emergence of environmental and financial risks. These range from the deforestation of tropical forests and the loss of biodiversity to the falling profitability of cocoa

plantations due to the large number of middlemen involved. With this in mind, Coop teamed up with its manufacturing company Chocolats Halba to develop the “Honduras” project. This project’s external partner is the development organization Helvetas, which jointly coordinates and manages local activities with Chocolats Halba. The aim of this pilot project is to establish transparent, long-term and direct collaboration between Chocolats Halba and farmers’ cooperatives in three different areas of Honduras. Setting up a long-term supply chain for high-grade Fairtrade and Bio Suisse-certified cocoa will not only improve the living conditions of local cocoa farmers, but will also provide Chocolats Halba with a long-term source of high-quality, sustainably cultivated cocoa. This wide-ranging project also includes the reforestation of cleared rainforest and the use of organic, water-conserving production methods, thus helping to maintain biodiversity.

In the past, Honduran cocoa farmers were very poorly organized, and sold their cocoa to middlemen with few quality checks. In the Chocolats Halba Honduras project, the small-scale farmers bring the organically produced cocoa to their cooperative, where it is fermented and dried while being constantly monitored for quality. The cocoa then goes directly to the central warehouse of Aprocacaho, the democratically managed umbrella organization for Honduran cocoa farmers. Aprocacaho is Chocolats Halba’s strategic partner, and its activities include organizing the export of high-grade cocoa beans. Since Chocolats Halba cuts out the middleman and works directly with the cocoa farmers, they benefit from fair prices and a long-term business relationship. The farmers are also trained, helped to set up infrastructure and given microcredit for reforestation. The lessons learned from this pioneering project will in future be transferred to other places of origin, so helping to meet the huge long-term demand for organic cocoa.


The project reached a major milestone in February 2010, when the first cocoa was delivered to Switzerland. From this harvest, Chocolats Halba produced a test batch of chocolate, the quality of which was extremely impressive. Production quantities are still small, but will increase steadily over the next few harvests. The aim is for the first Bio Suisse and Max Havelaar-certified chocolate to reach Coop shelves in 2012.

Environmental and social considerations in Swiss farming

In its report on the future of Swiss farming, the Swiss Federal Office for Agriculture emphasizes the

importance of resource efficiency and sustainable agriculture. It states that a quality initiative should be used to define the parameters for agricultural policy in such a way that farmers who work according to sustainable practices would be encouraged and supported. A charter covering the entire farming sector and the food industry would ensure that the efforts of Swiss farmers would be transferred as added value along the entire value chain as far as the consumer. An ongoing dialogue would ensure that agricultural production would, as far as possible, meet market and consumer expectations in terms of quantity and quality.

Over the last 20 years, and on different platforms both in Switzerland and abroad, Coop has repeatedly urged suppliers in the agricultural sector to be more competitive, environmentally aware and focused on high quality. With Bio Suisse, Coop has for a long time been maintaining the type of dialogue and market transparency called for by the Federal Office for Agriculture. For example, in 2010, Bio Suisse decided to expand its guidelines in 2011 to include a section on fair trade in Switzerland. Together with key stakeholders, including Coop, Bio Suisse drew up a code of conduct for the fair trade of products bearing its bud label.

 www.biosuisse.ch

In 2010, Coop broadened the market development dialogue even further in an alliance with its Swiss vegetable producers. Close collaboration is helping to improve procedures and optimally align production with customer requirements. Promoting regional added value, for example via the Pro Montagna line of mountain products and the expansion of regional organic Coop Naturaplan products, is also part of the quality strategy to which the Federal Office for Agriculture aspires. Coop takes an interest in market-oriented, innovative and entrepreneurial producers. For this reason, it has expanded its collaboration with the IP-Suisse consortium of cereal manufacturers, thus contributing towards greater added value, increased biodiversity and a reduction in pesticide use.

The resource efficiency that is being sought as part of the quality strategy must be supported by objective facts. Coop has therefore commissioned various eco-audits, for example in the area of fruit and vegetable cultivation, to identify major ways of reducing the ecological footprint. The effects of transport and packaging tend to be over-estimated, while the resources consumed by agricultural production are often under-estimated. For example, all livestock

production has a major impact on climate. A joint research project with the research body Agroscope Reckenholz-Tänikon (ART) intends to clarify how farmers can improve their animal husbandry, and also how Coop can make its meat range more sustainable.

SECURING LIVELIHOODS IN MOUNTAIN REGIONS

“The story of how the Goms organic mountain dairy came into being ten years ago is a battle for survival by eleven organic farms in Obergoms. We wanted to keep production in the hands of farmers, benefit from the added value here in the mountains, and so safeguard jobs in the region. When we started, we were processing 600 000 kilograms of certified organic milk. That figure has now risen to almost one million kilograms per year. We also have a shop that stocks a wide variety of cheeses as well as yoghurt, speciality cream cheese and butter. In terms of quantity, our most important product is the Goms organic mountain cheese that’s sold as part of the Pro Montagna range. Thanks to our collaboration with Coop, we’ve been able to increase our sales of organic mountain cheese from 40 tonnes to over 70 tonnes. You’d never be able to sell those sorts of quantities over a local shop counter.

This guaranteed sales channel is hugely important for production planning and the economic viability of the Goms organic mountain dairy. And we can only continue to live in this region if our dairy is successful in the long term.”

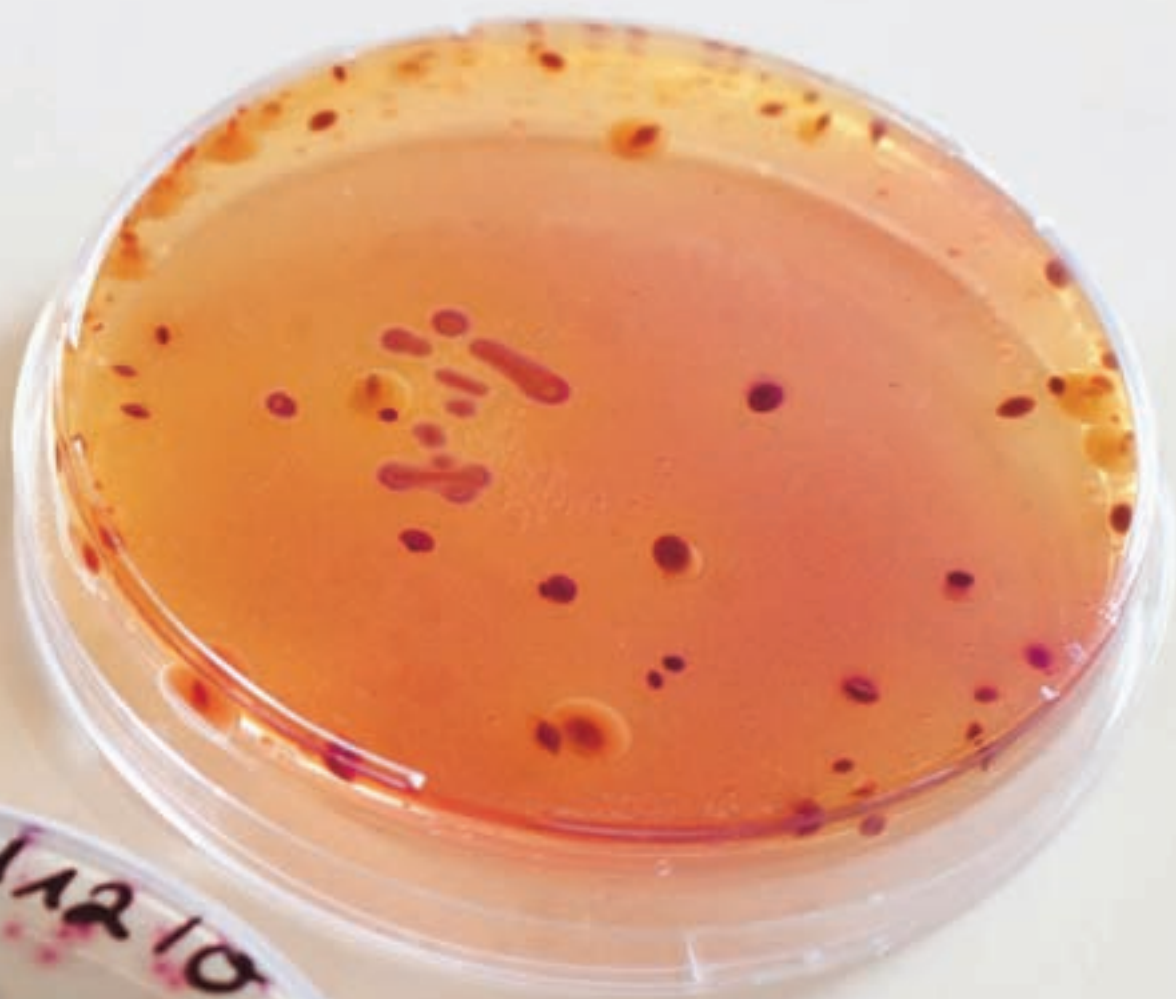
Roland Müller, President, Goms organic mountain cheese dairy

**365 DAYS.
IN FRONT OF
AND BEHIND
THE SCENES.
COOP IS
DYNAMIC.**

13:44

PRATTELN, COOP CENTRAL LABORATORY
Determinations of bacterial colony counts
for quality control

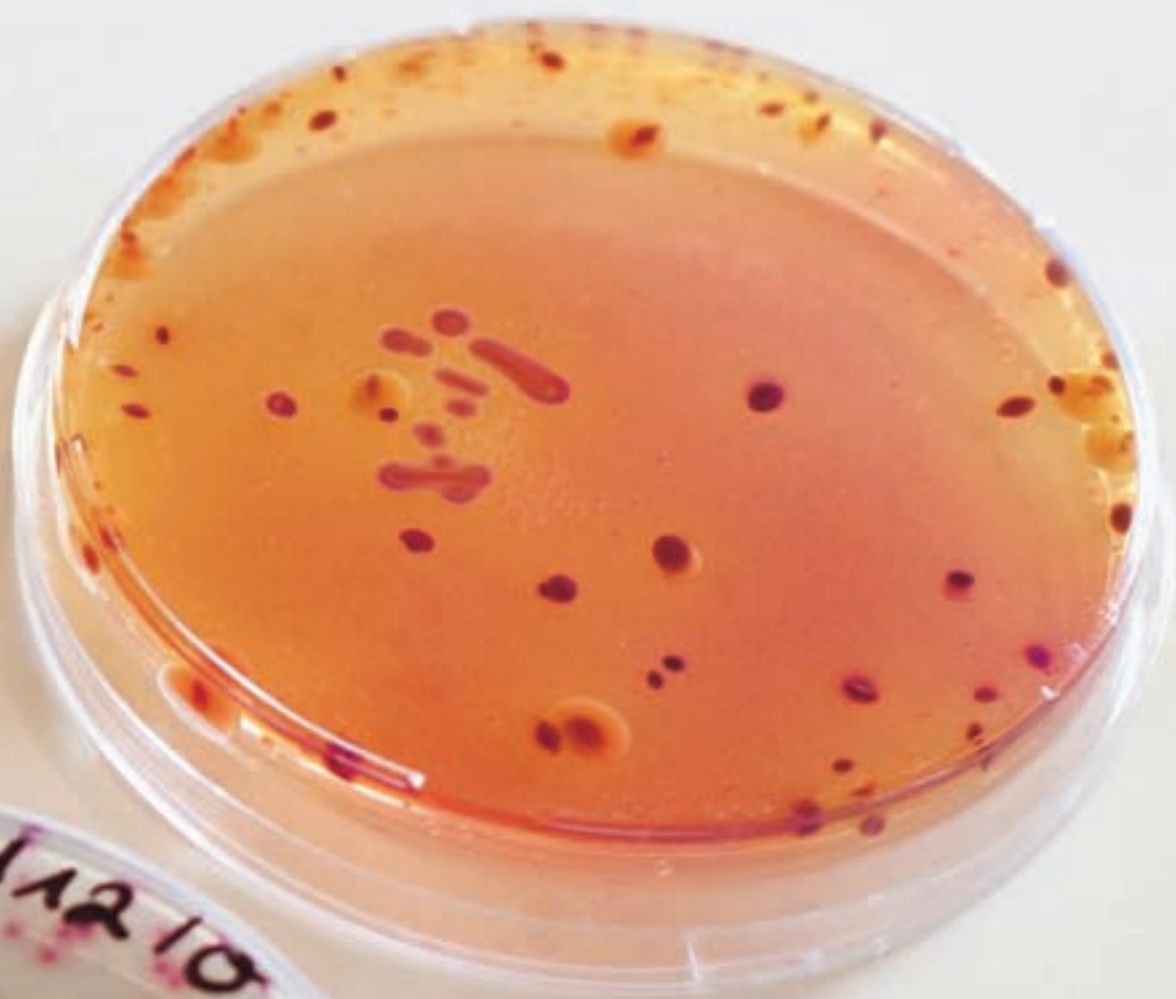






10:30

ALLSCHWIL, COOP SUPERMARKET
Mounting the new LED logo





16:11

LANGNAU, BUILDING & HOBBY
Plants receive tender loving care
in autumn as well



09:02

BÜTZBERG, LUMIMART WORKSHOP
Lighting equipment is brought back
to life here



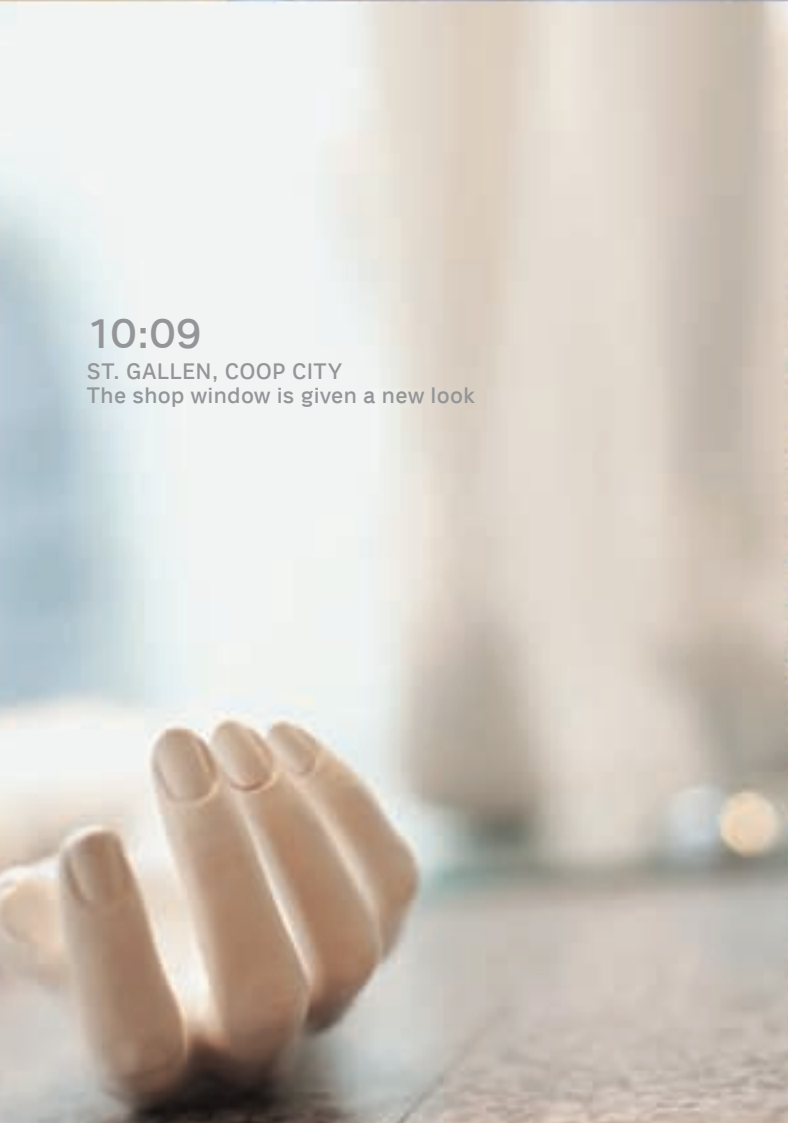
07:36

HONDURAS, COCOA PLANTATION
Fairtrade cultivation of cocoa beans
for Chocolats Halba



10:09

ST. GALLEN, COOP CITY
The shop window is given a new look



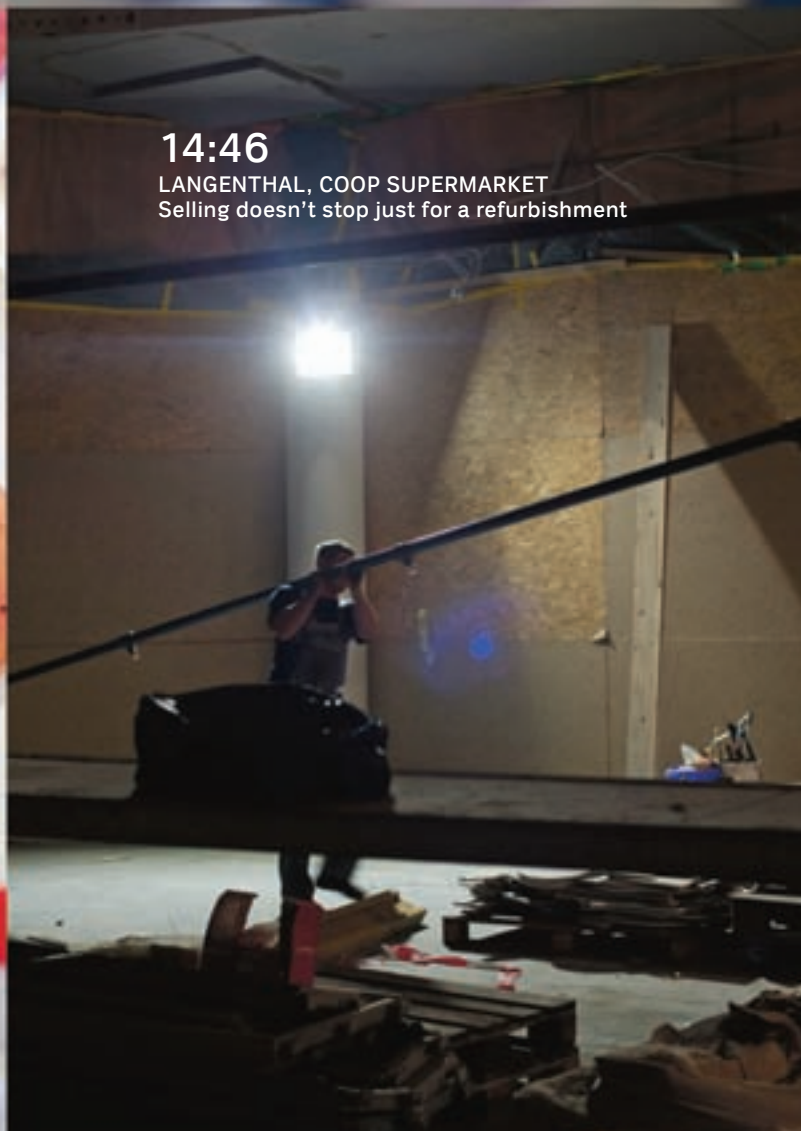
02:45

DIETIKON, DISTRIBUTION CENTRE
Busy in the middle of the night as well



14:46

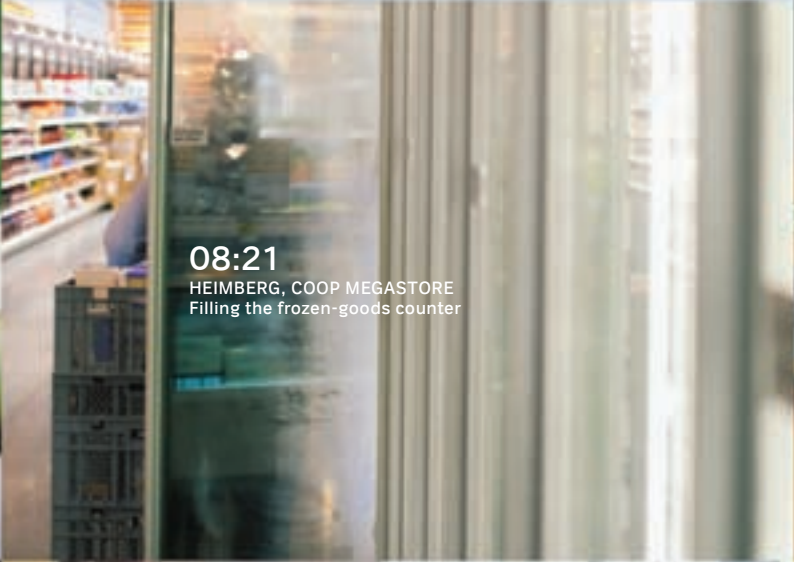
LANGENTHAL, COOP SUPERMARKET
Selling doesn't stop just for a refurbishment





03:24

BASEL, INDUSTRIAL BAKERY
The second production round is underway



08:21

HEIMBERG, COOP MEGASTORE
Filling the frozen-goods counter



10:45

WETTINGEN, PRIVATE RESIDENCE
Photo shoot for the new Toptip catalogue

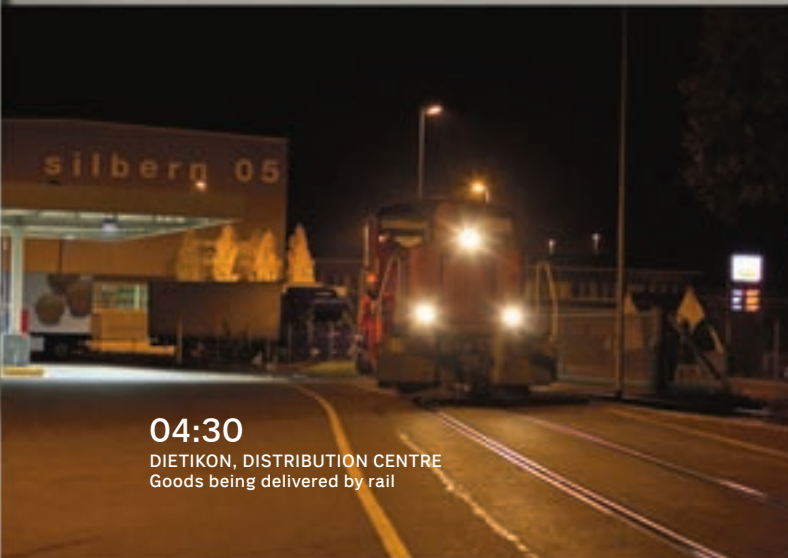


11:00

ZURICH, FARM
Visiting a Naturafarm facility



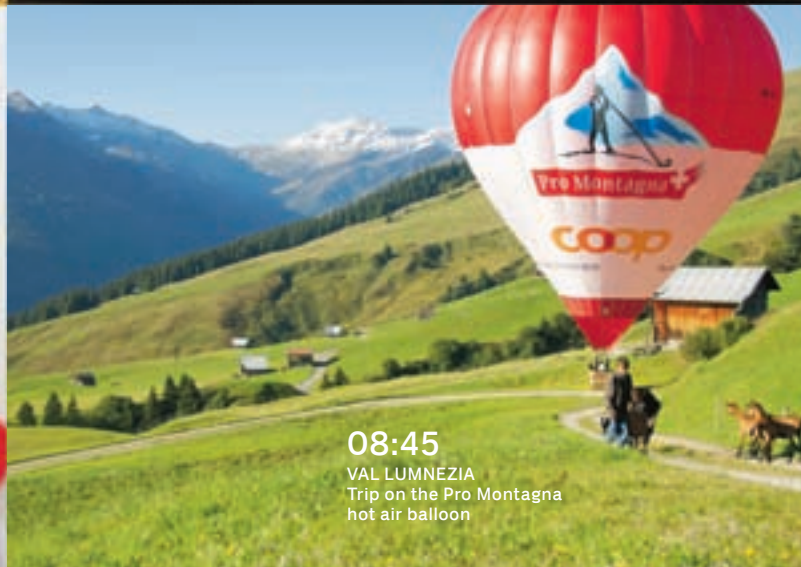
11:13
DIETIKON, COOP MEGASTORE
Building the largest solar energy plant
in the Canton of Zurich



04:30
DIETIKON, DISTRIBUTION CENTRE
Goods being delivered by rail



13:54
MORGES, PASTA GALA
Producing organic spaghetti for Naturaplan



08:45
VAL LUMNEZIA
Trip on the Pro Montagna
hot air balloon



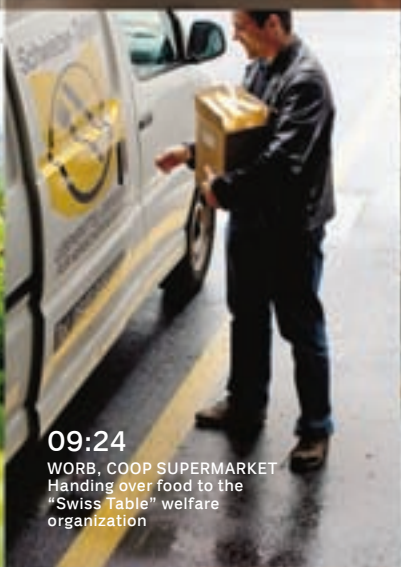
15:03
CHUR, COOP RESTAURANT
Rich and varied dessert buffet

07:40
ZURICH, STATION PLATFORM
Christ employee on the way
to the Baselworld Watch and
Jewellery Show



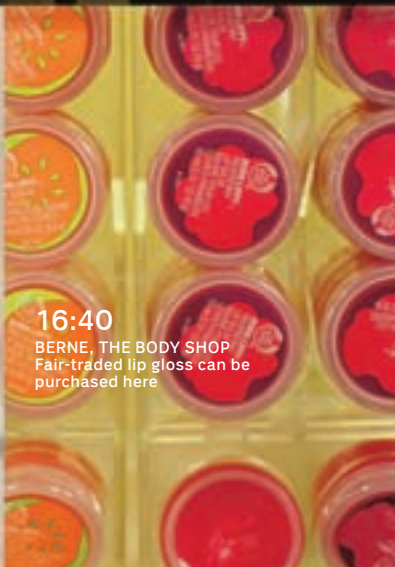
11:18
DIETIKON, DISTRIBUTION CENTRE
Cooking oil from the restaurants
is converted into biodiesel

21:00
VISP, PRONTO SHOP
Fresh bread from early morning
to late at night



12:15
ALBULA LINE, LANDWASSER
VIADUCT
Consignments on their way to Coop
supermarkets in the Engadine

09:24
WORB, COOP SUPERMARKET
Handing over food to the
"Swiss Table" welfare
organization

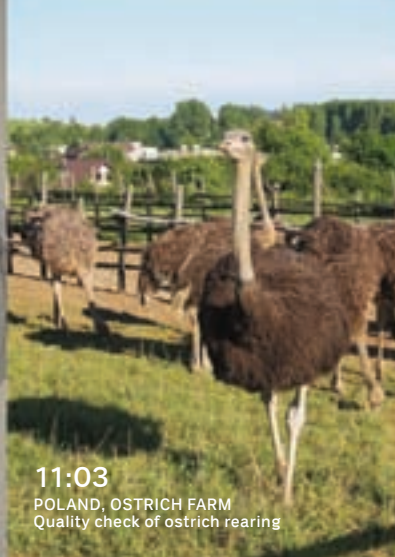


16:40
BERNE, THE BODY SHOP
Fair-traded lip gloss can be
purchased here

11:30
INDIA, BIORE ANIMATION SCHOOL
Talk by Ritu Baruah during
the Coop Naturaline media trip



08:20
GOSSAU, DISTRIBUTION CENTRE
Pressing of PET bottles from
the sales outlets



11:03
POLAND, OSTRICH FARM
Quality check of ostrich rearing



13:51
WINTERTHUR, CWK-SCS
Filling containers with
nail polish remover



10:12
PRATTELN, COOP CENTRAL
LABORATORY
Quality control of dried mushrooms



08:44
VAL LUMNEZIA
On the set of the Pro Montagna
TV commercial



10:03
VALAIS, BETTMERALP
Supplying the Coop supermarket by cable car



14:12
WOLHUSEN, TROPENHAUS
Visiting a Coop Sustainability
Fund project

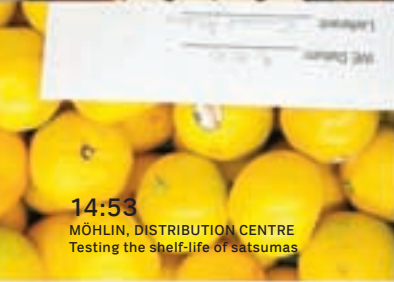


05:27
VIETNAM, SHRIMP FARM
Purchasing organic shrimps
for Naturaplan





11:07
KRIENS, COOP
MEGASTORE
Stocking the
shelves



14:53
MÖHLIN, DISTRIBUTION CENTRE
Testing the shelf-life of satsumas



10:25
BERNE, COOP CITY
Caretaker checks the
emergency power generator



15:40
BASEL, NATURE TRADE FAIR
Information stand on the topic
of biodiversity



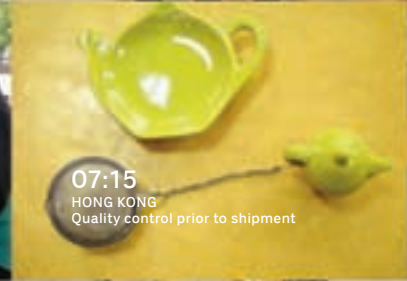
08:50
MÖHLIN, DISTRIBUTION CENTRE
Preparing cut flowers for the shops



14:12
JEGENSTORF,
HEADQUARTERS OF
INTERDISCOUNT
Dispatch of goods



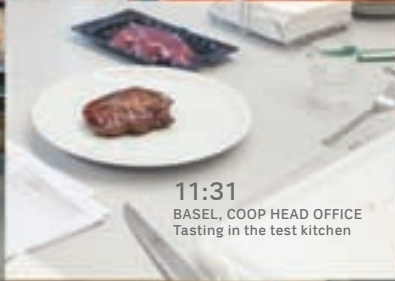
10:05
STEINMAUR
Organics event for Coop apprentices



07:15
HONG KONG
Quality control prior to shipment



06:00
SCHÜPFHEIM, PRONTO SHOP
Early morning opening



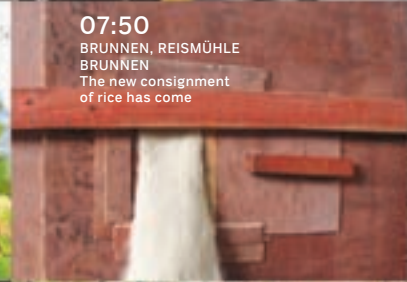
11:31
BASEL, COOP HEAD OFFICE
Tasting in the test kitchen



20:03
LUCERNE, COOP SUPERMARKET
Sorry, we're closed



07:50
BRUNNEN, REISMÜHLE
BRUNNEN
The new consignment
of rice has come



15:45
BIEL-BENKEN
Coop member press talks to footballer Alex Frei



07:15
VIETNAM, MEKONG DELTA
Auditing the fish farm where organic
pangasius is raised



08:10
PAYERNE, BUILDING & HOBBY
Clearing away the shopping trolleys



10:10
HEIMBERG, COOP MEGASTORE
Coffee break





23:00
BERNE, DISTRIBUTION CENTRE
Quality assurance audit



06:10
APPENZELL, COOP SUPERMARKET
Delivery of goods



09:31
BUSSWIL, NUTREX
Quality control of vinegar



01:02
BASEL, BELL AG
Cleaning of production plant



13:22
BERNE, COMPUTER CENTRE
Checking data back-up



10:31
ZURICH, SWISSMILL
This is where the flour for Coop baked goods comes from



19:20
ZURICH, THE BODY SHOP
Professional make-up course



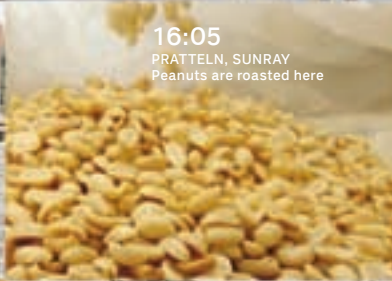
10:07
BASEL, MERCURE HOTEL EUROPE
There's a lot to do in the kitchen



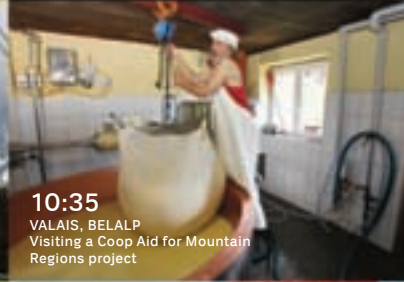
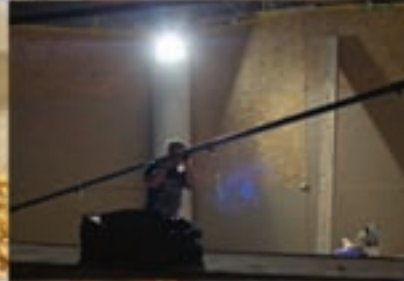
16:11
BASEL, COOP HEAD OFFICE
Appraising the new packaging design



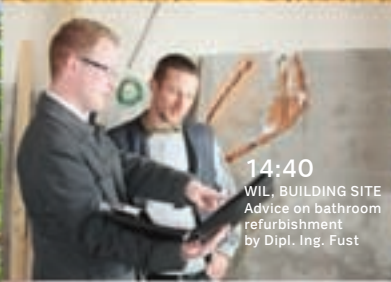
11:29
S-CHANF, ENGADIN SKIMARATHON
Assembling the Coop stand



16:05
PRATTELN, SUNRAY
Peanuts are roasted here



10:35
VALAIS, BELALP
Visiting a Coop Aid for Mountain Regions project

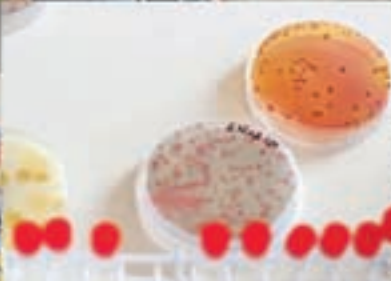


14:40
WIL, BUILDING SITE
Advice on bathroom refurbishment by Dipl. Ing. Fust



Recycling

17:14
OBERWIL, COOP MEGASTORE
Recycling made easy



19:27
ORPUND, ROYAL ARENA FESTIVAL
Plan B caters for the public



10:37
BASEL, COOP HEAD OFFICE
Stakeholder workshop on sustainability





EMPLOYEES

Coop is extending its collective employment agreement and offers the fairest working conditions in the Swiss retail sector. Employees benefit from generous pay rises.

TERMS OF EMPLOYMENT

Collective employment contract guarantees the fairest working conditions

In May 2010, Coop and its social partners KV Schweiz (Swiss commercial association), SYNA / OCST and UNiA (trade unions), and VdAC (Association of Coop Salaried Employees) agreed to continue their successful collaboration and extend the Coop collective employment contract until the end of 2013. This means that Coop is still the only major employer in the Swiss retail sector to reach a consensus with five different social partners. Thanks to many years of active social partnership, the 37 500 or so employees in the Coop collective employment contract enjoy the fairest terms of employment in Swiss retail. Employees' concerns are regularly addressed and discussed in joint meetings. Coop and its social partners then hold constructive dialogues to identify solutions. This collaboration has, amongst other things, led to a continuous increase in the minimum wage since Coop Forte. The average pay for employees in the collective employment contract is, however, considerably more than this minimum wage, in part due to bonuses related to age, role, and also evening, night, Sunday and public holiday work. In recent years, Coop has also implemented generous pay rises, particularly for employees in the collective employment contract. This is partly in the knowledge that the contribution of these employees is very important for the company's success. With these higher-than-average pay rises, Coop is also helping to strengthen Switzerland's overall purchasing power.

Coop lets employees share in the company's success

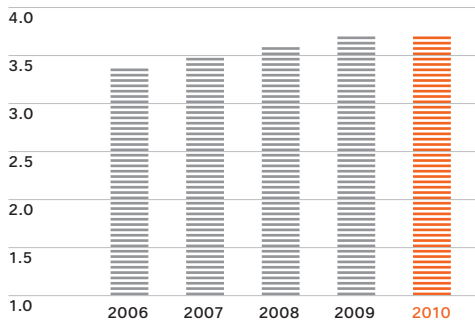
In 2011, Coop celebrates the tenth anniversary of the founding of CoopForte – the merger of 14 regional

societies and Coop Switzerland to form a single cooperative society. Over these ten years, Coop has grown massively, increased its market share and boosted its productivity to an impressive degree. For Coop, this corporate success is essentially due to the commitment of all its 53 559 employees. With a notable pay rise of 2,8% as of January 2011, Coop is passing on to its employees an important part of the proceeds of its productivity increases. In so doing, it is thanking its staff for their hard work, adding to their motivation and increasing its attractiveness as an employer. Approximately 70% of Coop employees work in sales and logistics, which are traditionally considered to be low-pay sectors. For this reason, Coop has for many years been boosting wages in the lowest-paid areas. During the 2011 pay negotiations held in autumn 2010, Coop went a step further and is providing added rewards for loyal, long-standing members of staff. Although wage levels and the costs of procuring goods are higher in the Swiss retail sector than in other countries, Coop is expected to align its product prices with those in neighbouring countries. To introduce higher-than-average pay rises against this backdrop is an expression of Coop's corporate culture.

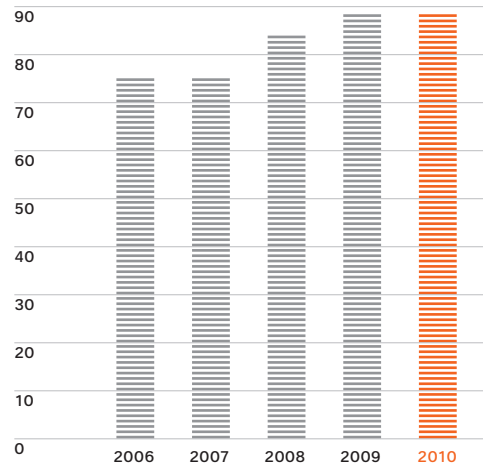
Committed to retirees

Many employees remain loyal to Coop for several decades and have close connections with the company – even after they have retired. Coop's 15 600 retired employees are therefore important stakeholders, and this figure is rising all the time due to demographic changes. All Coop employees who are pension fund members have the opportunity to start drawing their pension at the age of 58. In the case of employees with at least five years' service, Coop increases their pension by up to one

Trend of minimum wage for unskilled employees
in CHF thousands



Hourly productivity
Sales per hour worked, in CHF



additional year, and finances a bridging pension until the employee reaches statutory retirement age. For example, depending on the amount an individual has invested in the pension fund, if they retire two years before their statutory retirement age they will receive a replacement income of up to 70%. Alternatively, Coop employees can opt for a partial pension – their workload is reduced and, in return, they receive a partial pension and a pro rata bridging pension. In 2010, a total of 1 003 Coop employees entered early retirement.

In preparation for retirement, Coop runs regular courses in all parts of the company, to which employees' partners are also invited. In 2010, a total of 360 employees attended these courses. Course subjects include coping with retirement, questions on pensions and health, inheritance law and possible activities for a new phase of life. Even after they have retired, former employees still receive the same benefits as all Coop Group employees: five times as many Supercard points on the entire food range, 10% discount on all non-food items, 20% discount in Coop Restaurants, discount vouchers for Reka cheques and lots more besides. In addition, the company organizes annual pensioner events such as days out.

TRAINING AND CONTINUING EDUCATION

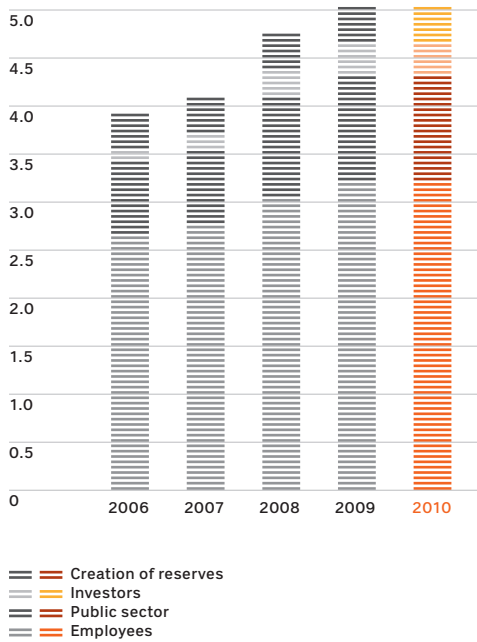
Integrating sustainability into training

Coop has drawn up 14 sustainability principles that its 53 000 or so employees are expected to put into practice in their everyday working lives. This requires

skill and specific knowledge as well as a high level of awareness on the subject of sustainability. Until now, training has primarily centred on own-label sustainability brands, with other aspects of sustainability such as climate protection and the thrifty use of resources being covered to a lesser extent. Information on these subjects is currently communicated predominantly via internal channels such as the employee newspaper and the intranet, and on monthly sustainability posters for those staff without direct access to a computer.

A training strategy was drawn up in the year under review, with the aim of systematically communicating sustainability within the company in a manner suitable for individual target groups. This means that all employees will have to acquire a basic knowledge of sustainability at Coop that is relevant in their everyday working lives. For example, Building & Hobby superstore staff must be able to provide proper information on FSC timber, solvent-free Oecoplan varnishes and paint, and organic seeds and seedlings. Drivers will attend an eco-safe driving course to find out how the way they drive can save fuel and money, while also making a contribution towards the environment. And it is important for textile sales staff at Coop City department stores to be aware of the benefits of organic cotton farming, and be able to explain to customers the social aspects behind Naturaline textiles. To cover these different training requirements, Coop's training strategy will convey knowledge at three levels – basic, in-depth and specialist. Basic knowledge will be passed on to all Coop employees, making them aware of the significance and concept of sustainability at Coop. At the in-

Distribution of added value
in CHF billions



depth level, “disseminators” will be given additional training on sustainability-related matters and conduct. They will then pass on what they have learned to their colleagues, and will be the main point of sale contacts for customer queries specifically relating to sustainable products. They will also be responsible for the optimum presentation of these products during promotion weeks. In addition, these disseminators will be expected to motivate other employees to put sustainability initiatives into practice in their everyday lives at home and work, be this saving energy or recycling waste. At the third level, Coop intends to provide specialists with specific knowledge relating to their field of activity.

Factoring in sustainability issues makes working in a retail environment more complex and demanding. Proper training is required at all levels to ensure that visions and strategies are successfully implemented and employees are capable of integrated thinking and assuming responsibility. An employee survey in 2009 has also shown that working towards greater sustainability is seen as meaningful and helps staff identify with the company.

Coop gives apprentices more responsibility

One of Coop’s five internal corporate goals for 2011 is to promote entrepreneurial thinking and action. Coop has launched a training model that is unique in Switzerland to help apprentices achieve this goal.

YOU CAN STILL LEARN EVEN WHEN YOU’RE OLDER

“I’ve worked for Coop for 33 years, and have been a store manager for 17 years. In January I was invited to attend a refresher course for experienced store managers as part of the ‘50+’ project. The best thing about a course like that is that you get to meet store managers from other regions. There were twelve of us altogether from three different sales regions, and most of them had, like me, been store managers for quite a while. Over the two days, we exchanged experiences and refreshed our knowledge. There was one exercise in particular that I still can’t stop thinking about. We were divided into groups and had to solve a problem. Because most of us are the only manager in our shops, we each looked for the right solution independently and didn’t talk to each other. This meant we didn’t solve the problem in the best possible way. This has reminded me how very important it is to work together, and that I’ve got to involve staff more in the shop.”

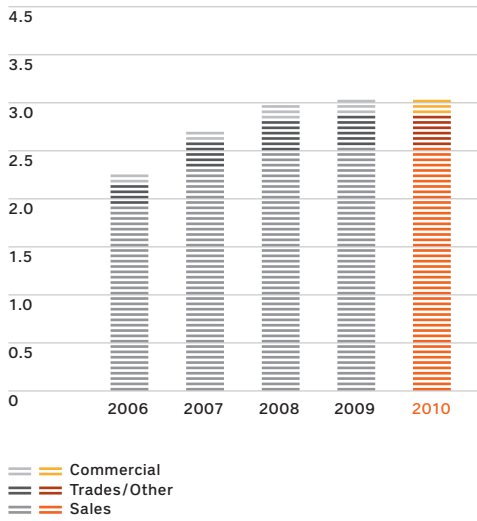
Maya Schöni, Store Manager, Coop Supermarket, Frauenfeld

Since September 2010, third-year apprentices in a total of 115 points of sale have been given full responsibility for Plan B, an own-label brand targeted at young people. The apprentices act as ambassadors, sales promoters and brand managers for the product range. They are responsible for ordering and displaying the products, and also for point of sale promotions. Since 2010, workshops have also been held every six months for Coop apprentices, at which potential Plan B products are sampled and new ideas proposed. This training project helps the young people to achieve the performance objectives defined in their training plans. They learn how to engage in integrated thinking and become proactive, and are also able to demonstrate their skills. The “Apprentices independently manage Plan B” project initially ran as a pilot, and was rolled out to all sales regions in September 2010. The possibility of continuing the project for other sales formats such as Coop City department stores or with other own-label brands will be investigated in 2011.

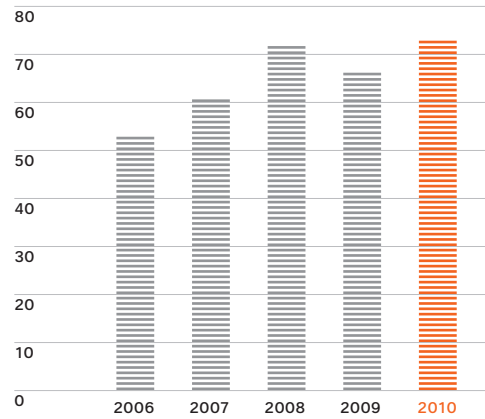
Talent management to foster tomorrow’s managers

Demographic changes are leading to a shortage of well-trained labour and, in consequence, an increased demand for management trainees, specialists and generalists. In 2010, Coop decided to respond to this challenge with a new talent management scheme, in order to remain competitive in the labour market. This talent management scheme

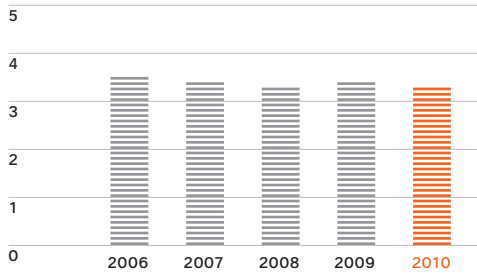
Number of apprentices
in thousands



Continued employment after apprenticeship
Continued employment as %



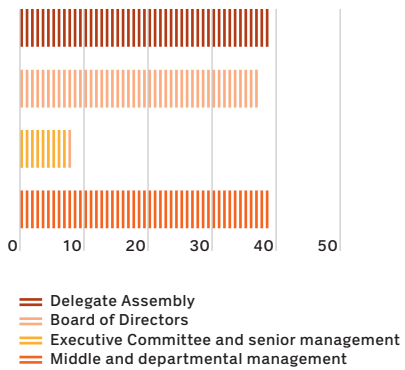
Sickness rate
Absences as % of total working days



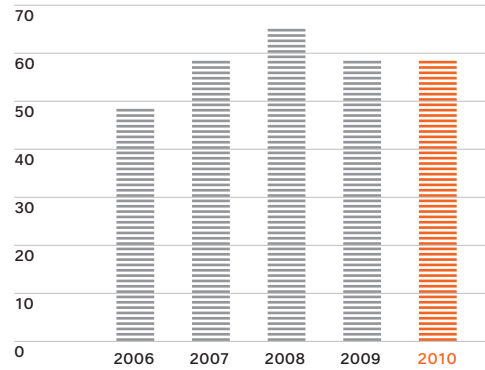
Accident rate
Absences as % total working days



Women in governing bodies and management positions in %



Internal training and continuing education
in thousands of participant days



is also intended to help strategically plan international use of human resources – particularly with the acquisition of the Transgourmet Group – and to promote knowledge sharing.

At Coop, talent management enhances the marketability of all employees. It provides systematic, standardized tools for reviewing performance and analysing potential. A new performance review form was developed in 2010 for this purpose, and all managers were trained in setting performance objectives. For many years, line managers have used standardized tools to hold staff appraisals, review objectives and conduct performance reviews. All employees therefore receive feedback on their work at least twice a year. These well-established reviews form an important basis for the new talent pool nomination interview. The purpose of this is to determine which employees have potential, so that their potential can be further developed in specific areas. Employees are supported and undergo development in all areas using on-the-job and off-the-job measures. The intention here is to raise the profile of on-the-job training.

WELL PREPARED FOR WORKING LIFE

“The reasons I decided to train at Coop three years ago were the size of the company and the wide variety of different opportunities available. I did my apprenticeship in retail sales at Christ in Zurich. I was impressed by the way that everything was thoroughly planned and very well organized right from the start. We were given regular training, allowed to go to the watch and jewellery trade fair and also visit manufacturing companies. The workload was heavy, but our apprenticeship supervisors gave us lots of support all the time. I was often allowed to do things independently and take on responsibility myself. I know other students who trained in retail elsewhere at the same time as me, and they were never allowed to serve customers themselves during the first two years. This wasn't the case for me! When I finished my apprenticeship in August, I was taken on directly by Coop. I did have another job in the pipeline, but I made a conscious decision to choose Christ.”

*Zino Spinedi, member of staff,
Christ Watches & Jewellery*

RESOURCE EFFICIENCY AND CLIMATE PROTECTION

To achieve its “Carbon-neutral by 2023” vision, Coop has defined reduction schedules for all relevant areas and has carried out numerous measures during 2010. Implementing the new Logistics and Bakeries strategy will make a major contribution towards reducing CO₂ emissions.

ON THE ROAD TO CO₂ NEUTRALITY

Proactivity is in demand

Since member states were unable to agree on a new specific regulatory framework for global climate protection after 2012 at the UN Climate Change Conference in 2010 in Mexico, individual initiatives are now even more important, including those taken by businesses. The basis for climate-friendly business is to consume as little energy as possible, use the energy that is needed as efficiently as possible, and use predominantly renewable energy sources. Since the majority of CO₂ emissions worldwide occur during the manufacture and consumption of products and also the provision of services, companies can play a key role in achieving the necessary global reductions in CO₂ emissions by increasing their energy efficiency and using renewable energy. This not only requires businesses to be proactive. It also requires appropriate energy and climate change policies to promote corporate efforts to combat climate change and thus speed the way to a better climate. Thanks to collaboration with the Swiss Agency for Renewable Energy and Energy Efficiency (A EE) and membership of the WWF Climate Group, Coop is able to play an active part in defining such policies within Switzerland. With its "CO₂-neutral by 2023" vision, Coop has set new standards in corporate climate protection. It is demonstrating that, given the necessary commitment, it is possible to achieve significant reductions in CO₂ emissions and combine proactive climate

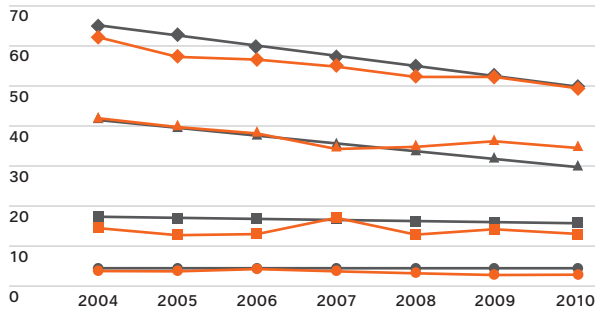
protection with commercial success. The set of measures defined for 2023 includes not only a reduction in energy requirements but also an increased use of renewable energy, and will lead to an overall reduction in Coop's CO₂ emissions of around 50% compared with 2008. CO₂ emissions that can be avoided only at disproportionately high cost or not at all will from 2023 be offset by financing suitable projects in Switzerland and abroad. This efficient set of measures will also enable cost savings of around 70 million francs to be achieved.

Integrating the CO₂ vision into business processes

To optimize the potential for reducing CO₂ emissions in a manner that is both technically feasible and financially expedient, Coop has defined innovative principles for its investment evaluation and decision-making processes. The investment evaluation process focuses on the investment's lifespan and anticipates possible increases in energy prices. The investment decision-making process is no longer based on payback guidelines, but on a comparison between the costs of reducing CO₂ and the alternative carbon-offset costs that might be incurred. By internalizing carbon-offset costs in this way, Coop is acting as if it were already 2023. A costing tool has been developed to help apply these innovative principles. It enables Coop employees to assess alternative investment options when drawing up energy-related plans. This resolves the conflict between minimizing short-term costs and achieving the potential

Achievement level of CO₂ target agreements with Federal Government

CO₂ emissions in thousands of tonnes



- ◆ Total of CO₂ target agreements ACTUAL
- ◆ Total of CO₂ target agreements TARGET
- ▲ Sales Outlets ACTUAL
- ▲ Sales Outlets TARGET
- Distribution centres ACTUAL
- Distribution centres TARGET
- Manufacturing companies ACTUAL
- Manufacturing companies TARGET

Comments of graph:

- Targeted measures made it possible to reduce point of sale CO₂ emissions by 5.7% in the year under review. Due to a considerable increase in surface area following the acquisition of Carrefour points of sale, CO₂ emissions for points of sale still exceed voluntary agreement guidelines.
- Measures undertaken in distribution centres and manufacturing companies ensured that emissions were once again well below the mandatory targets agreed. This compensated for the fact that points of sale failed to meet their targets, with total emissions for CO₂ target agreements being slightly less than the target figure overall.

for long-term savings. To transfer knowledge and coordinate the implementation of CO₂ reduction measures, Coop has set up two energy/CO₂ centres of excellence – one for Sales and the other for manufacturing companies and Logistics. The Coop staff responsible for implementing CO₂ reduction measures meet every three months. In addition to facilitating an internal exchange of expertise, these centres of excellence also enable staff to communicate with experts from the Business Energy Agency (EnAW). This includes evaluating and discussing innovative energy/CO₂-related measures and their implementation. Where appropriate, these are tested in pilot projects and then scaled up if successful.

Monitoring energy and CO₂ reductions

To monitor reductions in energy and heat consumption and associated CO₂ emissions, Coop has defined reduction schedules for 2008 to 2023 for each of its manufacturing companies, distribution centres, sales regions and sales formats. Similar reduction schedules exist for fuel consumption and CO₂ emissions from various areas of goods and passenger transportation. Since the "CO₂-neutral by 2023" vision is based on absolute targets for reduction, the individual reduction schedules also specify absolute targets. The level of target attainment is assessed annually. If the downward curve is not reached, additional measures are defined. As the "Degree of attainment on the downward curve 2023" table shows, Coop reached the respective 2010 targets for overall energy consumption and total CO₂ emissions. The company thus took another step along the path towards achieving CO₂ neutrality

Degree to which the 2023 reduction schedule has been met¹ in %

	Energy consumption		CO ₂ emissions	
	2009	2010	2009	2010
Electricity	100.3	100.8	100.3	100.8
Heating	100.5	104.0	100.3	101.7
Fuel	100.0	98.5	99.9	100.2
Total	100.3	101.2	100.2	101.0

¹ This specifies what percentage of the reduction target in question has been achieved in a given year.

by 2023. The good overall result for 2010 is due primarily to the considerable reduction in electricity and heat consumption compared with the previous year.

CO₂ REDUCTION MEASURES 2010

Innovative LED lighting technology

Lighting accounts for approximately one quarter of all point of sale electricity requirements. With innovative LED lighting solutions, this figure can be reduced by up to 50%. LED lighting also offers new opportunities such as varying colours as required. Another benefit is that it does not generate any direct heat or UV radiation, so for example fruit and vegetables under LED lighting stay fresh for longer, and refrigerated units require less cooling and therefore consume less power. When using LED lighting, it is essential to develop special lighting concepts as there may otherwise be some loss in lighting quality. Since the beginning of 2010, Coop has used 100% LED lighting in all new and modernized Coop res-

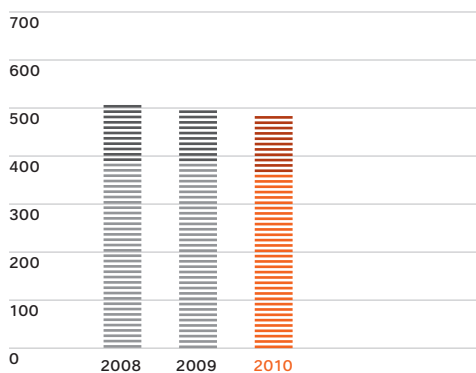
Implementation of Minergie standards at Coop points of sale, status December
Number

	2009	2010
Points of sale with Minergie certificate	11	22
Points of sale with interior (technical installations) built to Minergie standard	86	117

taurants. In addition, the service areas, self-service counters, refrigerated units and fruit and vegetables in 50 points of sale are already lit by LED. This has reduced power consumption for lighting in these points of sale by around 15%. Partial LED lighting will be used for all new and modernized points of sale with immediate effect. The Coop Supermarket in Pfäffikon is the subject of a pilot project – it is the first Coop point of sale to be lit completely by LED. A special LED-specific lighting concept, including new LED lamps, was developed and implemented for this project. This has led to a reduction of around 50% in the energy required to light the Pfäffikon point of sale, equating to 60 000 kilowatt hours per year.

The Coop logos on rooftops and façades represent an important part of point-of-sale lighting – there are over 4 300 such units in operation throughout Switzerland. Coop wants to significantly reduce the energy consumption of these signs too, and is therefore gradually replacing all those lit by fluorescent tube with LED units. The new LED logos consume up to 80% less power than conventional models. For Coop, this means a reduction in energy consumption of two gigawatt hours per year. And the longer service life of the LEDs will also reduce maintenance costs.

Specific energy consumption per sales area¹
in kilowatt-hours per square metre



Electricity
Heating

COOP NEEDS INNOVATIVE SOLUTIONS

“Coop has a clear plan for implementing its CO₂ vision. For example, it defines which measures need to be implemented and when by its distribution centres and manufacturing companies in order to achieve its objective. To reduce fuel-related CO₂ emissions, the focus is on the systematic, increased use of waste heat and renewable energy.

Anyone wanting to work with Coop in the energy sector needs to be up to speed on resource efficiency and climate protection, because Coop adopts innovative approaches, and this calls for innovative solutions from planners. For example, we arranged for waste heat to be more extensively used at the vinegar manufacturer Nutrex and the Berne and Gossau distribution centres. This has led to significant CO₂ savings. We are currently planning to install large wood-burning furnaces in distribution centres. We are proud to be able to implement systematic energy measures with Coop that will provide long-term benefits for sustainability and climate protection, and therefore also for Coop’s customers.”

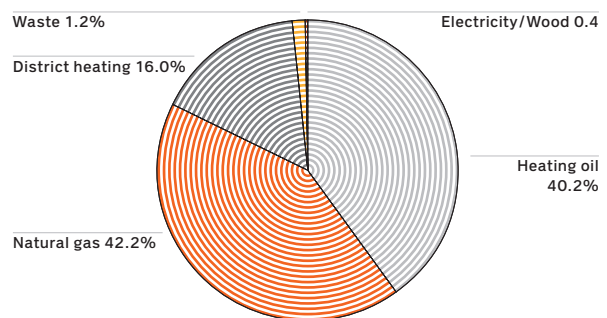
Beat Nussbaumer, Dr. Eicher + Pauli AG, Energy and Building Services Engineering Planner

Exploiting synergy – local cooling/heating network

Coop is also reducing CO₂ emissions by exploiting energy synergies. For example, when building its new computer centre in Berne, it deliberately selected a site close to the Berne distribution centre and set up a cooling and heating network between the two facilities. The reason for this is that the new computer centre requires cooling, and also inevitably generates heat. Conversely, the distribution centre has spare cooling capacity and also wants to use less fossil fuel for its heating requirements. The distribu-

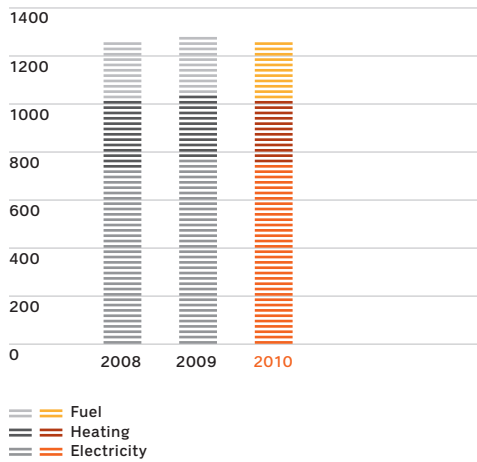
Heating energy sources¹

Total consumption: 300 gigawatt-hours



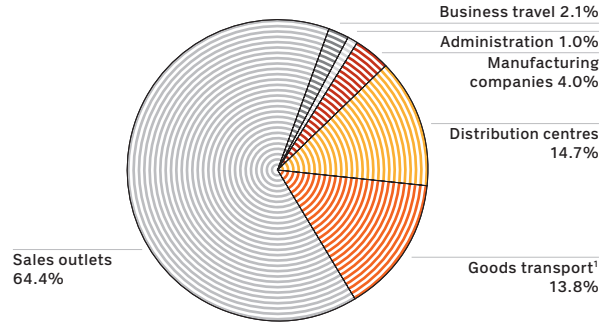
¹ Manufacturing companies, distribution centres, sales outlets, administration

Total energy consumption¹
in gigawatt-hours



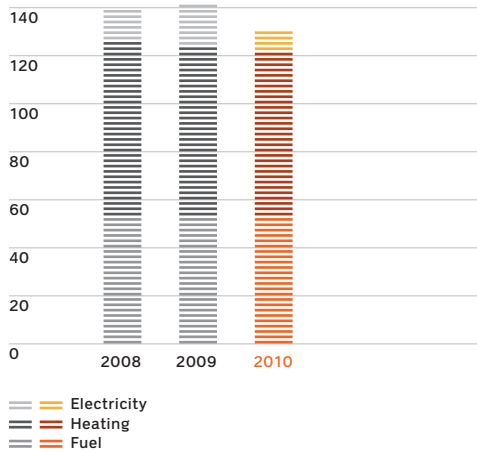
¹ Manufacturing companies, distribution centres, points of sale, administration, Coop's own goods transport, coop@home deliveries, goods transport by third parties in Switzerland on behalf of Coop, business travel

Share of total energy consumption
Total consumption: 1268 gigawatt-hours



¹ Coop's own goods transport, coop@home deliveries, goods transport by third parties in Switzerland on behalf of Coop

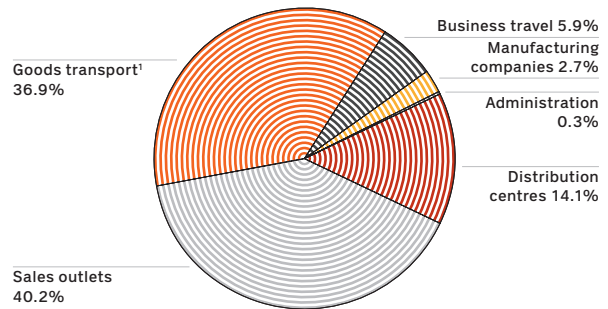
Total carbon dioxide (CO₂) emissions^{1, 2}
in thousands of tonnes



¹ Manufacturing companies, distribution centres, points of sale, administration, Coop's own goods transport, coop@home deliveries, goods transport by third parties in Switzerland on behalf of Coop, business travel

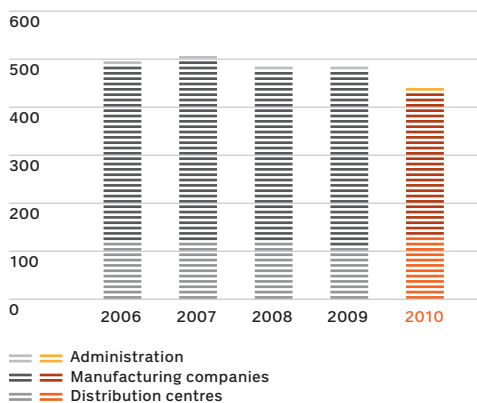
² The CO₂ factors used to calculate CO₂ emissions not only take direct but also all upstream CO₂ emissions into account.

Share of CO₂ emissions
Overall emissions: 129596 tonnes

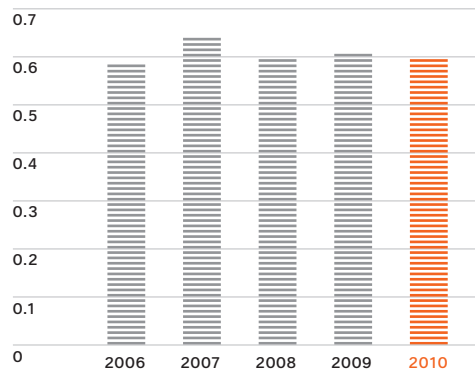


¹ Coop's own goods transport, coop@home deliveries, goods transport by third parties in Switzerland on behalf of Coop

Water consumption in manufacturing companies, distribution centres and administration
in thousands of cubic metres



Specific water consumption per sales area¹
in cubic metres per square metre



¹ only outlets with measurement system

tion centre now uses the local cooling / heating network to send its surplus cooling capacity to the computer centre, while the waste heat from the computer centre is used to heat the distribution centre. Exploiting this synergy is having a positive effect on Coop's energy and CO₂ footprints. The computer centre requires less electricity as it does not need its own cooling system, and at the same time the distribution centre requires less external energy for its gas-powered heating system. This has led to total annual savings of around 1 000 tonnes of CO₂.

Photovoltaic systems on Coop buildings

In Switzerland, there is still great potential for new forms of renewable energy for producing electricity. In order to exploit this potential, Coop has already installed 8 000 square metres of photovoltaic cells on its buildings. These photovoltaic systems produce around one million kilowatt hours of electricity each year from the sun's rays – the same as the annual consumption of 200–300 Swiss households. To make use of the relatively high potential of solar power in the Basel region, a 354 m² photovoltaic system was installed on a building at the Coop headquarters in Basel in the autumn of 2010. This can produce 62 000 kWh of electricity each year – sufficient for twelve to 20 Swiss households. To encourage the use of solar energy, Coop is also making the roofs of its buildings available to other companies so that they can install photovoltaic systems on them. For example, the largest system to date in the city of Basel became operational on the new Prodega building in May, and the largest system to date in the canton of Zurich was installed on the roof of the Coop Megastore in Dietikon in November. Each of these photovoltaic systems produces around 360 000 kWh of electricity per year – the same as the average consumption of between 70 and 120 Swiss households.

Using biogenic fuel

Because of the diffuse nature of the Coop point of sale network, the company will still have to rely on trucks to distribute goods from distribution centres to its points of sale, even in the future. To reduce the CO₂ emissions this causes, Coop is increasingly using biogenic fuel derived from waste to power its truck fleet. Some Coop distribution centres are running their trucks on a mixture of conventional diesel and up to 30% biodiesel. In 2010, Coop used a total of 411 078 litres of biodiesel, thus avoiding around 1 000 tonnes of CO₂ emissions. By modifying the filling stations in other distribution centres, the aim is to enable even more trucks to run on biodiesel in future. In autumn 2010, following a successful one-year trial period, Coop also added five gas-fuelled

trucks to its fleet. Using biogas reduces the CO₂ emissions generated by transporting goods in these vehicles by around 80%.

LOGISTICS AND BAKERIES STRATEGY 2015+

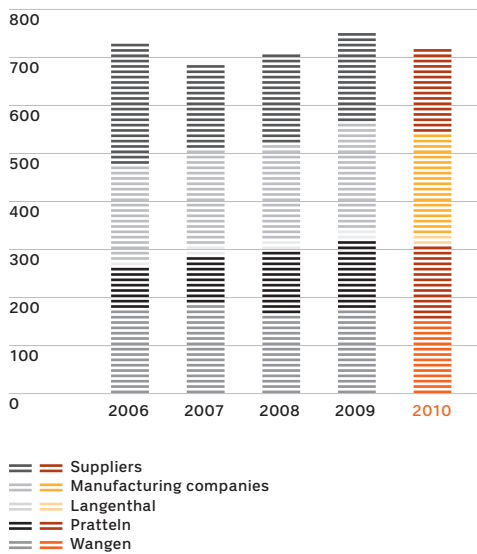
Economy and ecology go hand in hand

In 2010, following two years of intensive project work, Coop adopted the Logistics and Bakeries Strategy 2015+. As well as further optimizing costs and constantly improving the quality of Coop's baked goods, this reorientation focuses on realizing the Coop «CO₂-neutral by 2023» vision. The key environmental aspect of the project is the expansion of the Schafisheim distribution centre and resulting transfer of more freight from road to rail. Although implementing the Logistics Strategy 2005+ significantly reduced Coop's CO₂ emissions, its focus was on clear commercial benefits. In the new Logistics and Bakeries Strategy 2015+, economy and ecology go hand in hand. Its implementation will generate annual cost savings of around 60 million francs, and reduce CO₂ emissions by around 4 800 tonnes a year.

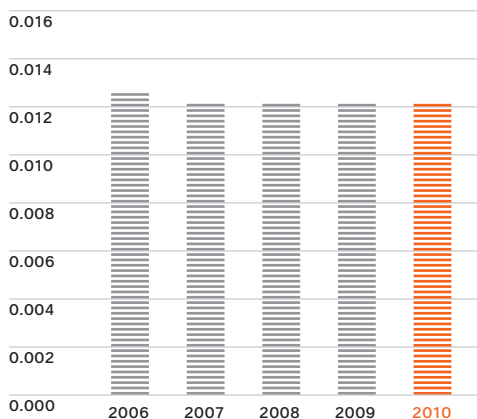
Reduced CO₂ emissions thanks to centralization

The current Logistics Strategy 2005+ does have some disadvantages, particularly with regard to the location of distribution centres. At present, Coop has nine regional distribution centres, of which three – in Basel, Dietikon and Schafisheim – lie within 60 kilometres of each other. Logistics in the Nordwestschweiz sales region make use of two distribution centres (Basel and Schafisheim), leading to a loss of synergy in storage and transport. The separately located bakery in Wallisellen generates additional trips and costs for bread deliveries. Moreover, the fact that all deliveries to Coop Pronto shops are made by truck from Schafisheim results in high CO₂ emissions. The new logistics strategy involves optimally expanding the existing Schafisheim site and giving it the role previously undertaken by the Basel and Dietikon distribution centres. The Dietikon distribution centre will be converted to house the coop@home sales format, and will also be used for deliveries to Coop Pronto shops. The Basel distribution centre, which generates long travel distances due to its isolated location, will be closed. The bakeries at Basel and Wallisellen will also be closed. In their place, a new large-scale bakery will be introduced at Schafisheim. The Schafisheim distribution centre will also become the national refrigerated logistics centre. Reducing the number of sites and centralizing at Schafisheim mean that thousands of road miles can be saved, thus avoiding CO₂ emissions.

Goods transported by rail
in thousands of tonnes
Total: 748 203 tonnes



Specific diesel consumption of trucks¹
in litres per tonne-kilometre



¹ Coop's own goods transport from regional distribution centres to points of sale

Railcare ensures strategy implementation

Coop's decision to centralize only makes sense if it involves transferring even more freight from road to rail. Since 2000, Coop has already doubled the proportion of goods it transports by rail. This mainly involves shipments between national and regional distribution centres. There is still great potential for saving road miles incurred by direct deliveries from national distribution centres to points of sale. However, new rail technology and transport systems are required if this potential is to be exploited, because

CO₂-OPTIMIZED SHIPMENTS USING RAILCARE

"Swiss Post transports parcels along an east-west axis between three sorting centres at Frauenfeld (TG), Härkingen (SO) and Dailens (VD). To optimally utilize the Swiss Post rail infrastructure and also meet its challenging sustainability targets, PostLogistics additionally provides ramp-to-ramp multimodal transport from a single source. Since June 2009, a hybrid-powered freight train operated by Railcare AG has been demonstrating how reliably it can transport Swiss Post shipments. As part of an integrated operating strategy, Railcare freight trains enable Swiss Post parcels and multi-modal containers to be rapidly transhipped at postal terminals. Time-consuming shunting manoeuvres are no longer required. Coop's acquisition of Railcare will enable these CO₂-optimized shipments to be developed further."

Stefan Luginbühl, Member of PostLogistics Board, Head of Courier, Express & Parcels

the conventional Swiss freight transport system is increasingly reaching its limits. By acquiring Railcare AG in September 2010, Coop established the ideal basis for exploiting this potential, thus enabling the Logistics and Bakeries Strategy 2015+ to be implemented. With its concept of unaccompanied combined transport (UCT), Railcare AG offers an environmentally friendly, efficient way of handling freight. This involves loading goods into swap bodies and transporting these by rail directly from the distribution centre to a defined hub (railport). There, the swap bodies are transferred onto trucks and conveyed to the relevant point of sale. Coop will initially use UCT outside a 90-kilometre radius. All shorter journeys will continue to be made by truck.

www.railcare.ch

Using UCT

In the implementation of its new Logistics and Bakeries Strategy, Coop will use UCT both for supplying Pronto shops from the Dietikon distribution centre and also for national refrigerated shipments from Schafisheim. Since all refrigerated shipments previously originated from the two refrigerated distribution centres at Givisiez and Hinwil, and were carried out by road via third parties, this alone will result in annual CO₂ savings of around 1 600 tonnes. Restructuring the regional distribution centres, building a new bakery at Schafisheim and using UCT to supply Building & Hobby stores from Gwatt and Coop City department stores from Rapperswil will avoid an additional 3 200 tonnes of CO₂ emissions per year.

WASTE AVOIDANCE AND RECYCLING

Study on the future of separate waste collections

Switzerland has an extremely successful recycling system, and collects record-breaking quotas of almost all reusable materials compared with other countries in Europe. The Swiss recycling system has grown historically and is based on a dual infrastructure run by both municipalities and retailers. Various recycling organizations are responsible for physically recycling the material collected. In 2010, a number of parties questioned whether further components such as plastics and drinks cartons could in future be included in the recycling system. Since this would involve some very large volumes of materials, a preliminary review of the entire system's capacity was absolutely vital. Against this backdrop, Coop and the Swiss retailers' organization IG DHS jointly commissioned a top-level study of recycling services in 2010, looking at environmental aspects, costs, technical feasibility and acceptance at all levels. The aim of the study is to identify whether there is any ecological and commercial potential for additional (separate) collections and if so, what products and packaging this would involve and how they would be prioritized. First and foremost, it aims to assess where the use of relevant funding and resources would generate the greatest benefits for the environment.

As part of the study, a workshop was held in October 2010 and attended by experts and interested organizations from public administration and the business world. Over 40 specialists on a wide variety

of issues were present. There was unanimous agreement concerning five fundamental points:

1. Recycling is a complex issue.
2. Sound, viable solutions are required. Short-term fluctuations in volumes or prices must not be permitted to compromise the system.
3. Developing the recycling system calls for a long-term view. Everything that is changed must function sustainably in order to protect investments.
4. Communication is crucial – consumers must understand any changes to their day-to-day lives.
5. The funding of recycling by additional groups needs to be clarified.

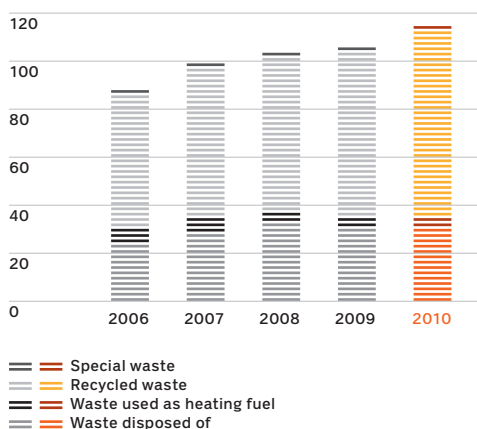
This and additional expert input and discussions formed the basis for subsequent work, leading to publication of the study in 2011.

www.igdhs.ch

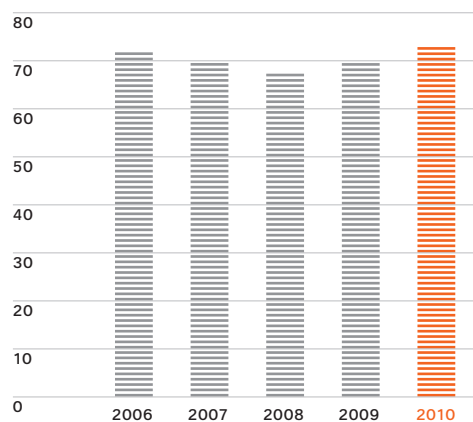
Record waste recycling rate

In the year under review, the positive effect of the employee training conducted in 2009 on recycling made itself felt. Coop's waste recycling rate – the quantity of recycled materials or heat-treated waste such as wood – came to a record 73%. Bearing in mind that total waste increased by 6% compared with the previous year, this result is all the more gratifying. One of the main reasons for the high waste recycling rate is that in 2010 around 9% more paper and cardboard were collected than in 2009. The quantity of waste was thus almost 5% lower than in 2009. In addition to Coop employees, customers also returned more waste for recycling in 2010. A good 10% more electric and electronic devices and low-

Total waste production
in thousands of tonnes



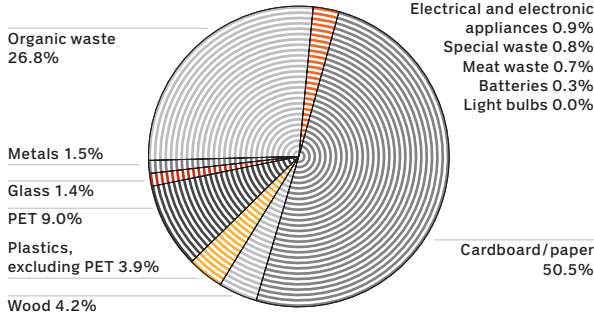
Waste recycling rate¹
in %



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

energy lightbulbs were brought to disposal points at the sales outlets than in the previous year. The disposal of PET bottles is still a cause for concern: here, despite higher sales volumes, the number of returned bottles was not more than in 2009.

Share of recycled waste
 Total: 83 718 tonnes, excluding use as fuel



In 2010, the focus is on preserving biodiversity. The Coop Sustainability Fund promotes innovation and raises the general public's awareness of sustainable consumption. Coop reduces the salt and sugar content of many of its products, thus contributing to healthy eating.

COOP SUSTAINABILITY FUND

New direction

Experiences of recent years and stakeholder dialogues have shown that stakeholders expect Coop to actively promote sustainable consumption. In addition to making consumers aware of sustainability in their everyday lives by providing information and suitable communications, Coop is expected to continue increasing its range of sustainable products and promote specific projects along the entire value chain. Coop uses its Sustainability Fund to provide financial resources – 12 million francs in 2010 – and also supplies human resources, valuable partner networks, structures and communication tools. The Sustainability Fund represents a key tool for developing sustainable innovations and laying the foundations for successful marketing.

In 2010, Coop aligned the projects it sponsored and the internal organization of the Coop Sustainability Fund even more closely with its strategic approach to sustainability. In line with the dual aim of promoting sustainable consumption via communication and also supporting innovative projects, the Sustainability Fund's financial resources are divided equally between these two strategic thrusts. Promoting sustainable consumption via communication takes place primarily through in-house communication measures and sponsorship activities aimed at raising the awareness of the general public. Coop is showing

consumers that they can reduce their ecological footprint by choosing products carefully when they shop. The decision-making body responsible for this area is now the Sustainable Communication Steering Committee, which coordinates corporate and marketing communications relating to sustainability. This enables resources to be used precisely where they are needed, and enables synergies with existing channels and projects to be exploited.

As part of the second strategic thrust, the Coop Sustainability Fund now intends to focus entirely on projects along its value chain. A wealth of project ideas is being generated by screening for products for environmental and social risks, as well as through stakeholder dialogues and medium-term sustainability objectives. The decision-making team now not only evaluates project proposals from external sources, but in particular develops project ideas put forward by those responsible for Coop purchasing or by business partners. This ensures that knowledge and practical experience are optimally factored in at all stages of the value chain. In the process, a special emphasis is placed on innovation. Since developing worthwhile projects and coordinating with partners at home and abroad requires considerable effort, the Sustainability Fund's human resources are being increased. As before, the solutions that are developed will be made available to anyone who is interested in them, with a view to broad-based dissemination. For example, organic pest control in storage facilities

Coop Sustainability Fund: 2010 projects

Climate

Naturafarm_Biogas50

Partners: Producers, Swiss Federal Office of Energy, Swiss Energy | Support for the construction of a total of 50 biogas plants on the farms of Coop Naturafarm and organic producers (2005–2011).

Green electricity

Partners: IWB, Swiss Hydro, BKW | Promoting electricity produced from hydro, wind and solar power under the "nature made star" label by funding environmental added value and purchasing green electricity to cover part of Coop's own needs (2003–2012).

Carbon offsetting

Partners: WWF and SENS | Offsetting the carbon emissions generated by air freight, business travel and coop@home deliveries via WWF Gold Standard projects and Swiss Charter certificates from a climate protection project in Brazil (2007–2012).

Coop CO₂-neutral Naturaline

Partners: Remei AG | Climate-neutral production of Coop Naturaline organic cotton textiles and organic cotton-wool products by reducing CO₂ emissions and offsetting unavoidable CO₂ emissions via selected projects (2009–2013).

WWF Climate Group

Partners: WWF | Contributing to climate protection by reducing CO₂ emissions particularly in the fields of appliances and products, internal Coop CO₂ emissions, green electricity and transport / traffic (2006–2012).

WWF Global Forest & Trade Network Switzerland

Partners: WWF | Improving performance and communicating a responsible timber and paper purchasing policy; increasing the proportion of FSC timber and paper sales (2006–2012).

Tropenhaus Wolhusen exhibition

Partners: Tropenhaus Wolhusen AG | Supporting an exhibition on sustainable food production, sustainable consumption and reducing environmental pollution thanks to regional production (2009–2015).

Plants, animals, soil

FiBL research projects

Partners: Research Institute of Organic Agriculture (FiBL) | Basic research into climate-neutral crop cultivation and vegetable production, minimizing concentrated feedstuffs in cattle rearing and the effect of this on animal health, product quality and the environment (2003–2011).

Bioveritas (formerly known as Sativa)

Partners: Sativa Rheinau AG, Getreidezuchtung Peter Kunz | Promoting the cultivation and seed propagation of varieties of organic wheat and spelt (2003–2011).

Organic farming in tropical regions

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

Pro Specie Rara exhibition

Partners: Pro Specie Rara | Public collection of varieties and breeds of plants and animals threatened with extinction from the full Pro Specie Rara range (2010–2012).

Krax

Partners: Swiss Animal Protection (SAP) | School project to raise awareness of animal welfare issues among children and young people (2010–2013).

Promoting the purchasing of organic products

Partners: FiBL | Purchasing-oriented studies aimed at improving existing organic products and introducing new ones (2003–2011).

Pro Specie Rara product development

Partners: Pro Specie Rara | Promotion and communication of Pro Specie Rara products (2003–2012).

Promoting regional organic products

Partners: Bio Suisse | Establishing and promoting the Naturaplan range of regional organic products (2004–2011).

Promoting own-label sustainability brands

Internal Coop project | Strengthening marketing communication for Coop own-label sustainability brands (2003–2012).

Promoting standard fruit trees

Partners: Hochstamm Suisse | Maintaining and fostering endangered standard fruit trees as a traditional landscape feature by developing a range of Hochstamm Suisse products and accompanying communication measures (2008–2013).

Start-up help for young boar fattening project

Partners: Juchhof organic farm, Bell AG | Investigating the key factors in successful, practicable young boar fattening as a natural and more animal-friendly alternative to piglet castration (2009–2012).

Sustainable cocoa sourcing in Honduras

Partners: Chocolats Halba, Helvetas Honduras | Project for the comprehensive sustainable sourcing of cocoa from Honduras through environment and social commitment (2009–2013).

Wildflower participatory event

Partners: Pro Natura | Coop distributes over one million packs of seeds for species of wildflowers threatened with extinction, also enabling 280 000 m² of dry grassland to be upgraded by Pro Natura (2010).

Organic farms open day

Partners: Bio Suisse, FiBL | Organizing nature trails on organic Swiss farms to raise the public's awareness of biodiversity (2010).

Promoting biodiversity on Bio Suisse "bud" farms

Partners: Bio Suisse, FiBL, Swiss Association for the Protection of Birds (SVS)/Birdlife Switzerland | Providing comprehensive advice and support to "bud" farms to help them promote biodiversity (2010–2012).

Traceability of organic fruit and vegetables

Partners: Bio Inspecta | development of a tool to call up detailed information about the origin of organic fruit and vegetables from Switzerland via the Internet or mobile phone (2010).

Wildlife in Switzerland

Partner: MovieBiz Films | The film entitled "Wildnis Schweiz" (Wildlife in Switzerland) presents the diversity of Switzerland's flora and fauna and draws viewers' attention to the need to protect the environment (2010).

Water

Tropenhaus Frutigen exhibition

Partners: Tropenhaus Frutigen AG | Supporting the exhibition on (organic) aquaculture, a healthy, balanced diet and sustainable consumption (2007–2014).

WWF Seafood Group

Partners: WWF | Gradual conversion of the fish and seafood range to sustainable sources and refusal to stock severely endangered fish species (2006–2012).

Energy-efficient fish farms for regional production

Partners: Ichthys Ltd | Developing energy-efficient, closed-cycle systems for regional fish farming to promote a new line of business for Swiss agriculture, generate regional added value and transfer expertise to developing countries (2009–2011).

Alternatives to fish meal for feeding in sustainable aquaculture

Partners: FiBL | Producing feed for sustainable fish farming that is nutritionally optimized but does not impact on marine resources (2009–2012).

Fairtrade water project

Partners: International Development Enterprises (IDE) | Increasing the water efficiency and improving the living conditions of Fairtrade (FLO) farmers and their families in Central America by using cost-effective drip-feed irrigation systems (2010–2014).

People

Biore projects

Partners: Biore Foundation | Promoting and safeguarding innovative social projects in the fields of training, health and nutrition for some 8 300 Biore cotton producers and their families in India and Tanzania (2007–2011).

Slow Food

Partners: Slow Food Switzerland | Partnership with Slow Food to promote food culture and protect biodiversity and high-quality, artisanal products through Swiss presidia groups (2006–2011).

Small-scale projects

Partners: FLO-Cert, PUSCH, SVS/Birdlife Switzerland, Berne Botanical Garden, Naturnah, etc. | Promoting an awareness of sustainable consumption and sustainable development via various initiatives (2005–2012).

and suckler-cow husbandry in veal production have become widely accepted and implemented. However, efforts are also being made to disseminate the proposed solutions specifically via partners in the Coopernic international sourcing alliance.

Involvement in the UN Year of Biodiversity

In 2010, the UN Year of Biodiversity, the Fund supported numerous projects aimed at raising public awareness with regard to preserving biological diversity. One such project was a participatory campaign conducted with Pro Natura that involved distributing to the public over one million packets of seeds of wildflower species threatened with extinction. As a result, tens of thousands of balconies and gardens were filled with colourful native wild flowers – and thanks to the high level of participation in this event, the Sustainability Fund financed the upgrading of 280 000 m² of dry grassland by Pro Natura. The Sustainability Fund also joined forces with its longstanding partners Bio Suisse and the Research Institute of Organic Agriculture (FiBL) to raise awareness of biodiversity with an “organic farms open day”. Coop’s exemplary commitment to maintaining biodiversity was recognized as a best practice by Countdown 2010, an initiative launched by the International Union for Conservation of Nature (IUCN). Coop also won the “biodiversity leadership” category at the “Ethical BioTrade Award for Biodiversity”. These awards were presented in November 2010 by two international organizations – the Union for Ethical BioTrade (UEB) and United Business Media (UBM).

Focus on water

While screening the food range for environmental and social risks, water shortages were identified as one of the most urgent environmental issues. This relates to the physical availability of water against a backdrop of increasingly irregular precipitation as a result of climate change and falling water tables due to overuse. The efficiency of irrigation systems must be increased, access to water guaranteed, even for small-scale producers, and water contamination prevented. The Sustainability Fund took on specific projects in this area, such as the “Fairtrade water project” run by the International Development Enterprises (IDE) organization. This project aims to give 2 000 fairtrade cooperative farmers and 6 000 families in Central America access to affordable and efficient irrigation systems. These systems will be used at production locations for Max Havelaar products destined for Coop, to improve water efficiency and therefore agricultural yields. The project is linked to the SCAMPIS project, which is funded by the Coopernic international sourcing

Coop Sustainability Fund: Funding, by strategic area in CHF

Strategic themes	2009	2010
Climate	4 336 025	3 849 483
Water	400 166	677 050
Plants, animals, soil	7 550 923	6 737 274
People	713 346	816 331
Total¹	13 000 460	12 080 138

¹ Annual average from 2010 = 15 million francs

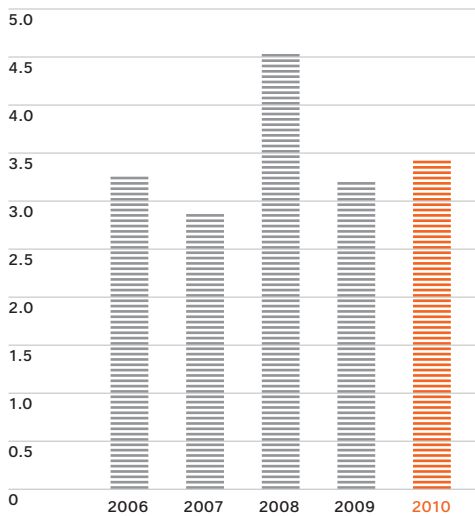
alliance. The objective of this project is to familiarize 30 000 households in India, Madagascar and Guatemala (10 000 in each country) with deliberately simple, cost-effective materials for irrigation technology, thus establishing secure foundations for building up a local market. This involves producing and selling spare parts and setting up an advisory and service network. The lessons learned from these two projects will also be incorporated into other procurement projects in the future.

COOP AID FOR MOUNTAIN REGIONS

Almost 70 years of commitment to mountain inhabitants

A good two-thirds of Switzerland’s land area is mountainous and is home to countless species of animals and plants. Preserving this mountain environment requires not only an equilibrium between protection and economical use of natural resources, but also calls for mountain farmers to take steps to conserve the landscape. Changes in the environment, the economy and society pose increasing challenges for the inhabitants of mountain regions. Legislation on water pollution and animal welfare necessitates changes, and requires considerable infrastructure improvements. The switch to organic farming as a result of the growing demand for organic products sometimes involves structural modifications and adherence to new guidelines. Without additional financial resources, mountain inhabitants are unable to meet many of these challenges. For almost 70 years, Coop Aid for Mountain Regions has been campaigning for better living and working conditions in Switzerland’s mountain regions, thus counteracting the threat of depopulation. It helps people to help themselves, enabling farmers and producers to achieve sustainable livelihoods for themselves in difficult conditions. For example, the financial resources of this non-profit organization are used to refurbish housing, invest in the necessary

Total donations Coop Aid for Mountain Regions
in CHF millions



infrastructure and restructure operations. Coop Aid for Mountain Regions is supported by contributions from its members and donations. In addition, for every Pro Montagna own-label product sold, Coop donates part of the retail price as a solidarity contribution. Coop finances all administrative and staffing costs, so every franc donated is used directly to help mountain farmers. In 2010, Coop Aid for Mountain Regions received donations worth 3.5 million francs, of which 800 000 francs came from Pro Montagna sales revenue. This money was used to fund over 100 self-help projects, thus improving the future for many mountain farming families.

Selling bread rolls to upgrade Alpine pastures

For the last ten years Coop has conducted an exclusive campaign on 1 August (the Swiss national holiday) to benefit people in Swiss mountain regions. For every special 1 August bread roll (Weggen) sold, either 20 or 60 cents is donated directly to Coop Aid for Mountain Regions. Coop matches this contribution and uses all of this money, with no deductions, for a specific self-help sustainability project. In 2010, a total of 245 000 francs was raised for the Suscht-Peil, Grava and Rischuna Alpine cooperatives and the Bundi goat project in Graubünden. Remediating these Graubünden Alpine pastures plays an important role in preserving and maintaining the cultivated land within a sensitive area. If the goats were to disappear, the region would lose a piece of its heritage, and the Alpine pastures would become overgrown with scrub. Preserving these pastures also makes a major contribution to improving the working and living conditions of the local population.

OTHER ACTIVITIES

Measures to protect young people

Coop is aware that alcohol and tobacco should not fall into the hands of children and young people, and therefore adopts numerous measures to protect these youngsters. Coop's responsibility relates primarily to the sale of these products, since it has very little influence on any actual consumption that may take place outside its points of sale. In mid-2008, Coop introduced a total ban on the sale of alcoholic drinks and spirits to anyone under the age of 18. Customers wishing to buy tobacco must be at least 16 years old, unless the canton concerned has passed any legislation to the contrary. This ban is underpinned by relevant posters in every point of sale, and by supportive measures at cash registers. For example, employees receive regular training using a specially developed training module. The Coop cash register system automatically stops when alcoholic beverages or tobacco are scanned, and the cashier is prompted to check the customer's ID. The cash register also displays the relevant age for the cashier to check on the ID papers, for example "older than 04/93". Coop sales regions also regularly conduct test purchases to ensure that these measures to protect young people are being implemented. The test purchases carried out across the entire Group, either by Coop or by third parties on behalf of Coop, are now being analysed as part of a monitoring programme. Coop has set itself the target of correctly implementing these measures to protect young people for 75% of all test purchases in 2011, and for 90% of all such purchases by 2012. With these efforts, Coop intends to protect its cashiers from the heavy legal penalties that would be incurred for breaching these age limits.

Pioneering climate protection project in Brazil

With support from Coop, an innovative, sustainable climate protection project came to fruition in 2010 in Brazil. In September, the Zurich-based climate protection foundation SENS International opened South America's first refrigerator recycling plant. This plant can dispose of up to 400 000 fridges per year, avoiding around 800 000 tonnes of CO₂ emissions per annum. The chlorofluorocarbons (CFCs) contained in old fridges have been classed as some of the worst "climate killers". The use of these greenhouse gases was banned back in 1987 by the Montreal Protocol because they damage the ozone layer. However, the Protocol does not cover the disposal of CFCs from old fridges. In Brazil alone, there are currently around eleven million fridges in use that contain CFCs. This amounts to more than

Protecting young people means quality

"Investing specifically in protecting young people from alcohol abuse pays dividends. The measures adopted by Coop for several years already, such as voluntarily increasing the age limit for buying alcohol to 18 and holding internal staff training courses, are credible, pioneering examples. If such measures are applied sustainably and in a targeted manner, they become more effective. For example, we can see that where systematic checks are made, sales of alcohol to young people decrease.

Public opinion has also long since changed with regard to the problem of alcohol and young people, with the protection of young people now being seen as more important than ever. Any further steps that Coop takes will be noticed by the public. Credible actions therefore become increasingly significant and ultimately lead to an increase in corporate quality."

Matthias Zeller, Administrator, Blue Cross Prevention and Health Promotion

20 million tonnes of CO₂ that could escape into the atmosphere unhindered. The SENS Foundation's "Swiss Climate Protection Initiative" aims to counteract this and is sponsoring sustainable climate protection projects in emerging countries to ensure that CFCs are disposed of properly. Constructing and operating this fridge recycling plant will contribute to sustainability in two ways – firstly by reducing CO₂ emissions, and secondly by creating secure jobs in an emerging country. Together with the Swiss Agency for Development and Cooperation (SDC), Coop is one of the major investors in this pioneering project. In addition to providing several million francs of start-up funding, Coop will be providing additional support for this recycling project from 2010 to 2012 by purchasing Swiss Charter Units (certificates) worth over 500 000 francs each year.

Food aid for the needy

Each year across Switzerland, 250 000 tonnes of edible food are destroyed. At the same time, the number of people in Switzerland affected by poverty is increasing. The organizations "Schweizer Tafel" (Swiss table) and "Tischlein deck dich" (Table be set) bridge the gap between excess and privation. They collect food that has passed its recommended sell-by date but not its use-by date, and is therefore perfectly safe to eat. "Schweizer Tafel" distributes food free to social institutions such as soup kitchens and emergency accommodation centres, while "Tischlein deck dich" distributes goods directly to people in difficult economic situations via its own distribution points. Coop has been supporting these two organizations since 2005 by providing not only food, but also finan-

cial support to the sum of 150 000 francs per annum. Thanks to this involvement, both organizations have been able to expand their work over recent years to cover more regions of Switzerland. "Schweizer Tafel" now supplies 525 institutions – 305 more than in 2004. Over the same period, the number of Coop points of sale supplying "Schweizer Tafel" with food increased by 161, taking the total to 191 points of sale in twelve Swiss regions in 2010. "Tischlein deck dich" has also grown significantly thanks to Coop's support – in 2004 it had 21 distribution points, and now it has 78. It provides 10 500 people with food each week, and fills over 10 million plates each year. In 2010, "Tischlein deck dich" collected a total of 1 930 tonnes of food, of which 405 300 kg, or approximately 21%, came from Coop.

www.schweizertafel.ch, www.tischlein.ch

Supporting consumer rights

As a retail cooperative, Coop is particularly committed to consumers. In Switzerland, consumers still have fewer rights than in the EU. For this reason, Coop backed the product safety act as an accompanying measure to the introduction of the "Cassis de Dijon" principle. As part of its dialogue with key stakeholders, Coop holds regular discussions with consumer organizations. Even if a consensus is not always reached on all issues, this exchange of views is important for mutual understanding. As a member of the Swiss Federal Consumer Affairs Commission, Coop is in favour of aligning consumer rights with those in the EU. Introducing additional consumer rights represents a key component in any expansion of Switzerland's bilateral agreement with the EU.

Wide-ranging commitment to healthy eating

Coop helps its customers to follow a varied diet, eat fruit and vegetables each day and pay attention to the quality of fats and carbohydrates. It is also fully aware that, in moderation, there is room for treats in a balanced diet too. With specialist support from the Swiss Nutrition Society (SGE), Coop carries out regular representative surveys on the Swiss population's eating behaviour and awareness as part of its "Focus on Eating Trends" initiative. The results of this survey give a wide variety of players a sound basis for promoting a balanced diet. As part of the Federal Office of Public Health's actionsanté initiative, Coop has voluntarily committed to reducing the salt and sugar content of its own-brand products, and to optimizing fat quality as well. For example, it has reduced the salt content of its loaves and bread rolls, and also of its frozen potato-based side-dishes. By the end of March 2011, yoghurts and fresh desserts in the Coop own-brand Qualité & Prix and Prix Garantie ranges

will contain 10% and 20% less sugar respectively. In addition, 99% of all Coop own-brand products have been free from industrially hydrogenated and partially hydrogenated fats since March 2010 – considerably in advance of current legislation. The packaging of around 2 900 Coop own-brand products already displays clear, comprehensive nutritional labelling in the form of a food profile. This profile includes the “five a day” portion logo. In addition to the information displayed on products, Coop also provides comprehensive nutritional information on the Internet, in the Coop member press and on numerous fact sheets. By sponsoring a large number of projects relating to nutrition and physical activity, Coop is specifically making children, parents and teachers aware of the importance of a healthy lifestyle.

 www.sge-ssn.ch

Working together to support young people

“Gorilla, the national project to promote healthy eating and exercise, is deployed where young people today spend a considerable amount of their time – on the Internet. It uses e-learning in a step-by-step process to explain the link between nutrition and exercise. It does this using images, sound, narrative and film material, because knowledge should be conveyed actively and then put into practice.

With Gorilla, we have implemented our positive experiences of youth-related alcohol prevention from previous projects in a contemporary manner and on a large scale. Coop, our long-standing partner, has also made a considerable contribution to this development, both financially and in terms of expertise. Since the establishment of the Schtifti Foundation and its first projects in 2004, we have always been able to rely on Coop. And we’ll continue to work together for the future of young people.”

Roger Grolimund, Director, Schtifti Foundation

REPORTING IN ACCORDANCE WITH UNGC AND GRI

The Ten Principles of the UNGC

In signing up to the United Nations Global Compact (UNGC), a voluntary business initiative, Coop undertook to embrace, support and enact – within its sphere of influence – a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The UNGC's Ten Principles are based on widely recognized standards of good corporate management and are formulated as follows:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. They should also promote:
Principle 4: the elimination of all kinds of forced and compulsory labour,
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The present Sustainability Report of the Coop Group is a communication on progress as proposed by the UNGC. Coop's website includes a detailed overview of where and how the reporting provides information on compliance with the UNGC's principles.

www.unglobalcompact.org,
www.coop.ch/gri-ungc

Internationally recognized GRI guidelines

In its approach to reporting in the Annual and Sustainability Reports, the Coop Group aims to provide the fullest possible information on its ecological, economic and social achievements.

Reporting is based closely on the indicator list of the Global Reporting Initiative (GRI). The GRI is an international organization that draws up widely recognized guidelines for sustainability reporting. It attests an Adherence Level of A to the present report.

In the reports the Coop Group publishes each year, it does not break down its sustainability performance by GRI indicator, but by the most important areas in which it is active. This approach is intended to improve the readability of the publications and to clearly identify Coop's priorities and interests.

On key points, Coop's reporting goes further than the GRI requirements.

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

www.globalreporting.org, www.coop.ch/gri-ungc

Content

Coop

Quality/Sustainability

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Statement GRI Application Level Check

GRI hereby states that **Coop Cooperative** has presented its report "Coop Group Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

18 February 2011, Amsterdam

A handwritten signature in black ink, appearing to be "Nelmara Arbex", written over a faint background watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 February 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Publishing details

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. The German version is authoritative. An online version can be downloaded from www.coop.ch/report

Print-run

9 000 Ge / 2 000 Fr / 900 It / 1 200 En

Published by

Coop Cooperative
Thiersteinallee 12
Postfach 2550
4002 Basel
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This report can be ordered from

Coop
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Editing: Coop, Public Relations
Concept / Design: Hotz & Hotz, Steinhausen
Realization: Victor Hotz AG, Steinhausen
Photography: Anne Gabriel-Jürgens, Hamburg / Zurich,
with other photographers and Coop employees
Coop portrait photos: Heiner H. Schmitt Jr., Basel
Printing: Birkhäuser+GBC AG, Reinach
Binding: Grollimund AG, Reinach



