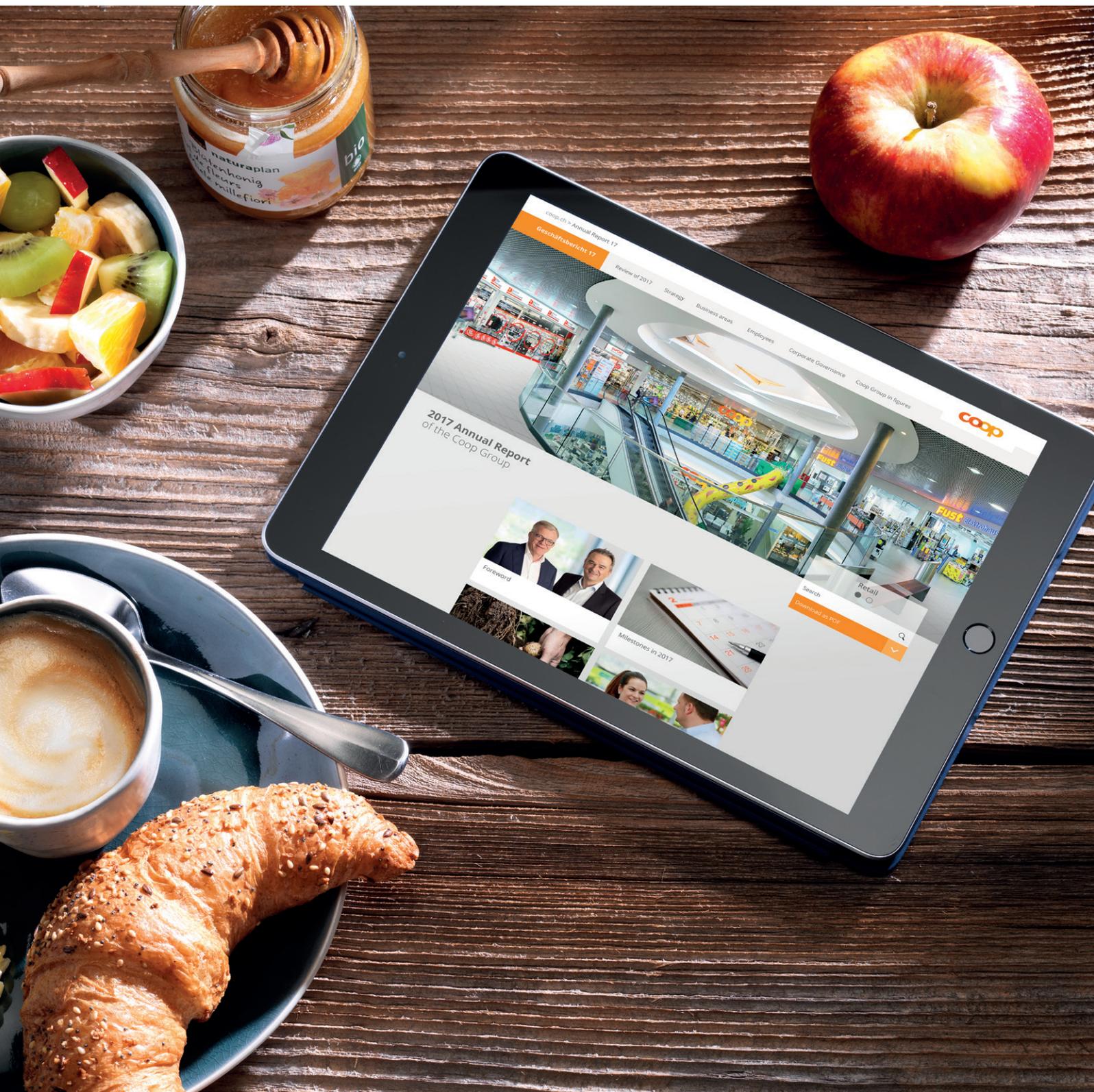




2017 ANNUAL REPORT OF THE COOP GROUP



2017 Annual Report of the Coop Group

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Coop Group business areas

As at 1 March 2018



RETAIL

WHOLESALE

PRODUCTION

Key figures at a glance

Total sales

29 207 CHF million

Net sales Group

28 152 CHF million

of which

19 476 CHF million Switzerland

8 676 CHF million abroad

Net sales segments

17 405 CHF million Retail

13 006 CHF million Wholesale/Production

Net sales online trading

676 CHF million Retail

1 036 CHF million Wholesale/
Production

Employees at 31.12

46 604 Retail

39 714 Wholesale/Production

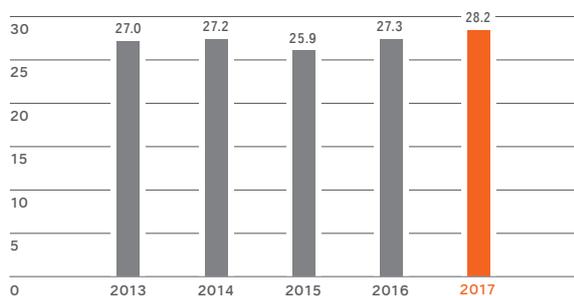
Trainees at 31.12

2 648 Retail

836 Wholesale/Production

Net sales

in CHF billion



Earnings

1 994 CHF million EBITDA

7.1% of net sales

806 CHF million EBIT

2.9% of net sales

Profit

485 CHF million

1.7% of net sales

Equity

9 339 CHF million

47.9% Equity ratio

Free cash flow

99 CHF million

Investments in tangible fixed assets

920 CHF million Switzerland

361 CHF million abroad

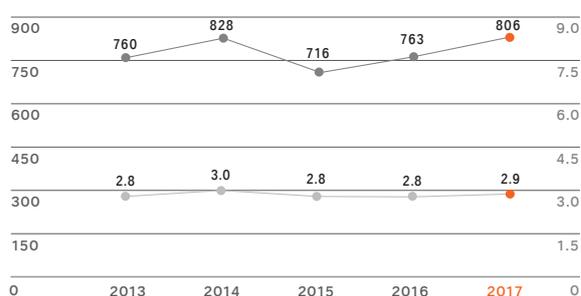
Sales outlets / markets

2 295 Retail

142 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales





Hansueli Loosli and Joos Sutter

Foreword

Coop is growing and gaining market share

The Coop Group continued to grow successfully in 2017 and steadily expanded its position: On the one hand new formats and product innovations coupled with organic growth helped Coop to further consolidate its market position in the Swiss retail sector. At the same time, the Wholesale and Production business areas staged clear advances. Overall, the Coop Group generated sales of 29.2 billion francs, which equates to sales growth of 3.1%. Our sales from sustainable products grew by 10.4% to 4.3 billion francs. Coop became a world champion in terms of sustainability and outperformed 147 international retailers in over 100 categories.

Net sales in the retail segment rose to 17.4 billion francs. Both supermarkets and specialist formats advanced again. This went hand in hand with a clear improvement in market share: we increased footfall by a strong 5.7% in our supermarkets.

Once again, we stood out as the innovation leader in Swiss retail. We opened the Karma Shop – a store exclusively for gourmet-quality vegetarian and vegan products. With Saponi d'Italia we devoted a store entirely to Switzerland's most popular cuisine. We created an innovative, cross-platform format with Fooby: the latest food trends are now accessible at all times and from anywhere, from the store to mobile devices. We turned shopping into a new experience with fresh, regional produce in a market-like atmosphere at the Coop megastore in Seewen. We also sent out a

strong message in logistics and production in 2017: In October, the Coop production centre opened in Pratteln Salina Raurica, in which the production of Cave and Chocolats Halba/Sunray and the most modern private quality laboratory in Switzerland are housed.

Net sales of the second pillar – Wholesale/Production – rose by 6.2% to 13 billion francs in 2017, which is an extremely positive performance. The Transgourmet Group generated net sales of 9.1 billion francs and recorded growth of 6.3%. The wholesale catering supplies company thus remained on course to become the leading European cash & carry and wholesale supplies company. In 2017, the Transgourmet Group again concentrated its efforts on expanding its foodservice business. Having acquired Gastronovi, a supplier of digital solutions for the catering trade, and beverage service provider Team Beverage, Transgourmet now offers the full range of wholesale catering services. Moreover, with the launch of own-label sustainability brand Vonatur in Austria, Transgourmet is now the first international wholesale catering supplies company to supply sustainable products across the board.

In a move indicative of its new strategic direction of recent years, in April 2017 the Bell group adopted a new name, Bell Food Group AG. The Bell Food Group has evolved from a Swiss meat processor to Europe's leading meat and convenience food specialist and is now divided into the business areas Bell, Hilcona and Eisberg. In taking over Hügli Holding AG on 15 January 2018, the Bell Food Group is supplementing its business activities with durable convenience products.

We continued our e-commerce drive in 2017 and generated sales growth of 18.5% to 1.7 billion francs. Coop@home was able to greatly expand its service range with a digital meat, fish and cheese counter. Online consumer electronics shops posted a sharp rise with growth of 25.8% and sales of 432 million francs. With over 1 100 Pick-up stations, Coop also has the largest cross-platform network of Pick-up stations in Switzerland.

With its wide array of innovations, Coop is already delivering the future of retail today. Digitalization and the broadening of expertise in the Retail and Wholesale/Production business areas will ensure that, in future, our products reach customers even fresher and faster. We have more than 86 000 committed employees who have been highly instrumental in this process, to whom we extend our sincerest gratitude.



Hansueli Loosli
Chairman of the Board of Directors



Joos Sutter
Chairman of the Executive Committee

Milestones in 2017



January

Coop's fourth no. 1 worldwide for animal welfare

For the fourth time in succession, Coop is ranked no. 1 in international animal welfare rating "Business Benchmark on Farm Animal Welfare" (BBFAW). For its high basic standards, its Naturafarm animal welfare programme and its extensive organic range, the BBFAW named Coop the frontrunner among 99 international providers in the food segment.



February

Coop launches culinary platform Fooby

With culinary platform Fooby, Coop introduces a new service that regularly updates customers on the latest recipe and nutrition trends. Related Fooby recipes can be picked up in selected food aisles. Customers can create shopping lists via an app with a personalized cookery book and order the required foods directly from Coop@home.



April

10 years of Pro Montagna

Coop celebrated the tenth anniversary of Pro Montagna, the own-label brand for authentic products from the Swiss mountains, with a host of measures in 2017.

Bell becomes the Bell Food Group

On 11 April 2017, the Annual General Meeting of Bell AG resolved to rename the company Bell Food Group AG; it is now divided into the business areas Bell, Hilcona and Eisberg.

New store concept for Christ

In April, Christ Watches & Jewellery introduced a new store concept at Zurich Airport, which will now be rolled out to the other branches.



May

Karma shop opens in Zug

The first Karma shop, which opened in May, heralds a brand new store concept: the Karma shop at Zug station sells the widest range of exclusively vegetarian and vegan products in Switzerland. As well as fresh products, the range includes basic foods and vegan or vegetarian cosmetic products.

Europe's biggest wood-fired oven begins operating

In May, Coop begins operating Europe's biggest wood-fired oven, in Schafisheim, to produce even tastier, stronger-flavoured breads.



1 100 Pick-up stations in Switzerland

In May, the network of Pick-up stations via which customers can also have orders from various Coop online shops delivered to the stores of other sales formats grew to 1 100.

Transgourmet acquires majority in Team Beverage

Transgourmet Central and Eastern Europe acquires 70% of the shares in Team Beverage, gaining a foothold in the German beverages trade. With system sales in excess of 1.5 billion euros, Team Beverage plays a leading role in Germany's wholesale beverages trade.



June

Coop becomes the world champion of sustainability

Rating agency Oekom Research again names Coop the world's most sustainable retailer. In more than 100 categories, Coop beat 147 international retailers, scoring very well in all areas. Importantly, this latest investigation rated business activities abroad as well as at home for the first time.



August

Insect products go on sale

Since August 2017, Coop has been selling “Insect Burgers” and “Insect Balls”, made by the brand Essento, in selected Coop Supermarkets and at Coop@home. Coop is the first retailer in Switzerland to include tasty and sustainable insect-based foods in its range.

September

Construction of new Interdiscount distribution centre in Jegenstorf completed

Interdiscount finishes constructing a new distribution centre in Jegenstorf and begins postal dispatch and incoming goods operations; automation technology will follow in 2018.



October

Transgourmet acquires Gastronovi

With retroactive effect to 1 January 2017, Transgourmet acquires the majority of German software provider to the catering industry, Gastronovi. The wholesale catering supplies company is responding to growing demand for complete solutions for caterers and restaurateurs, which in future will support them all the way from selection to introduction of new technologies and software solutions and provide them with a holistic service.

Russian Global Foods becomes part of the Transgourmet Group

In October, Transgourmet acquires one of the leading companies in Russia's catering supplies segment, Global Foods.



Coop opens Pratteln production location

On 26 October 2017, Coop opened its biggest and most modern production location so far, in Pratteln. In addition to the production of Chocolats Halba and the Cave wine bottling plant (the biggest in Switzerland), Sunray nut and spice mixtures are also produced here for the Coop own-label brands. The Pratteln location is also home to a cutting-edge, private quality laboratory and an ultra-modern distribution centre. The centralization of these operations under one roof simplifies processes and contributes significantly to reducing CO₂.



November

Delicatessen Sapori d'Italia opened

In November, Coop opened its first Italian specialities store, Sapori d'Italia, at Aarau station, devoting a store entirely to Switzerland's favourite cuisine. Italian specialities such as focaccia, cornetti al cioccolato and espresso with a golden-brown crema are freshly prepared in-store. Sapori d'Italia also stocks a whole host of gourmet delights from our southern neighbour: from antipasti, chilli peppers stuffed with cream cheese and all kinds of pasta, to seasonal specialities such as panettone.



First Coop megastore opened according to 2025+ store concept in Seewen

Fresher, more modern, bigger: in Seewen, with a surface area of 3 460 m², Coop unveils the future of Swiss retail. In a market-style atmosphere, from November onwards the Coop Megastore offers a wine cellar with 900 wines, a cheese humidor and a remodelled in-store bakery, as well as a sausage-making counter reminiscent of a “village butcher”. To respond even better to individual customer needs, the range has been expanded to over 50 000 items.



December

Transgourmet acquires Zanini SA and Vinattieri Ticinesi SA

In December, Transgourmet Switzerland announces the acquisition of the business activities of wine merchant Zanini SA and wine producer Vinattieri Ticinesi SA. Vinattieri Ticinesi SA is one of Switzerland's most famous winemakers. Both companies merge to form the newly-founded . Zanini Vinattieri SA as of 5 January 2018.

Strategy and operating environment

New formats and range innovations, and the use of digitalization for new cross-channel products and services strengthen Coop's position in the Swiss retail sector. In wholesale, with Transgourmet the Coop Group is aiming for both organic growth and expansion into new markets. Coop is committed to verticalization in the production of strategically important goods.

Profile of the Coop Group

Active in retail as well as wholesale and production

The Coop Group operates in the retail as well as wholesale and production sectors. In the retail sector, Coop operates supermarkets and various specialist formats in Switzerland. The Coop Group is the market leader in many of these formats. In wholesale, the Coop Group operates in Germany, Poland, Romania, Russia, France, Austria and Switzerland through Transgourmet. The Transgourmet Group is Europe's second-largest cash & carry and food service company. In the production sector, the internationally active Bell Food Group is the biggest company in the Coop Group. In addition to Bell, the Coop Group also operates other manufacturing companies in Switzerland.

The Coop Group is a cooperative

The Coop Group has a history that goes back over 150 years and it has always been structured along cooperative lines. At the organizational level, it is divided into six regions and has some 2.6 million cooperative members. For the Coop Group, the focus is on the customers – the members of the cooperative. It gears all its efforts to their needs. As a cooperative, the Coop Group does not strive to maximize profits; because of this, it plans sustainably for the long term.

Strategies and objectives

Aligned to the Corporate Profile

A shared vision, a shared corporate profile and company-specific mission statements shape the Coop Group's day-to-day work and corporate culture. Our over 86 000 employees all share the same Group vision: "Together to the top". The corporate profile is also the same for all sales formats and companies in the Coop Group. It shows how we perceive our work: close, diverse, distinctive, innovative and partnership-oriented. The mission statements are set out for each company and each format individually and reflect its positioning in the sector and strategic focus. With their respective mission statements, the companies and formats make their contribution to the Group-wide vision and corporate profile.

Growth and internationalization

In terms of growth and internationalization, the Coop Group pursues two strategic thrusts. In retail, it is seeking to selectively optimize its network of POS in Switzerland and embrace new trends, by making adjustments to the ranges and launching new formats. Moreover, digitalization is helping the Coop companies to introduce new online shops and services and further expand the cross-channel offering. In this way, the Coop Group is strengthening its position on the domestic market. In whole-

sale, it is opening up new markets in Europe, thereby expanding the market position of the Transgourmet Group. This can be secured both through organic growth and through acquisitions.

Verticalization

For goods of particular strategic importance, Coop is committed to verticalization, i.e. integrating manufacturing companies into its business activities. Whether meat from the Bell Food Group, water from Pearlwater, cereals from Swissmill or rice from Reismühle Brunnen: verticalization enables Coop to respond swiftly to new trends and exploit synergies between the Retail and Wholesale/Production business areas. The inauguration of the new Coop locations in Pratteln (Basel-Landschaft) and Schafisheim (Aargau) is clear testament to the strategic relevance of verticalization. In Schafisheim, the biggest construction project in Coop's history so far was completed in 2016: as well as an industrial bakery and confectioner accommodating the production of frozen food, the complex is also home to a facility for processing empties and a frozen food distribution centre. As part of LoBOS, its logistics and bakery strategy, in 2017 Coop began operating a production location in Pratteln, with production facilities for Chocolats Halba, Sunray and Cave. This close collaboration enables even greater efficiency in the area of sourcing and logistics, which in turn allows for lower consumer prices.

Digitalization

Coop is pursuing two main strategic thrusts what digitalization is concerned. First and foremost, digitalization should be used to even better meet customers' individual needs and simplify the shopping process. At the same time, it should make behind-the-scenes processes even more efficient and economical. The dominant themes here are "Improving digital ordering processes" and "Using cutting-edge automation technology by centralizing logistics". However, Coop also regards digitalization as an opportunity to adopt new business models. Right now, Coop is gaining valuable experience from the open online marketplace Siroop. The significance of digitalization is also behind Coop's decision to become a main partner of Digital Switzerland.

Another particularly noteworthy focus is the cross-channel approach, combining online and in-store trading. In 2017, the Coop companies were among the leading Swiss companies in online trading. Almost all specialist formats have an online shop. Goods ordered online can either be delivered to the customer's home or collected in person at the POS of the specialist format in question or at one of more than 1 100 Pick-up stations. Drawing on its wide network of POS, the Coop Group is systematically increasing the number of Pick-up stations in Switzerland. In total, the Coop Group operates 42 online shops, 24 of those in retail and 18 in the Wholesale/Production business area.

Purchasing strategy

The Coop Group is strengthening its regional and local purchasing, particularly in Switzerland. Sustainability is a key element – in purchasing at home and abroad. Working with producers in emerging and developing countries in particular, Coop is implementing a multitude of projects which involve high social responsibility and environmental standards. The projects also stabilize income and production in those countries.

The Coop Group handles purchasing of food and non-food products in Asia through its subsidiary, Eurogroup Far East Ltd. This subsidiary also assists business partners in the Far East in implementing environmental and social responsibility standards. Coop subsidiary Alifresca is responsible for purchasing fruit and vegetables in Spain and Italy. As well as providing customers with quality assurance, Alifresca delivers the goods to all of the Coop Group's distribution points throughout Europe, ensuring the right quantities reach each market. Agecore, the purchasing alliance formed to promote the development of cross-border activities in the retail sector, is also seeking to create additional synergies in purchasing. Besides the Coop Group, Edeka Germany, Eroski Spain, ITM (Mousquetaires/Intermarché) France and Conad Italy and Colruyt Belgium are members of the alliance. Agecore is one of the biggest international purchasing alliances in Europe.

Quality strategy

For over 110 years, Coop has been operating laboratories in order to satisfy stringent product quality requirements. Taking a risk-oriented approach, the laboratories test products for compliance with the statutory quality and safety requirements but, more than that, they check fulfilment of Coop's own

stringent standards, at every stage of the product chain. In light of the strategic importance of quality for Coop, a new Quality Centre with a cutting-edge, private laboratory was inaugurated in Switzerland in 2017, at the new Coop production centre in Pratteln. Business partners of Coop and Coop's employees also play a crucial role in quality assurance. Coop selects reliable business partners who satisfy the quality requirements and whose manufacturing processes are certified to international standards. There are inspection concepts in place for own-label brands and officially recognized labels which serve to guarantee compliance with the relevant requirements. As well as its own inspection activities carried out by quality assurance experts, Coop also works with independent inspection agencies.

Goal-setting process

To ensure that long-term strategies give rise to effective measures each year, the Coop Group has, since 2001, had a uniform, top-down goal-setting process in place. Every year, it defines key objectives that apply to the Group as a whole. Based on these goals, concrete measures are developed right down to the operational levels. With a view to the continuous further development of its sustainability commitment, the Coop Group has set multi-year targets for all divisions covering the three pillars of its sustainability concept.

Economic and political environment

Current trends in Swiss retail

Swiss retail has failed to capitalize on rising consumer spending in Switzerland and inward migration. Both nominally and in real terms, retail sales on the Swiss market declined. The scale of the drop in demand for food over the last year was unexpected. Slightly higher prices overall were not enough to offset the downturn in demand. Nominal non-food sales increased in the Swiss retail sector for the first time since 2010 despite falling prices. In real terms too, there is an upturn in non-food sales, for the first time since 2014.

Drawing a direct comparison between Switzerland and the European Union, there has been a significant rise in prices in the EU in the last ten years, of just under 20%, whereas in Switzerland, prices have remained virtually unchanged, auguring well for a turnaround in the long term. In consequence, there has been no further rise in cross-border shopping.

Developments in wholesale and industry

Wholesale and industry also failed to benefit overall from stabilizing consumer demand in Switzerland. Food wholesale was hit by initially falling sales in the Swiss catering sector and the intense competition, and pressure on margins took a toll on food producers. The pleasing economic trend continued in countries such as Germany, France and, in particular, Poland and Romania. In these countries, wholesale and industry benefited from the growth in private consumption. Russia, too, enjoyed a turnaround. The economy slowly picked up, with private consumption also returning to a growth path.

Coop is committed to an efficient transport infrastructure and liberal regulations

It is vitally important to Coop that everyday items are available to people in Switzerland always at the right time, in sufficient quantity and impeccable quality. In light of this, Coop is committed to a functioning and efficient transport and logistics system. Such a system cannot exist without liberal and efficient regulatory conditions, coupled with the usage-based, sustainable funding of road and rail. With its subsidiary Railcare, Coop itself operates an innovative rail company and is involved in groundbreaking projects such as "Cargo Sous Terrain", which, from 2030 onwards, will connect Switzerland's logistics centres and cities via a fully automated, underground network.

Coop is calling for the systematic further development of sustainable, market-oriented agriculture

Coop supports Swiss agriculture and the "Agrarpolitik 2014–2017". This must be systematically developed going forward, to ensure that Swiss agriculture maintains its lead in sustainable production. Coop itself ensures high standards in this regard and creates added value for our customers. It is therefore vital for Swiss agriculture to set itself ambitious targets for sustainability and animal protection. The Pesticides action plan and the sphere of animal welfare are two such areas.

In sugar consumption, Coop is committed to freedom of choice and transparent information

In the debate about a new federal act restricting access to foods high in sugar and calories, Coop has voiced its strong support for its customers' freedom of choice. Coop believes that transparent communication is the only way to ensure the responsible use of foods containing sugar. By providing clear nutritional information, Coop helps customers make informed choices. Furthermore, Coop has sponsored the "fit4future" initiative for more than ten years and supports both the national "action-santé" aimed at reducing the sugar content of products as well as the "Gorilla" project to promote a healthy lifestyle among school pupils. Coop opposes a statutory tax levied directly on products, which would be an unwarranted intrusion on economic freedom and could be particularly disadvantageous to low-income households.

Coop is in favour of a liberal and EU-compatible data protection act

Thanks to the advanced digitalization of its economy, Switzerland has successfully positioned itself as a business centre in recent decades. With 42 online shops and various online products and services in the cross-channel segment, digitalization has also become a central and strategically relevant issue for Coop in recent years. As part of the consultation process leading up to the complete revision of the data privacy act, Coop has spoken out in favour of an EU-compatible solution. The Federal Council Dispatch on the matter suggests there will be a liberal, EU-compatible approach, which assures adequate data security.

To the top with sustainability

Sustainability is part of Coop's corporate DNA and an element in all its relevant strategies. The focus is on sustainable products, the environment and climate protection plus commitment to employees and social projects. With its approach to sustainability management, Coop is seeking to make a substantial contribution to the company's success and the wider public.

Strong awareness of sustainability

After 26 years of clear commitment to sustainability, it has become a major part of Coop's corporate DNA. The Coop Group has enshrined sustainability in its Articles of Association, its Corporate Profile and its missions and integrated it into all relevant strategies and processes. To give one example, sustainability targets are incorporated in the comprehensive target-setting process, the training of employees and in operating processes and procedures.

Through its comprehensive approach to sustainability, the Coop Group seeks to set itself apart by delivering added value in the various markets, securing access to resources and making sustainability a shared value throughout the Coop Group. By doing this, Coop also ensures that the growing demands made by society and politicians are implemented efficiently and credibly throughout its business activities, thus making a contribution to the wider public interest.

Coop's main reporting channels for its numerous sustainability-related measures are the [Coop Member Press](#), the Internet platform [actions-not-words.ch](#) and the [integrated Annual Report](#) of the Coop Group. The [Sustainability Progress Report](#) was published for the first time in 2017, and in future will provide an annual, detailed update on Coop's sustainability achievements.

Holistic and highly relevant

Coop's sustainability efforts are concentrated on areas in which Coop can achieve significant leverage. These areas are determined by internal analyses and have high social, environmental or economic relevance. When setting priorities, Coop draws on many different tools such as range screening, eco-audits, risk monitors and stakeholder dialogue. Societal expectations and political demands are also major factors when choosing priorities.

The key areas are reflected in Coop's Sustainability strategy concept, which was overhauled in 2017. The concept describes how the issue of sustainability is managed at Coop and how sustainability is holistically integrated within the existing management system. The revised strategy concept is based on the three pillars of the sustainability strategy concept, which in turn builds on the foundation, the strategic basis. The three pillars represent the starting points that the companies of the Coop Group integrate into their business activities. All these elements come together to enable us to successfully implement the sustainability targets, yielding success for the company and benefiting the common good of people, animals and nature.



The strategic basis

Coop is a cooperative and promotes the economic and social interests of its members and its consumers. Economic, environmental and ethical principles secure the cooperative's competitiveness and continued existence. Sustainability is also pivotal to our Vision 2025+, in which Coop sets itself apart from its competitors through sustainable products and commitment to sustainability projects. The guiding principles of sustainability also contribute to this distinctiveness: they determine which principles apply to the implementation of overarching objectives and are used for internal communication throughout the Coop Group.

Pillar 1: Sustainable products

Coop is committed to observing ambitious minimum requirements along the whole value chain, in all product ranges. In addition, Coop is involved in pioneering sourcing projects and long-term partnerships to promote organic farming, fair trade, animal welfare and biodiversity. The own-label sustainability brands and quality seals play an important role here, being the medium through which Coop sets itself apart with the most stringent standards in Swiss retail. Coop promotes sustainable consumption, with conscious range selection, targeted customer information and a variety of advertising activities.

Pillar 2: Environmental and climate protection

The efficient use of resources and energy also contributes to cutting costs. Coop's efforts focus on reducing energy consumption and making increased use of renewable energy, as well as the consistent implementation of the "CO₂-neutral by 2023" vision. Other important topics are packaging optimization, waste avoidance and recycling, responsible water management and sustainable construction. Coop is making special efforts in the area of logistics and goods transport.

Pillar 3: Employees and social commitment

Pillar 3 covers Coop's commitment to employees and social projects with relevance to society. As an employer, Coop provides training for apprentices, a standardized, progressive collective employment agreement for the whole of Switzerland, now with even more benefits for families in particular, and a generous pension scheme. By supporting the organizations "Schweizer Tafel" (Swiss Table) and "Tischlein deck dich" (Table Be Set), Coop makes a substantial contribution to the responsible use of foodstuffs. Another key aspect is our commitment to Coop Aid for Mountain Regions and our collaboration with strategic partners such as the Swiss Red Cross (SRC).

Instruments and processes

These are the corporate tools for implementing the Coop Group's sustainability targets. The instruments and processes are derived from the basis, the multi-year targets and the three sustainability pillars. Their purpose is to implement sustainability targets in the most integrated, efficient way possible.

Coop Sustainability Fund

Coop finances projects from all three pillars through the Coop Sustainability Fund. Customers experience the result of these projects, not just in Coop's range but when doing their daily shopping. Promotions and events for employees and the public are a direct expression of the Fund's innovative solutions to key social and environmental issues. Through pioneering work in the area of sustainability, Coop raises public awareness of sustainable consumption. The Coop Sustainability Fund currently has access to funds of at least 17.5 million francs a year to implement such projects.

Strategic anchoring in wholesale and production

All companies of the Transgourmet Group as well as the main Coop manufacturing companies have their own sustainability strategies. The strategies are geared towards Coop's Sustainability strategy concept and each take account of the specific concerns as well as the realities of the relevant markets.

Overarching topics in the area of sustainability

The companies of the Coop Group continued their impressive track record on sustainability in the year under review. Below is a brief overview of the group-wide topics in the area of sustainability for 2017. News on sustainable projects from the individual business areas is assigned to the respective chapters.

Coop named the world's most sustainable retailer for the second time

In April 2017, Coop was named the world's most sustainable retailer for the second time. In a study, internationally recognized rating agency Oekom Research AG compared 148 international retail chains for sustainability in regard to social, environmental and economic aspects. More than 100 criteria were considered, and the agency assessed how sustainably the individual companies operate. What makes the result particularly gratifying is the fact that the Coop Group was assessed as a whole: the rating also included the Transgourmet Group with its international subsidiaries, as well as the acquisitions by Bell outside Switzerland. The Coop Group's good performance in this study demonstrates that Coop is also a leader abroad in terms of its sustainability standards.

New strategy concept approved

The previous strategy concept for sustainability was approved back in 2010. Over the last seven years, the sustainability strategy has more than proved its merits as a basis for Coop's philosophy. However, both the environment and the Coop Group itself have changed greatly in recent years. Therefore, in the year under review, the strategy concept was reviewed and adapted in a thorough process that also involved stakeholders. Primarily, the focus was on neatly establishing sustainability as a cross-disciplinary task in all management areas: line responsibility has been tightened up and the profile of sustainability, as central to increasing the company's success and as a social contribution to the common good, has been brought into sharper focus. All the instruments for achieving these goals have also been reviewed and optimized.

The progress made with implementation is communicated in the Sustainability Progress Report, which is published online in May of each year at www.coop.ch/sd-report.

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Retail Business Area

Coop is committed to innovation in the design of products and sales outlets. By creating new store formats and combining traditional shopping with the benefits of online shopping, the retailer stands head-and-shoulders above competitors. All the while, it remains true to its sustainable credentials: Coop is committed to sustainable nutrition, vegetarian and vegan products and fair trade throughout its range.

In 2017, the Coop Group generated net sales of 17.4 billion francs in retail. The Retail business area, excluding fuel and heating oil, was thus able to match the previous year's level despite a number of price cuts.

Sales formats and range

In the Retail business area, the Coop Group operates supermarkets as well as numerous specialist formats for every customer need. At the end of 2017, it had 2 295 sales outlets throughout Switzerland, 41 more than in the previous year. Coop also boasts a wide range of online shops and systematically combines online and offline trade (cross-channel). Almost all of Coop's specialist formats now have their own online shops in addition to their brick-and-mortar stores. The 24 online shops in the retail segment in all achieved growth of 19.7% in 2017 compared with the previous year.

17.4 bn CHF
net sales in retail
segment

Coop attaches particular strategic importance to its sustainable ranges. In 2017, Coop's retail sales from sustainable products totalled an encouraging 3.8 billion francs, which was up 8% over the previous year (for details see www.coop.ch/sd-report). Sales of organic products alone came to 1.3 billion francs, which is an increase of 6.3% year on year.

Supermarkets and food formats

In 2017, the Coop supermarkets generated net sales of just under 10.3 billion francs. With 908 points of sale, Coop has the densest network of sales outlets. In 2017, 39 new sales outlets were opened and 6 closed. With an increase of 5.7% in customer footfall, Coop gained many more customers.

New store design: more market, more craftsmanship, more freshness

In 2016, Coop developed a new store concept for all small to medium-sized supermarkets up to 2 500 m². The concept is a tangible expression of enjoyment and fine food and boasts a blend of regional products, craftsmanship, sustainability and good customer management. Pick-up and digitalization are also integral to the concept. By the end of 2017, 32 sales outlets had already been modelled according to the new store concept. The first megastore in the new store design opened in Seewen (Canton Schwyz) in November. In a market atmosphere, much more space is allocated to the themes of craftsmanship, marketplace, service and production, over a surface area of 3 460 m². The in-store coffee-roasting house, the cheese humidor, the wine cellar, the remodelled in-store bakery, the "freshness island" and the meat departments and staffed fish counter have been combined to create an attractive marketplace.

New, individual store format for Karma

Karma is a success story. Having only been launched in 2013, by 2017 the own-label brand for vegetarian and vegan products achieved sales of 71.1 million francs. The brand's tremendous success prompted Coop to open Switzerland's first Karma shop, at Zug station, on 30 May 2017. The opening of the new store made headlines in the national press. In this new sales format, customers will find an extensive range of vegetarian and vegan products. Besides the homemade take-away items, the highlight of the food range is the sale of loose basic foods such as pulses, nuts and granola, which customers bag up themselves, as well as cooking inspiration from Fooby. By offering this facility, Karma is responding to customer demand to reduce packaging. Around a third of the foods are certified organic or Max Havelaar-certified. The shop also sells non-food products such as stationery and cards and a range of vegan cosmetics. Aside from the range, the new format boasts a young and trendy store image: when they have done their shopping, customers can stop off at the attractive coffee bar where, as well as popular new drinks such as golden turmeric latte, they can also enjoy a vegan hot dog or other dishes.

Sapori d'Italia store format introduced

In light of the huge popularity of Italian cuisine in Switzerland, in early November 2017 Coop opened the first Sapori d'Italia format store, at Aarau station. In a market-style atmosphere, Sapori d'Italia stocks a wide range of Italian delicacies, supplemented with fruit and vegetables from our southern neighbour and seasonal fruit and vegetables from Switzerland. The range is all about enjoyment: as well as a wide selection of various types of pasta, sauces and olive oils, there are wonderful focaccia fresh from the oven. To go with typically Italian treats such as amaretti and biscotti with almonds or delicious gelati, customers can enjoy an espresso or cappuccino made from coffee beans roasted in-store, which are freshly prepared using a professional coffee machine. Sapori d'Italia also sells charcuterie specialties such as ham and salami, as well as whole cheeses that are freshly sliced in-store. Coop also plans to launch tasty Italian items in Coop sales outlets under the Sapori d'Italia own-label brand.

Culinary platform Fooby successfully launched

Coop's culinary platform Fooby, launched in February 2017, is a comprehensive source of food-related inspiration for customers. Fooby brings the experience of cooking, consuming and enjoying fine food into every home, online and offline alike. Through weekly recipes in the Coop member press and Fooby magazine, customers get regular recipe inspiration sent straight to their inbox. In the sales outlets, recipe cards, super-quick recipes and food facts displayed on the shelves encourage shoppers to try out new dishes and explore different foods. Fooby also attended "Food Zurich" in 2017, staging a number of cooking events as a presenting partner. The events were an opportunity for customers to try their hand at cooking and taste different dishes. Fooby also offers a number of digital services, ranging from the app, website and newsletter to dedicated social media channels. Furthermore, with the app and on Fooby.ch, digital cookery books can be created, shopping lists prepared and ingredients for favourite recipes ordered directly from Coop@home. The Fooby app was downloaded no fewer than 206 500 times in 2017.

Coop is committed to customer dialogue

That the opinions of its customers are of the utmost importance to Coop is demonstrated not least by the nationwide customer survey "Your opinion counts", which was carried out for the third time at Coop supermarkets and Coop City Food branches in autumn 2017. Twice a year, customers who have Supercards are invited via a check-out coupon to take part in an online survey, which enables them to rate the Coop sales outlet they visited and give their personal feedback. The coupon was issued to more than 2.4 million customers. Over 30 000 customers took part in the survey, submitting nigh on 14 000 comments. The results were gratifying: 93% of participants were satisfied or very satisfied with their shopping experience.

93%
customer satisfaction
with shopping experience

Focus on family

As a key target group, families were again at the heart of many Coop projects this year: Coop continued adding more family checkouts and family parking spaces and introduced the Fun Car shopping trolley in more branches. In supporting a wide array of sports and cultural events throughout

Switzerland as a sponsor, Coop offered its customers enjoyable family experiences, such as the Coop Andiamo exercise event, which attracted 34 500 visitors. Coop also added to its family-related Internet offering. Since 2017, four bloggers have been writing about the subject of family on the website Hellofamily.ch. There are also recipes for cooking for and with children, some of them in partnership with Fooby. Hello Family's Facebook group has over 35 000 members.

Successful with Coop Take-it and Coop Restaurants

In 2017, of the 206 Coop catering businesses, 14 Coop Restaurants and one Coop Take-it branch were upgraded to the new "Vista" catering concept. This brings the number of "Vista"-style catering businesses to 32 already. "Vista" applies the principle of market-fresh wholesale catering. This concept is all about freshness, high culinary standards and intense flavour, as well as spacious premises with attractive, modern lighting and a child-friendly layout. The "Cooking Fun for Kids" event format made its début in 2017. At 27 locations, groups of six to nine children had the opportunity, under professional guidance, to go shopping, visit the kitchen and storage area and prepare a healthy, child-friendly 3-course menu together. All the modernized locations posted substantial growth in sales and Coop Take-it and Coop Restaurants gained further market shares.

Product range diversity

As well as stocking the biggest selection of national and international branded products, Coop also stocks numerous own-label brands for every customer need in all its sales formats. In food retailing alone, with over 50 000 products in the food and non-food segment it offers the greatest product range diversity in Switzerland. As well as own-label sustainability brands and quality labels, Coop also stocks other own-label brands that cover diverse customer needs and offer optimum value for money.

Coop is committed to fair consumer prices

Coop remained committed to low consumer prices in 2017. As well as investments in efficiency, tough negotiating strategies with suppliers also paid off. In logistics in particular, Coop identified scope for price cuts during the year under review. Coop invested over 40 million francs in lower retail prices in 2017, while fluctuating raw material prices presented a challenge. Vanilla and dairy products, among other things, became more expensive. Conversely, various varieties of nuts, such as almonds, became cheaper. All price changes were advertised in the Coop member press.

OWN-LABEL SUSTAINABILITY BRANDS AND QUALITY LABELS



OWN-LABEL TARGET GROUP BRANDS



OWN-LABEL STANDARD BRANDS



➔ For more information about Coop own-label brands, visit www.coop.ch/labels

Coop is the first retailer to introduce insect products

Where product range development is concerned, 2017 was very much a year of product innovation for Coop. In a bold further step towards sustainable nutrition, in August Coop became the first retailer in Switzerland to introduce insect products such as “Insect Burger” and “Insect Balls” in selected branches. Startup “Essento” manufactures the insect products in Zurich. On the back of extensive media coverage and global reporting, the first deliveries of the products were an instant sell-out. Deliveries to more branches and additions to the product range are planned in 2018.

More vegetarian, vegan and allergen-free products in the range

A growing number of people are making a conscious choice to switch to a vegetarian and vegan diet. In response to this, as early as 2013 Coop launched the naturally vegetarian own-label brand Karma, which has proved extremely popular. The Karma range has now grown to around 200 items. All the products are certified with the V-Label, which means they are guaranteed vegetarian, and around 70% of the products are vegan. The brand’s success speaks for itself: Karma saw its sales increase from 40.3 to 71.1 million francs in 2017. 2017 was devoted to further developing the product line and product innovations. Demand for allergen-free products is also growing steadily, in line with the general increase in food intolerances and allergies in society. So that the people affected do not have to compromise on their enjoyment of food, Coop’s range includes the “Free From” product line. Coop increased its sales of allergen-free products by over 10% in 2017. The range of branded lactose and gluten-free items has also been expanded. To increase confidence in its products, Coop had around 180 own-label products certified by independent organization Service Allergie Suisse (SAS). In addition, for the first time Coop published the brochure “Wellbeing for the whole family”, which provides tips and tricks for a symptom-free life for people with food intolerances.

Growing focus on regional beer

Coop has a long tradition of championing regional products, as this criterion embodies like no other the diversity of Swiss products and Coop’s proximity to its customers. In 2017, this tradition found its strongest expression in beer: to mark the regional beer promotion, issue 30 of the Coop member press in July was published with 21 different cover photos. Depending on the sales region, these showed portraits of master brewers from each region, with their beer. Tasting sessions and promotions involving regional breweries were also held at selected sales outlets. The regional breweries offer a total of some 250 types of beer at Coop. The focus on regional products is a dominant feature of the 2025+ store concept, particularly where beer is concerned.

Pro Montagna celebrates tenth anniversary

Under its own-label brand Pro Montagna, Coop sells products from the Swiss mountains, to create and preserve jobs in those areas and support mountain farmers and production companies in the mountain regions in their efforts to protect the cultivated landscape. The ingredients are both sourced from, and processed in the Swiss mountains. The product line, which now comprises around 240 specialities, was first incorporated in the Coop range in 2007, initially with 50 products, and is characterized by regional products, craftsmanship and great flavour. Now, some 250 processing facilities and farmers contribute to Pro Montagna’s success. The brand celebrated its tenth anniversary in 2017. To mark the anniversary, customers experienced Pro Montagna both at points of sale and at numerous sponsored events – thanks to the eye-catching Pro Montagna play and experience bus. In its anniversary year, the own-label solidarity brand increased its sales by 40.5%. One highlight of the anniversary was the SBB locomotive sporting a Pro Montagna design, which Coop sent on a 365-day tour of Switzerland with partner SBB. The Wengernalp Railway also had a special Pro Montagna makeover and the 2017 Brig Yodelling Festival had a Pro Montagna theme.

CHF **48** m

to support
the mountain regions

However, Pro Montagna is not just the standard bearer for fair trade with mountain regions: the own-label brand has close ties with Coop Aid for Mountain Regions, an independent non-profit organization which celebrated its 75th anniversary in 2017. A percentage of each sale of a Pro Montagna product goes to Coop Aid for Mountain Regions. Since 2006, just under 48 million francs have been raised towards various projects that support infrastructures, through Coop Aid for Mountain Regions and from donations, to permanently improve the living and working conditions of Swiss mountain farmers.

Coop consolidates market leadership in sustainable products

Coop continued to consolidate its leading position in sustainable products this year, applying the most stringent sustainability standards in the retail sector. With its organic own-label brand Naturaplan, Coop generated sales of around 1.1 billion francs in 2017 and achieved significant growth of 4.1%. This was enabled in no small measure by the introduction of just under 140 new Naturaplan products, including organic yoghurts with fruit and vegetables, a sugar-free organic iced tea and organic, fair trade luxury chocolate from a sustainable cultivation project in Ecuador. Coop now has close to 3200 organic products in its range.

around **1.1** bn CHF
sales of Coop Naturaplan

The strategic partnership with Demeter Switzerland, which began in 2016, was also stepped up. A growing number of Naturaplan products now satisfy the Demeter guidelines as well as the stringent bud guidelines. Regionally, Coop expanded the Demeter range with products such as milk, butter, yoghurt, meat, bread, vegetables and wine in 2017. There was another Demeter first at Coop@home: at the end of December, virtual market stall “Vom Märt” was added to the online shop. Here, for example, customers can order (on a subscrip-

tion basis) four different Demeter meat packages with cuts from the same animal. This means that, as well as ensuring the highest animal welfare standards, the whole animal is used, to the benefit of sustainable meat consumption. With a view to Naturaplan’s 25th anniversary in 2018, a new advertising campaign was launched in September 2017, with a new claim. Under the motto “natural.right.good.”, the retailer will celebrate the long success of the organic own-label brand with a whole host of activities involving customers and employees.

Own-label sustainability brands Oecoplan, Ünique and Pro Specie Rara also remain very popular. Oecoplan reported sales growth in excess of 3.8% in 2017. This was due in part to a large-scale campaign involving firewood, which Coop offered as an environmentally friendly and CO₂-neutral alternative to fossil fuels. A “Panda Campaign” was also staged this year, stemming from the long-standing strategic partnership between Coop and the WWF, in which employees dressed as pandas moved around the stores. The WWF supports a sustainable lifestyle and exclusively recommends Oecoplan products, hence the Oecoplan products are labelled with the WWF panda. Own-label brand Pro Specie Rara which, like the eponymous non-profit organization, is committed to preserving biodiversity in Switzerland, increased its sales by 30% in five years from seeds of regional and endangered species. Since 2012, the Ünique brand has tripled its sales of fruit and vegetables whose appearance deviates from the norm.

Anniversary for sustainability partnerships

Coop in fact celebrated two anniversaries this year in its sustainable range. Coop has now been working hand in hand with the Fairtrade Max Havelaar organization for 25 years. The Seafood Group, established by Coop, the WWF and other partners, celebrated its tenth anniversary.

Coop added its first Fairtrade Max Havelaar-certified product, coffee, to its range in 1992. Today, the retailer stocks 875 Fairtrade products, making it the biggest Fairtrade range in Switzerland. Since the start of the partnership, Coop has paid Fairtrade premiums totalling 49.9 million US dollars. A total of 1.6 million small-scale farmers and workers benefit worldwide from Fairtrade. In honour of the 25th anniversary, in 2017 Coop announced an annual growth target of five percent and a sales target of 545 million francs by 2025 for the sustainability label.

The Seafood Group, which Coop established together with the WWF and other partners to promote sustainability in the catching and breeding of fish and seafood, has existed since 2007. Together, the project partners wanted to send a clear signal to fisheries, breeders and the market: in future, fish and marine products should come only from sustainable sources. For the 10th anniversary of the Seafood Group, Coop has now achieved this goal.

New online deli counter at Coop@home

The range in online supermarket Coop@home was successfully expanded in 2017 and now constitutes a fully-fledged online supermarket, complete with all the fresh and non-food ranges one would expect to find in-store. Switzerland's first online butcher has become established, and the first Swiss online cheese counter, the Chäs-Hüsli, has been created. Chäs-Hüsli sells around 90 different types of cheese. In October, the online fish counter was added to the fresh range: with 65 products from 100% sustainable and WWF-certified sources, the fish counter offers an extensive range of fish and seafood. Coop's Silbern, Dietikon and Crissier branches process the foods and deliver them directly to customers' homes, without breaking the cold chain, thus guaranteeing freshness right to the door. At the end of December, virtual market stall "Vom Markt" went online, from which customers can order various Demeter products such as meat packs. The online counter has proved very popular with customers.

Coop is committed to sustainable textiles

Together with Greenpeace, Coop launched more measures in 2017 to detoxify the supply chain in its own-label textile brands. As well as disclosure of all upstream suppliers, dye works and equipment suppliers, direct business partners and upstream suppliers had to attend an intensive training programme with experts. There were also unannounced company audits and waste water checks. A product inspection in the autumn of 2017 found that Coop had been able to eliminate many of the chemicals on Greenpeace's Detox List from its products. In so doing, Coop has gone much further than the statutory requirements and is moving one step closer to its goal of a non-toxic textile chain. Moreover, in 2017 Coop commissioned life-cycle assessment agency Quantis to carry out a life-cycle assessment of the various recycling and disposal measures for old textiles.

Coop develops water standard

Given that agriculture accounts for around 70% of global water consumption, producers and marketers of agricultural products bear a particular responsibility. This year, Coop, in partnership with the WWF and the Global G.A.P. organization, became the world's first retailer to develop its own water standard. The certification system regulates the sustainable use of water in the production of agricultural products. The Coop water standard stipulates, for example, that legal sources are used, water consumption is documented and water management is continually improved. Coop applies the water standard to fruit and vegetable producers in countries and regions with water scarcity issues, starting with Spain and Morocco. The standard will subsequently be expanded to other countries and regions, such as South Africa, Peru, southern Italy and Mexico. By taking this measure, Coop is helping to ensure that enough water is available for homes, industry and agriculture in these growing regions in future.

Soy footprint calculated

Soy is an important crop, both as feed for livestock and, increasingly, as an ingredient in the human diet. Ever more frequently, however, valuable ecosystems are being destroyed around the world in order to free up land for its cultivation, making it all the more important to control the origin and cultivation of soy. To ascertain how much soy is present in the Coop supermarkets' food range and whether there is a need for action to improve sustainability in its cultivation, in 2017 Coop became one of the first retailers in the world to calculate its soy footprint. The results were gratifying: just under 70% of the 41 000 tonnes of soy used in the Coop food range already originate from certified, responsible cultivation. This means soy producers make sparing use of fertilizers and pesticides, no forests or ecosystems are cleared or destroyed for soy plantations and minimum social standards are observed in production. We now intend to steadily increase this percentage.

Highlights from the food formats

The table below lists the highlights during the year under review, along with a factsheet on each specialist format. For more information about the Coop Group's specialist formats, visit www.coop.ch/einkaufen.



The Coop supermarkets have the densest network of sales outlets in Switzerland

- 10th anniversary of Pro Montagna with strong sales growth
- Karma range increased to over 200 items
- 40 million francs invested in lower prices and extra freshness
- Successful launch of Demeter products under the Naturaplan own-label sustainability brand
- Wood-fired bread launched throughout Switzerland
- First megastore opened according to 2025+ store concept
- New culinary platform Fooby integrated into supermarkets
- 93% customer satisfaction in "Your opinion counts" survey
- Insect products introduced
- Reusable bags introduced for fruit and vegetables, made from FSC-certified cellulose

▼ Factsheet



The number one in the Swiss convenience market

- Expansion of range of homemade sandwiches
- New Pronto shops at the stations in Morges, Sargans, Sierre and Sion and at eight filling stations
- "Snacking on the go" fruit ranges expanded
- Range of chilled beverages geared towards innovative "Ready to drink", low-sugar beverages
- Expansion of cooling areas at more than eleven locations, meaning a bigger range of chilled fresh products
- Fresh juice extractors introduced at around 20 locations

▼ Factsheet



Coop to go offers exclusive take-away products not available in any other Coop format

- Opening of seven sales outlets in 2017; there are now a total of 14 Coop to-go branches
- 60 exclusive new Coop to-go products launched
- Over 20 innovations introduced
- Top sales figures per m² achieved, with strongest location at over CHF 70 000 per m²

▼ Factsheet



The online supermarket with the biggest selection and personal delivery to your front door

- Introduction of a meat counter in January 2017
- Cheese counter introduced in June 2017
- 350 Pick-up stations set up in Switzerland in July 2017
- Online fish counter since September 2017
- Launch of online market format "Vom Markt"
- Introduction of Animal World in October 2017

▼ Factsheet



The new store format for vegetarian and vegan products

- First Karma shop opened at Zug station on 30.05.2017; more new shops due to open in 2018
- Loose sale of foods such as pulses, nuts and granola in pouring containers for customers to fill their own bags (avoiding packaging)
- Wide selection of exclusively vegetarian and vegan products in Switzerland; a one-stop-shop to cover all requirements for vegan and vegetarian products (all food groups are represented).
- Wide range of homemade convenience products (salad and morning snack bowls, smoothies and sandwiches).

▼ Factsheet



Coop's Italian delicatessen store

- First Sapori d'Italia branch opened at Aarau station on 02.11.2017
- 200 m² of Italian specialities
- Freshly-made focaccia, cornetti al cioccolato and espresso in-store
- Range of the most popular Italian specialities and products for everyday use
- Own-label Sapori brand for Italian specialities introduced in the Coop range

▾ Factsheet



Culinary treats every day, at fair prices

- Significant gains in market share in a fiercely competitive market
- Implementation of the new "Vista" catering concept in 14 restaurants and one Take-it branch in 2017
- Acquisition of catering business in Mercato Cattori, Losone
- Opening of staff restaurant at Coop's new Pratteln location
- Launch of new event format "Cooking Fun for Kids"

▾ Factsheet



The fresh host at busy locations

- Positive sales trend at branches of Burger King and Marché Airport Zürich
- Marché Catering receives permission to organize Calanda Oktoberfest in Chur, from 2017 to 2019
- Introduction of "Infused Water" beverage, made from water, fresh fruits and herbs
- Reopening of Marché Bellinzona Sud, Hotel Bellinzona Sud (formerly Mövenpick Albergo BenjamInn) and Marché Bellinzona Nord planned for 2018; as part of this, the Marché restaurants will be completely rebuilt and the hotel refurbished
- Further development of Marché and Cindy's brands

▾ Factsheet



The take-away format for Zopf, in all its versions

- Location in Bern proving highly popular and shows great potential for expansion
- More locations planned in Switzerland by 2020
- "Schoggi-Chnopf" most successful Zöpfli roll product
- Seasonal range introduced: tomato & mozzarella rolls in summer, raclette rolls in winter
- Themed Zöpfli rolls launched for Christmas, Bern's annual "onion market", Valentine's day and Mother's Day
- Special chocolate drink and chilled speciality coffee developed for Zopf & Zöpfli format

▾ Factsheet

Betty Bossi

Switzerland's number one for cooking and indulgence

- Launch of "Ready to cook" delivery service "Betty bringt's" with ingredients and recipe
- Launch of "Betty Bossi mix" cookery magazine with recipes specially developed for the Thermomix food processor
- Launch of "Kochwerkstadt" family experience as part of the "Food Zurich" culinary event
- Expansion of international distribution of innovative kitchen aids

▾ Factsheet

Non-Food specialist formats

For almost all specialist formats, the 2017 financial year was dominated by the symbiotic combination of offline and online trading. The strategic importance of this development was reflected in the success of the specialist formats: from its specialist formats alone, the Coop Group generated net sales totalling over 7 billion francs in 2017. The Coop Group was able to maintain or expand its market share in all areas. Coop remained particularly strong in the home electronics segment, which comprises the specialist formats Interdiscount, Microspot.ch, Dipl Ing. Fust and Nettoshop.ch. In the four formats, net sales totalled around 2 billion francs, which is an increase of 2.6% year on year. Consequently, the Coop Group was also able to expand its market leadership in this area.

Modernization of sales outlets continues

The modernization of sales outlets in offline trade was again a dominant theme for the specialist formats in 2017. In the year under review, Coop-City's Zürich St. Annahof branch and the ground floor of the branch in Winterthur were redesigned according to the "Bellacasa" store concept. A total of seven Coop City branches have now been brought into line with the new store concept. Moreover, as part of the remodelling work in Winterthur, for the first time a Coop to-go restaurant was incorporated in a Coop City department store, resulting in a marked rise in customer footfall. The household goods, cosmetics, perfume and bodycare departments at the Coop City branches in Winterthur, Fribourg, Zurich St. Annahof and Zurich Bellevue were given self-service checkouts. In Bern Ryfflihof, the "Shirt Competence Concept" was launched. It boasts a wide selection of different brands, with a focus on strong range segments. As part of its reorganization, Christ remodelled the branch at Zurich Airport, implementing its new store concept for the first time. This was followed by the new store at SBB Zürich Shopville station and refurbishments in Zurich Sihlcity and Basel Pfauen. Import Parfumerie further refined its store concept and is giving its branches a bright and colourful look that is consistent with the world of cosmetics and perfumes. Four branches underwent a makeover in 2017. Building & Hobby introduced a new customer management system, info points, a new service concept and new work clothing. Fust modernized ten branches this year and Interdiscount over 70 branches. In Villeneuve, a new Toptip branch was opened and a modernized branch was reopened in Spreitenbach.

Digitalization: omnichannel services and launch of "Track & Trace"

over CHF **432** m
sales in online trading
with home electronics

Coop continued to consolidate its expertise in online trading in 2017. The new online shops of Microspot, Christ Watches & Jewellery and Coop Vitality, for example, were given a striking, updated look. The online shops in the home electronics sector generated sales of around 432 million francs. Microspot in particular was praised by influential blogs for its bold and directional design, characterized by its responsiveness across all platforms, the use of an innovative navigation structure and impressively quick loading speeds. Year on year, Microspot increased its sales by 17.2%.

The combination of online and offline trading and over 1 100 Pick-up stations is also taking on a new dimension at Coop: the online shops of Coop Building & Hobby, Import Parfumerie, Toptip, Lumimart, Coop@home, Siroop, Coop Vitality, Christ Watches & Jewellery and The Body Shop now deliver orders to the stores of other formats. For example, customers can order their perfume from Import Parfumerie to be sent to a Coop supermarket and collect it during opening hours. In 2017, the sales teams at Fust, Christ Watches & Jewellery and Import Parfümerie were given tablet computers to assist them when giving advice and making sales. Moreover, at Fust, IT-based shipment route planning enables a paperless service to be provided to customers, with up-to-the-minute information on the delivery date for their order.

The "Track & Trace" app provides even greater transparency in online shopping: in 2017 all Pick-up sales outlets were equipped with "Track & Trace" smartphones, to record individual processing steps at the sales outlets, such as parcel receipts and handovers. Employees at the branch are thus able to check the status of an order at any time, keep track of the individual shipping stages and provide customers with better information. As soon as the parcel is ready for collection at a sales outlet and has been scanned, the purchaser receives a message by e-mail or text message. This is done via a server operating in the

background, with which the app communicates in real time. The status on the Pick-up website is also regularly updated via this server. The system provides Coop employees with additional information, enabling them to offer even better support with customer enquiries.

First e-day@Coop in Zurich

The first e-day@Coop was held in Zurich in June, attended by around 100 managers from online shops and from the Coop Group's digital marketing department. The event kicked off at Google in Zurich and continued at Schloss Sihlberg, with productive workshops and stimulating panel debates. Key trends and developments in e-business, the sharing of experiences and learning about best practices in different e-commerce disciplines were the focus of the event.

Highlights from the Non-Food specialist formats

The table below lists the highlights during the year under review, along with a factsheet on each specialist format. For more information about the Coop Group's specialist formats, visit www.coop.ch/einkaufen.

 ▼ Factsheet	<p>Number one in the Swiss consumer electronics market</p>	<ul style="list-style-type: none"> • Further gains in market share • Growth in sales of around 42% for online orders • Upgrading of more than 70 branches • Complete overhaul and updating of advertising presence • Strong growth in sales to business customers • Expansion in service portfolio due to collaboration with Mila • Completion of new logistics centre in Jegenstorf • Positive customer evaluation based on mystery shopping and customer survey (Net Promoter Score)
 ▼ Factsheet	<p>The second-largest department store chain in Switzerland</p>	<ul style="list-style-type: none"> • Gains in market share • Implementation of new "Bellacasa" store concept in Zurich St. Annahof and on the ground floor in Winterthur • Relaunch of own-label brand Nulu • Expansion of natural cosmetics range • New advertising presence and new labelling concept • According to mystery shopping, customers rate Coop City positively • Introduction of self-service checkouts for cosmetic and hygiene products in Zurich St. Annahof, Bellevue, Fribourg and Winterthur • New shirt concept
 ▼ Factsheet	<p>Switzerland's leading building supplies store</p>	<ul style="list-style-type: none"> • Market position consolidated as No. 1 in Swiss DIY stores • Increase in sales • Expansion of online shop to over 57 000 products and strong sales growth of 47% • Rollout of new sales outlet design (new customer management and information system, info points and service communication) • Introduction of new work uniform for sales staff • Running of a competition to cosmetically improve a child day care facility under the claim "We help you get it done" • Modernization/extension of the two flagship stores in Rickenbach and Heimberg: construction of new Rümlang and Feuerthalen sales outlets • Positive customer feedback on all relevant positions based on a mystery shopping sales conversation



The professional home furnishings store

- Strong sales growth of 39% at online shops
- Huge gains in sales of customizable products
- Introduction of digital furniture design tools in online shop Toptip.ch
- Opening of new store in Villeneuve and reopening of refurbished and modernized Spreitenbach branch
- Lumimart celebrates its 25-year anniversary
- According to market research (customer satisfaction survey), customers rate Toptip/Lumimart positively

▼ Factsheet



Switzerland's leading provider of prestige perfumes

- Market leader in perfume market
- Sales growth of 63.9% in the online shop
- Sales growth in body care and make-up: expansion of range (Lancôme) and new brand (Estée Lauder)
- Establishment of multi-channel concept with online ordering in branches by sales staff, Click & Collect and Pick-up; expanded range in branches (line extensions)
- Tablet computers introduced as an electronic sales aid
- Further development of store concept at four branches
- New advertising presence
- Customer survey reveals pleasing assessment

▼ Factsheet



The prime destination for watches and jewellery

- 75.7% sales growth in online business
- Relaunch of online shop and introduction of Click & Collect and Click & Reserve in branches
- Successful implementation of a new store concept at Zurich Airport
- Opening of new store at SBB Zurich station and refurbishment of Zurich Sihlcity and Basel Pfauen branches
- Customers expressed positive opinions in a survey

▼ Factsheet



The market leader in Switzerland, with a wide network of Coop filling stations

- Further gains in market share
- Planning applications submitted for hydrogen filling stations in Frenkendorf, Dietlikon and Bern Eymattstrasse
- Installation of the first photovoltaic units in Frenkendorf, Root and Magliaso in preparation for possible energy surcharges in light of the Energy Strategy 2050

▼ Factsheet



For warmth and well-being

- Launch of a new online shop; number of online orders increased by 7.4% to 34.9%
- The percentage of customers purchasing low-emission eco heating oil increases to 58.6%
- New services thanks to partnerships in the areas of tank cleaning and remediation

▼ Factsheet

Fust

Just the job: number one for electrical household appliances and upgrading your kitchen or bathroom

- Gains in market share
- Net sales again top the billion mark: 1.1% sales growth compared with previous year
- Fast-growing online business of 69.5% with direct collection options at all Fust branches
- Introduction of digital route planning in home delivery service
- IT infrastructure rebuilt based on SAP
- Construction work starts on extension to logistics centre in Oberbüren
- Ten more sales outlets modernized
- Positive customer evaluation based on market research by GfK and own customer survey (Net Promoter Score)

▼ Factsheet



Everything that is good for your health, from prescription medicines to beauty products

- Gains in market share
- Increase of over 4.1% in net sales
- Over 129.5% sales growth in online business
- Introduction of Click & Collect for OTC medicines too
- Expansion of pharmacy network with six new locations in Winterthur, Rorschach, Wohlen, Mendrisio, Flims and Lenzburg
- Introduction of Ear Checkup service
- Exclusive launch of Phyto and Lierac brands
- Customer survey reveals positive customer evaluation

▼ Factsheet



The natural and sustainable cosmetics company

- Over 25% sales growth in online business
- Launch of “#LYB25” customer club for under 25’s
- L’Oréal sells British subsidiary The Body Shop International to Natura Cosméticos SA
- Modernization of one more sales outlet
- Start of “Forever Against Animal Testing” campaign
- Launch of “World Bio Bridges” mission
- 25th anniversary of body butter
- In a customer satisfaction survey, The Body Shop Switzerland achieves very good scores overall

▼ Factsheet

BâleHotels

Coop’s hotel group

- Opening of completely modernized Hotel Savoy in Berne following renovation work lasting 16 months
- Recertification of all three hotels to standard ISO 9001:2015 and first-time certification of Hotel Savoy in June 2017
- Investment activities undertaken in Europe parking garage/ Fire protection measures to the façade of Hotel Victoria
- Participation in the sustainability project run by the Sapocycle foundation: soap is recycled and given to families in need, to improve hygiene

▼ Factsheet



The travel agent owned by Coop and Rewe – number one in Switzerland in direct sales of beach holiday packages

- Increase of 6.5% in net sales
- Relaunch of “Holiday Hits” with more tours and cruises
- Launch of new website with responsive design for mobile devices
- Introduction of dynamic production, electronic link to a broad portfolio of flights and hotels

▼ Factsheet

 <p>▼ Factsheet</p>	<p>Leading fitness provider in German-speaking Switzerland</p>	<ul style="list-style-type: none"> • Gains in market share • Opening of eight more locations • Branches in ten cantons • Membership growth of 23.7% to over 32 100 • 200 new employees
 <p>▼ Factsheet</p>	<p>Greenhouses with restaurants</p>	<ul style="list-style-type: none"> • The restaurants in the greenhouses in Wohlhusen and Frutigen were each awarded 14 Gault-Millau points, and Wohlhusen was awarded the Bib Gourmand by the Michelin Guide • Frutigen: 15% increase in sales of fresh products and caviar; 3% rise in net sales; construction of a quarantine facility for incoming juvenile fish; halogen bulbs replaced with LED lighting • Wolhusen: Successful special exhibition “Jambo Africa”; positioning as exotic event location established; further development of products: relaunch successfully implemented, range further developed, first Fine Food product
 <p>▼ Factsheet</p>	<p>The leading online supplier of consumer electronics and household equipment</p>	<ul style="list-style-type: none"> • Market position expanded • Increase of 17.2% in online sales • Successful launch of new online shop with optimized functions and exceptionally fast speeds • Further consolidation of position as price leader in online trading • Integration of range on Siroop.ch within microspot.ch • Completion of new logistics centre in Jegenstorf • Positive customer feedback based on customer survey
 <p>▼ Factsheet</p>	<p>The biggest online shop for household appliances with personal advice and service</p>	<ul style="list-style-type: none"> • Gains in market share • Increase of over 10.5% in net sales • Introduction of home delivery in the evenings and on Saturdays • Expansion of range in western Switzerland and Ticino • According to market research by GfK, customers rate Nettoshop positively
 <p>▼ Factsheet</p>	<p>Switzerland's first open online marketplace</p>	<ul style="list-style-type: none"> • Market position in German-speaking Switzerland consolidated • 500 merchants and around 1 million products available on Siroop.ch • The widest product range from local, regional and national merchants in Switzerland • Expansion of products and services in western Switzerland • Greater brand recognition • Positive customer evaluation based on customer survey (Net Promoter Score)

Logistics, IT and property

Opening of Coop production centre in Pratteln

With the inauguration of the Coop production centre in Pratteln in 2017, after just three years of construction work, Coop marked the completion of one of the most ambitious construction projects in its history: the new production location in Pratteln Salina Raurica is home to the production facilities of Cave, Chocolats Halba and Sunray, the national distribution centre for wine and spirits with a high-rack warehouse for storing over 40 000 pallets and Switzerland's most cutting-edge quality centre. The Pratteln production has a spatial volume of almost 870 000 m³ and a usable area of 108 000 m². To build it, 200 000 tonnes of concrete, 9 200 tonnes of steel, 56 km of pipes for heating and cooling technology and 36 km of sprinkler pipes were installed. The façade displays the biggest Coop logo in Switzerland, which is 21 metres wide and weighs in at 5.5 tonnes. The roof has been fitted with a photovoltaic unit measuring 3 500 m². POS order-picking of wine and spirits for the Coop

40 000

pallets fit into the
new high-rack warehouse
in Pratteln

supermarkets, Pronto shops and direct wine sales to third parties (including airline company Swiss and purchasers from Coop's wine club Mondovino) from the distribution centre began as early as the end of January 2017. In future, the majority of goods are to be sent out to the Coop supermarkets and Pronto shops by rail and using unaccompanied combined transport (UCT), via Coop subsidiary Railcare. For this purpose, the national distribution centre has its own station hall with two platforms and space for six freight wagons per platform. The opening ceremony for the production and distribution centre took place on 26 October.

Use of state-of-the-art technology

Construction measures to modernize buildings and increase energy efficiency were a priority in 2017. By using high-quality building shells and efficient industrial cooling systems as well as LED lighting, electricity consumption was reduced by 50%. The use of renewable energy sources such as wood and of heat recovery systems and heat pumps slashes CO₂ emissions by almost 100%. The new sales outlets in Savièse and Kleinandelfingen, which together were fitted with photovoltaic panels covering a surface area of 1 400 m², are prime examples. These panels alone produce just under 230 000 kWh per year, which equates to the average annual energy consumption of 65 Swiss households. Despite the more stringent requirements, Coop will continue ensuring that all new and refurbished buildings meet the new Minergie standard.

Letzipark residential project

After a construction period lasting almost three years, the start of February saw the opening of the Letzipark complex in Zurich, right alongside the shopping centre. The residential project comprises 176 rental apartments, a senior citizens' home with an additional 45 apartments, a McDonald's Restaurant with McDrive, a Coop filling station and 19 workshops.

Successful opening of Hotel Savoy in Berne

After 16 months of renovation work, the four-star Hotel-Garni Savoy, belonging to the BâleHotel Group, was reopened in Berne's old town. The hotel has 64 rooms and a cumulative occupancy rate of 88%, making it one of the most sought-after hotels in the city. The other hotels of the BâleHotel Group are the Hotel Pullman Basel Europe, Hotel Victoria and Hotel Baslertor in Muttenz.

Investment in faster logistics solutions

As part of their digitalization strategy, Interdiscount and Microspot have completed an ultra-modern, fully automated warehouse in Jegenstorf with an investment volume of close to 70 million francs. In April 2018, a logistics system covering over 22 000 m² and geared towards omnichannel trade will be put into operation in the new distribution centre building. The centrepiece of the facility is one of Europe's leading, most efficient automatic shuttle warehouses, with 65 000 containers and nearly 30 000 articles. Thanks to the expansion of the home electronics range with over 15 000 new items, customers benefit from maximum convenience. Orders placed by 8.00 p.m. are delivered the next day. Fust has begun work on the expansion of the logistics centre in Oberbüren. The range will be tripled compared with its current size. The phased inauguration of the new logistics centre for Fust and Nettoshop.ch is planned for the spring of 2019.

Branches get electronic price labels

Electronic labels based on e-paper will simplify the task of managing price labels for employees and increase pricing certainty for customers. Previously, price changes had to be retrieved, printed out and the labels then attached to the rack by hand. Electronic labels eliminate this effort, while ensuring that prices are up-to-date.

Reorganization of distribution increases efficiency

The nationwide delivery of frozen products to over 850 Coop supermarkets and 300 Pronto shops has been centralized in Schafisheim. As a rule, all sales outlets that are more than 90 kilometres away from Schafisheim are supplied by Railcare, using the unaccompanied combined transport (UCT) system of trains and trucks. Compared with truck deliveries, Coop is therefore able to avoid over two million truck kilometres and 2 000 tonnes of CO₂ annually. In 2017, Coop subsidiary Railcare acquired a first new electric locomotive, which is capable of high speeds with significantly reduced energy consumption.

From now on, Pronto shop deliveries will take place via the regional distribution centres. Adopting the same organizational model as for Coop supermarkets

2 000 tonne

reduction in CO₂ emissions thanks to reorganization of frozen transport

simplifies processes. Therefore, since 12 September 2017, deliveries to Pronto shops have been made from the regional distribution centres, as is the case with supermarkets. Fresh products and products with a turnover rate are order-picked at the regional distribution centres for distribution to the sales outlets. Items from other product groups and items specific to Pronto are order-picked by a Pronto platform at the Dietikon distribution centre, for distribution to the branches, and delivered to the Pronto shops via the regional distribution centres.

CO₂ savings through use of hydrogen and biodiesel

The use of hydrogen in twelve cars and one truck fitted with fuel cells saved around 55 tonnes of CO₂ in 2017. In particular, these savings were achieved through the use of the fuel cell cars which, in the year under review, travelled just under 330 000 kilometres without any significant problems. The fuel cell truck impressed with its simple and intuitive handling during trials. Initial journeys demonstrated that the performance of the electric drive meets the needs of logistics. Moreover, it takes just ten minutes to fuel the vehicle. Both hydrogen production and the availability of the hydrogen filling station presented no problems. The trials identified a number of potential improvements.

Greater use was made of biodiesel in Coop's fleet of trucks in 2017. Over 3.6 million litres of biodiesel were used in total, which is nearly a million litres more than the previous year. This equates to 40% of the total fuel consumption of Coop trucks. Using biodiesel enabled us to avoid around 8 300 tonnes of CO₂ emissions.

Additional services

Comprehensive quality management

At the Pratteln location, Coop opened a new chapter in its 110 year-plus history for quality assurance. April saw the inauguration of Switzerland's most cutting-edge food laboratory, to continue assuring customers of impeccable, high-quality products. Using methods such as mass spectrometry and with the help of external laboratories, the staff at the laboratory subject over 40 000 food samples each year to risk-based tests, to guarantee quality from raw material to end product.

The new food safety law entered into force in Switzerland on 1 May 2017. Consequently, one of the quality management priorities this year was the implementation of the new legislation, which must now be rolled out over a four-year transitional period. The new legislation entails changes to the labelling of all products. Bringing the information provided in online trading into line with the new information on the products from as early as 1 May 2018 presents a particular challenge and is a task that will require extensive changes to master data management.

34 000

food samples are analysed
each year at the laboratory
in Pratteln

All sales outlets with service areas again underwent an external certification audit in 2017 – in addition to the 2 500 or so audits by Coop’s internal quality assurance. In terms of product quality, Coop stepped up its risk management with a view to securing the supply chain, food fraud and packaging conformity. As regards the Coop guideline for suppliers on optimizing the quality of non-food products, Coop introduced more specific requirements for critical product groups. In its own laboratory, Coop tested around 34 000 random samples from the food and non-food segments for compliance with the requirements. This involved checking more than 729 000 criteria.

Social commitment

Coop again pursued its commitment to society in 2017 with numerous projects. This included investing over 17.5 million francs via the Coop Sustainability Fund in charitable projects to support organizations such as “Schweizer Tafel” and “Tischlein deck dich”, which donate food to people in need. “Schweizer Tafel” distributes the goods to 500 social institutions across Switzerland, including emergency shelters, aid organizations, and food banks, and “Tischlein deck dich” distributes the food through 120 distribution points throughout Switzerland to around 18 000 people affected by poverty.

For the second year in succession, Coop and Bio Suisse staged the “Planting Campaign” to save bees and safeguard biodiversity. Through the Coop Sustainability Fund’s school project, Coop is working with Bio Suisse to preserve diversity in nature. Together with Bio Suisse, Coop donated organic herbs and seeds to more than 1 600 school classes across Switzerland. 25 000 school pupils used the seeds to design bee gardens and fill playgrounds with flowers, learning all about the subject of bees and biodiversity in the process. As well as the plant set, comprising 24 organic seedlings and a bag of seeds with an organic assortment of wild flowers, the classes were given educational material on the subject of “Bees and biodiversity”, created in partnership with the University of Applied Sciences and Arts Northwestern Switzerland (FHNW). The very successful planting campaign will be continued in 2018 and 2019.

As part of the Young Enterprise Switzerland (YES) “Company Programme”, Coop this year presented a sustainability award to a project by school pupils, for the fourth time. To take part in the award, young people come up with an innovative project idea and, with the help of experts, develop a real company from that. In 2017, the “Watarproof” upcycling project beat more than 200 competitors.

75

years

of Coop Aid for
Mountain Regions

Its commitment through non-profit organization Coop Aid for Mountain Regions is also vitally important to Coop. The organization celebrated its 75th anniversary in 2017. In the anniversary year, Coop was able to support 140 self-help projects with donations totalling 5.7 million francs. The Swiss National Day “Weggen” campaign attracted a lot of attention this year. For 16 years, for every special Swiss National Day “Weggen” bread roll and cervelat sausage sold by Coop, a portion of the sales proceeds has been donated to Coop Aid for Mountain Regions. In 2017, this raised a total of 150 000 francs, which Coop gladly matched to make 300 000 francs. The retailer donated this sum to support the desperately needed rebuild of the alpine and residential building on Alp Stafelschwand in the canton of Obwalden.

As part of an interactive exhibition in Schloss Wildegg, Coop partnered with non-profit organization Pro Specie Rara to promote biodiversity in Switzerland. Coop donated nearly 200 000 francs to support an interactive exhibition at which, since June, visitors have been able to learn more about the castle’s gardens and Pro Specie Rara. By awarding various contracts to sheltered workshops, Coop also promotes the inclusion of handicapped people in the world of work. In 2017, Coop awarded contracts worth over three million francs to such institutions. In September 2017, at the suggestion of a Coop delegate, Coop staged the “Paper bags” fundraising campaign at sales outlets in Ticino. For one franc, customers could buy paper bags printed with drawings by residents of the Fondazione Provvida Madrein home for the disabled in Balerna. The campaign raised nearly 20 000 francs for the home.

In 2018, Coop is introducing the “Solidarité” label, which will highlight Coop’s collaboration with institutions and workshops that look after and employ disabled people. Already, 200 products are the result of such collaborations.

Coop is a partner of the Swiss Red Cross (SRC). In the year under review, with the SRC and other partners, Coop stepped up its commitment to the “2 × Weihnachten” (“Two times Christmas”) project to promote solidarity with disadvantaged people. In addition, since 2016 Coop has supported the SRC’s family platform as a main partner. The family platform offers families a multitude of courses and help, such as arranging babysitters and similar services.

Supercard, Supercardplus and Mondovino

Coop rewards its customers’ loyalty with numerous services and exclusive offers. The retailer’s Supercard is the Switzerland’s biggest customer loyalty scheme. In 2017, the card was again used by more than 3.2 million households. Redeeming Superpoints was made even easier in 2017. Supercard users can now convert their Superpoints directly into a loyalty gift card at any time, at the checkouts of Coop supermarkets, Coop City department stores and branches of Coop Building & Hobby, their Coop Restaurant, Toptip/Lumimart, Import Parfumerie, Christ, Interdiscount or Fust. The balance on the card can be used to make payments in all the aforementioned sales outlets. The amounts are converted to gift cards with a value between 10 and 100 francs, always in increments of ten. Loyalty points can also be converted directly into credit on a digital payment card in the Supercard App and used to make payments.

The free Supercardplus credit card had 32 000 new customers at the end of 2017, making a total of around 442 000 users.

Mondovino, Coop’s wine club, has over 138 000 members in 2017. Mondovino employs a cross-channel strategy: customers can experience the club online, at more than 870 Coop sales outlets, at the annual Mondovino Wine Fair and, for a limited time, at the Mondovino pop-up stores in Wettingen Tägipark and Zurich Letzipark. To enhance the individual shopping experience, at the end of 2017 the wine club introduced a chatbot on the mondovino.ch internet platform. In addition, for the first time two brand shops were launched in the online shop, Casa del Vino and Riegger. Mondovino’s range of wines now extends to over 1 800 wines, including over 100 rare wines. The club remained popular among its members in 2017, as evidenced by the positive findings of market research.

Advertising and communication

The online presence of Coop.ch met with a positive response in 2017: In order to address the needs of different target groups such as customers, job-seekers or media representatives more closely in future, Coop’s website was restructured in 2017. It sets new benchmarks in particular in terms of responsibility. In a ranking by international consultancy firms Lundqvist and Comprend, Coop placed first among the 40 main non-exchange-listed companies in Switzerland. The company’s transparency in the field of sustainability with its slogan “Actions, not words” merited special attention. Coop successfully broadened out its “Actions, not words” sustainability initiative in 2017. At the end of its third year, the comprehensive commitment to people, animals and nature encompassed 355 sustainability-related actions. The centrepiece of communication was the weekly “Actions, not words” column in the Coop member press and the Internet platform of the same name. Also in 2017, for the third time in succession, the special “SI Green” publication by “Schweizer Illustrierte” was published, with a total of 66 pages. The sustainability initiative also reached a wide audience through TV commercials, numerous printed advertisements and online advertising.

Coop’s sponsorship activities focused on family in 2017. In total, Coop supports around 60 family projects throughout Switzerland. In the summer, for example, over 34 000 people attended seven event days as part of the “Coop Andiamo von schweiz.bewegt” series of exercise events, which was held for the third time since 2015. 2017 was the year of the first Coop Open Air Cinema (formerly Luna Open Air) at 20 venues. More than 200 000 visitors attended over 563 Coop cinema evenings.

In an environment of declining print media usage, in 2017 Coop again maintained its position as the highest-circulation and most-read newspaper in Switzerland, as revealed by the annual survey by independent Swiss media research company Wemf AG. With an overall circulation of 2 588 060, the three weekly newspapers Coopzeitung, Coop ration and Cooperazione have a readership of over 3.4 million people. The Coop member press e-paper had a complete makeover and has been published in its new look since July 2017. PDF versions of the brochure supplements can now also be downloaded for each week. For the first time in its history, to mark the Switzerland “experience” promotion, the Coop member press sported both a regional cover page and a regional cover story. In each of the 21 sub-regions, it published a portrait of a different cheesemaker who produces cheese exclusively for that region. In a survey by Brand Predictor, the Coop member press ranked number two, behind daily newspaper “20 Minuten” in the Top 10 most popular media in Switzerland. The Coop member press was also active on social media: on Facebook, the editors-in-chief of the three editions of the Coop member press present a weekly video summary of the latest issue.

Media Unit: Insects make headlines

In 2017, national and international media reported that Coop had become the first European retailer to include products containing insects in its range. The media conferences on the opening of Karma, the Pratteln production location and Saponi d’Italia were also widely reported. The Coop Media Unit issued a total of 47 media releases, sent invitations to 6 media conferences, dispatched 11 product mailings and answered 2 308 media enquiries in the year under review.

Successful on social media

Having commenced its social media activities in 2016, Coop enjoyed considerable success on social media in 2017. The interaction rate is even well above the industry average. The successful integration of social media in major campaigns, such as the “tss, tss” barbecue campaign, are particularly noteworthy this year. Coop also scored its first viral hit, with its self-produced “Toblerone Prank”: the video campaign reached over a million users on Coop’s channels and attracted well over 8.9 million views overall. A number of new social media campaigns were also launched this year: Karma encouraged people to step out of their comfort zone with its #StepOut campaign on Instagram, while apprentices documented their daily life on the “coop.zukunft” Snapchat channel. Fooby, Hello Family and Mondovino as well as Coop@home, ITS Travel and the Coop Meeting Centre have been running their own social media channels since 2017.

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Wholesale / Production Business Area

The Transgourmet Group expands in the foodservice segment and offers the full range of cross-channel services. Bell AG becomes the Bell Food Group, which continues to expand its expertise in the fresh and convenience segment through various acquisitions. The Chocolats Halba/Sunray production facilities are up and running. In Schafisheim, Europe's biggest wood-fired oven becomes operational.

13.0 bn CHF

net sales in wholesale
and production

The Coop Group's Wholesale/Production business area generated net sales of 13 billion francs in 2017, which is a gain of 6.2%. Adjusted for acquisitions, the business area grew by 4.9%.

Transgourmet Group

With subsidiary Transgourmet Holding AG, the Coop Group is active in the cash & carry and wholesale supplies market in Germany, Poland, Romania, Russia, France, Austria and Switzerland. In 2017, the Transgourmet Group generated net sales of 9.1 billion francs from 142 cash & carry stores and wholesale supplies, which equates to growth of 6.3% year on year. The company was thus able to further consolidate its position as the number two in European wholesale. Transgourmet generated sales of 257 million francs from sustainable ranges in 2017. This was only possible thanks to exceptional commitment, as sustainable ranges are nowhere near as developed in wholesale as they are in retail, for instance.

Transgourmet continues to expand

The Transgourmet Group continued its growth in 2017, through acquisitions and by opening up new markets. In October, Transgourmet Central and Eastern Europe acquired all the shares in Russian company "OOO Targovy Dom Global Foods" with head office in Moscow. With a workforce of 250, the company supplies customers from the catering and hotel trade as well as canteens, and is the leader in its segment. Transgourmet Switzerland consolidated its position in Ticino when, as of 1 January 2017, it acquired the company Ipergros, complete with its customer base. In January 2018, Transgourmet Schweiz AG is acquiring the business activities of Polar AG in Reinach (Canton Basel-Landschaft), which will be independently continued under the Polar brand, and the business activities of Zanini SA and Vinattieri Ticinesi SA, which will be transferred to the newly established company Zanini Vinattieri SA. Transgourmet Central and Eastern Europe acquired Niggemann Food Frischemarkt GmbH in Bochum, effective 1 January 2018, in order to consolidate its expertise in the fresh produce delivery and collection segment.

Transgourmet broadens its beverages expertise

Transgourmet also further increased its lead as a beverages expert. In May, Transgourmet Germany entered the German beverages trade, when it acquired 70% of the shares in Team Beverage AG. With 39 000 distribution points and system sales of over 1.5 billion euros, Team Beverage is one of the leading service providers and merchants on the German beverages market. By acquiring shares in Team Beverage, Transgourmet Germany also gained the online platform “Gastivo”, which offers digital services relating to culinary trends. Transgourmet Switzerland further consolidated its wine expertise when it acquired Weinkeller Riegger AG on 6 January 2017. The company, which has its head office in Birrhard, will continue to operate autonomously, supplying a range of nearly 1 000 carefully selected wines. Transgourmet Österreich concluded a licensing agreement with soft drinks manufacturer Keli and now bottles, markets and distributes Keli soft drinks and juices.

Transgourmet lays the foundation for the future with new building projects

Transgourmet undertook numerous real estate projects in 2017, laying the foundation for further growth. Construction work on Transgourmet’s ninth location in Austria began in Schwarzach, Vorarlberg on 7 July 2017. With the new store, which is due to open in May 2018, Transgourmet Österreich is “building a bridge” to the west, further extending its almost complete regional coverage. A new, central location with a modern logistics centre was built at Transgourmet Germany, in Eichenau, Greater Munich. The Chieming and Schweitenkirchen branches will be integrated into the new distribution centre. A new building is under construction in Hamburg, of which Transgourmet will take up occupancy in March 2018, along with subsidiary Sump & Stammer. In Romania, the 22nd Romanian Selgros store is opening at the Bistrita location. Sustainability is also writ large in Transgourmet’s construction projects. Accordingly, the new site in Hamburg has been equipped with a CO₂ cooling system and a photovoltaic unit. At Transgourmet France, 2017 saw the start of construction work on a new warehouse in Saint Loubès in the Bordeaux region. The construction project serves as a pilot for trialling a host of innovative environmental systems, including the recycling of rainwater for toilets, LED lighting with presence detectors and dimmers for the office area, sustainable refrigerants such as ammonia or CO₂ and chargers for electric cars.

Expansion of foodservice activities at Transgourmet

Foodservice is of strategic importance for Transgourmet. Reflecting this, efforts to increase online expertise and expand services for caterers and restaurateurs took centre stage for the wholesale supplies and cash & carry company in 2017. Nowhere is this more apparent than in Transgourmet’s acquisition of German software company Gastronovi, with retroactive effect to 1 January 2017. The Bremen-based company, with a workforce of 40, specializes in complete IT solutions for caterers and restaurateurs and supplies checkout systems and systems for table reservations, supply chain management or marketing. Gastronovi is to be offered at all national subsidiaries in future. With its “Menu Manager”, Transgourmet Germany helps commercial kitchens design menus for contract catering, with over 10 000 recipes. The tool can be used for accurate budgeting, transparent controlling and up-to-date documentation.

In 2017, Transgourmet France added “e-Quilibre Gourmet” to its innovative food management tool “e-Quilibre” for commercial caterers. The system works out the precise quantities for recipes, calculates the price of an individual portion and instantly provides information on nutritional value and allergens. Via an interface in the checkout system, which Transgourmet developed together with the start-up “Tiller”, “e-Quilibre” can also directly place orders with Transgourmet. Transgourmet Solutions is another tool provided by Transgourmet France to make life easier for caterers and restaurateurs. Since 2017, the company has been offering the three service packages “Simplicité”, “Urgence” and “Expert”. “Simplicité” is a source of individual advice for caterers and restaurateurs on matters relating to optimization and digitalization, while the “Urgence” package provides capacity in emergencies: Transgourmet Solutions organizes staff or equipment at short notice and delivers orders within a very short space of time. With the “Expert” package, caterers have access to services such as the “Tiller” systems and “E-Quilibre Gourmet” as well as open innovation services by start-up companies.

Transgourmet Österreich’s Cook2.0 studios provide professional advice for caterers and restaurateurs from chefs and stage “Cook’s Tables” information events. Regional cash & carry store mein c+c also offers an extensive service for caterers and restaurateurs in Austria, which includes everything from help with loading purchases into a vehicle, to an event service and a service for transporting chilled and frozen goods.

Diverse online projects at Transgourmet

Transgourmet Germany and Transgourmet Switzerland introduced a new online shop, user-friendlier interfaces, clear structures and improved search functions in 2017. Customers now have the facility to view a summary of their orders, delivery notes and invoices in Transgourmet Switzerland's online shop. The relaunch of Transgourmet Österreich's website on 1 October 2017 ushered in the process of switching all of Transgourmet Central and Eastern Europe's websites to a uniform style across all countries.

Commitment to sustainable sourcing

In 2017 Transgourmet Germany implemented the "Sustainable Sourcing" guideline, which covers the use of critical raw materials such as fish/seafood and palm oil. The guideline is based on Coop's sustainability guidelines and has been adapted to the operating conditions in the German wholesale sector. As part of its implementation, employees from Category Management and Purchasing received training and suppliers were informed about the new guideline in writing. Furthermore, Transgourmet called on suppliers to confirm compliance with the guideline in writing. The subsidiaries and foreign companies of Transgourmet Central and Eastern Europe were given the option of adopting Transgourmet Germany's guideline or devising their own. Transgourmet Österreich introduced the own-label sustainability brand Transgourmet Vonatur and also confronted the issue of sustainable sourcing: having switched to certified palm oil, since 2017 all new own-label brands at Transgourmet Österreich contain only RSPO-certified palm oil. In addition, fresh fish is MSC-certified. Transgourmet Switzerland expanded its range with sustainable added value, especially the Origine own-label sustainability brand. As well as a variety of dairy and food products, Origine pork was added to the range in 2017. Transgourmet France added the Transgourmet Origine products guineafowl, turkey, sea salt, lentils and Camargue rice to its range.

Transgourmet committed to sustainability in logistics

In 2017, Transgourmet Germany switched to all-electric refrigeration when purchasing new trucks, in response to rising demands for energy efficiency and climate protection. Transgourmet France began switching its truck fleet to all-electric refrigeration and, since February 2017, has been deploying a biogas-fuelled truck in the Midi-Pyrénées region to prevent noise and CO₂ emissions. Going forward, Transgourmet France would like to obtain its own biogas from organic waste, by means of anaerobic fermentation, in order to run its trucks. In December 2017, a 16-tonne truck that runs on biodiesel was put into operation. Transgourmet Österreich replaced all 420 charging units for forklift trucks at its locations, a measure that reduced energy consumption by 31%, from around 1 430 megawatt hours per year to just under 991 megawatt hours. The Austrian wholesaler also focused on providing advanced training for drivers, by offering e-training courses on efficient driving style. Furthermore, since 2017 Transgourmet Österreich has been a partner in the "klima:aktiv" climate protection initiative.

31%

reduced energy consumption with new charging units for forklift trucks at Transgourmet Österreich

Social initiatives at Transgourmet

Transgourmet also undertook a number of social initiatives to promote sustainability in 2017. One example is Sustainability Week, which took place between 29 May and 5 June at Transgourmet Germany's locations. By staging a wide variety of activities, Transgourmet promoted more sustainable restaurant practices and contract catering with fairly traded products. Transgourmet France supports the "Tremplin" association, which helps school pupils with disabilities to embark on a higher academic career.

Highlights from the national subsidiaries of the Transgourmet Group

The table below lists highlights from the year under review at the individual national subsidiaries and companies of the Transgourmet Group, along with a factsheet on each national subsidiary. For more information about the Transgourmet Group, visit www.transgourmet.com



Transgourmet Central and Eastern Europe

▼ Factsheet

Germany



- Majority acquired in Team Beverage AG
- Majority stake acquired in Gastronomi, a software provider for checkout system solutions for caterers
- Relaunch of the online shop
- First e-truck in use
- Switchover to all-electric refrigeration when purchasing new trucks
- Standardization of Facebook presence of the Selgros cash & carry stores
- Implementation of a CO₂ cooling system and a photovoltaic unit at the new Transgourmet Hamburg location
- Sustainability Week for employees and customers, with a wide variety of activities aimed at “greener” restaurant practices and contract catering
- Implementation of a guideline for sustainable sourcing
- Move to new location in Eichenau, Greater Munich, with a logistics centre: the Chieming and Schweitenkirchen branches will be integrated into the new distribution centre
- New building for Transgourmet and Sump & Stammer in Hamburg

Poland



- 20-year anniversary on the Polish market
- Opening of the 18th Selgros store including installation of a sustainable cold and heat recovery system (fourth wholesale store in Warsaw)
- New brasserie modelled on Frischeparadies in Warsaw IV
- Land for further expansion secured in Siedlce, Slupsk (cash & carry) and Gliwice (food service)
- Implementation of collaboration with Markant in payment processing
- Further expansion of catering expertise

Romania



- Completion of the modernization of all Selgros stores
- Broadening of delivery activities
- Opening of the third small-format Selgros store (Bistrita); equipped with a modern CO₂ cooling system and heat recovery system
- Introduction of electronic labels in the Bistrita store
- Continuation of the “Health begins on the plate” programme
- Introduction of a loyalty programme for private customers

Russia



- Opening of a cash & carry store in Tula
 - 30% sales growth in supplies business
 - Construction work starts on the stores in Odintsovo and Selenograd
 - Acquisition of 100% of the shares in a leading Russian hotel, restaurant and catering specialist “Global Foods”
 - “Dual training as butcher” project in Russia in collaboration with the German Chamber of Foreign Trade
 - LED lighting introduced in Altufjevo store and other new operations in Selenograd and Odintsovo
 - Introduction of SAP SDM module in Purchasing
-

Specialists



- EGV AG: Successful sales of fresh meat in the first full year of fresh meat marketing with Fleischmanufaktur Hildesheim and the integration of Der Milchbauer
- Continued positive sales trend for Frischeparadies Group and growth in the area of deliveries to the hospitality industry
- Positive results in the private customer business at Frischeparadies cash & carry stores
- New concept: opening of a Frischeparadies with retail concession in the Selgros store in Fürth
- Sump & Stammer moving into new, modern building in 2018, with Transgourmet Hamburg
- 25% sales growth in the area of ocean cruises at Sump & Stammer
- Sump & Stammer launches new website
- Transgourmet Seafood wins “Seafood Star 2017” in the categories “Street Food Products” and “Additional prize for most innovative product” at the fourth fish industry summit
- Transgourmet acquires majority in Team Beverage AG
- Transgourmet acquires majority in Gastronomi
- On 01.01.2018 Transgourmet acquires the Niggemann Food Frischemarkt GmbH in Bochum





Transgourmet France

▼ Factsheet

France



- Exclusive partnership formed with Vranken Pommery for the distribution of wines and champagnes
- Launch of Transgourmet premium distribution in Paris, Lyon, Nantes und Bordeaux
- Construction work commences on the new Transgourmet Aquitaine facility in June 2017
- Introduction of “e-Quilibre Gourmet” digital solution, to support food management
- Certification to ISO 22000 for locations in Coulommiers and Aquitaine
- “La Frégate” innovation centre for caterers and business models launched with a start-up to tap into new areas of business and culinary concepts for gastronomy experts
- Launch of the “e-move” campaign and signature of the Mobility Charter to promote internal mobility
- Introduction of first 7.5 tonne truck with a biogas engine and a 16-tonne truck fuelled by biodiesel
- Use of organic waste to produce biogas to fuel trucks
- Introduction of the sustainable Transgourmet Origine products guineafowl, turkey, sea salt, lentils and Camargue rice
- Refrigerants in the warehouse refrigeration units at the new Aquitaine location switched to sustainable gases such as ammonia

Specialists

- Transgourmet Seafood range now available throughout France
- Eurocash renamed Transgourmet Cash & Carry
- Start of a novel cooperation partnership between Transgourmet Fruits & Légumes and production company Jardins de Pays in “outdoor cultivation”





Transgourmet Österreich

▼ Factsheet

Austria



- Construction commences on 07.07.2017 on the ninth Transgourmet location in Schwarzach, Vorarlberg
- Launch of own-label sustainability brand Transgourmet Vonatur
- Transgourmet Österreich is a licensee of the Keli brand
- First image campaign under the name Transgourmet Österreich
- Transgourmet Österreich is represented for the first time in Austrian cinemas, with a cinema ad
- MSC certification for fresh fish
- Charging units for forklift trucks replaced at all locations of Transgourmet Österreich; energy saving of 31%
- Since 01.01.2017, use of electronic pay slips to save paper and protect the environment

Specialists

- Cook2.0 turns 10 years old
- Cook2.0 supplies 246 award-winning fine dining restaurants
- Transgourmet Österreich becomes a Keli licensee
- Java launches Cafemobile
- Refurbishment of mein c+c Hochsteiermark
- Integration of Schlacher stores in Feldbach and Oberwart into mein c+c
- Opening of the Trinkwerk depot in Spielberg



Transgourmet Switzerland

▼ Factsheet

Switzerland



- Gains in market share in cash & carry as well as wholesale supplies
- Construction work commences on the new building with regional warehouse in Kriens
- Range expanded in the area of care, bakery goods and sustainability (own-label brand Origine)
- Own-label range expanded
- Takeover of employees, customer base and inventories of Ipergros as of 01.01.2017
- Takeover of employees, customer base and inventories of Polar Comestibles AG as of 02.01.2018
- Acquisition of Zanini SA and Vinattieri Ticinesi SA on 05.01.2018, which will be transferred to the newly established company Zanini Vinattieri SA

Specialists

- Acquisition of Weinkeller Riegger AG with a range of almost 1 000 wines
- Zanini Vinattieri SA acquires the business activities of Zanini, a well-known importer of Italian wines, and of Vinattieri, a producer of high-quality wines from Ticino
- Expansion of fish range at Valentin Pontresina



Production

The Wholesale/Production business area also includes the Coop Group's numerous manufacturing companies, chief among them the Bell Food Group, in which Coop is a majority shareholder.

The Bell Food Group ensures a strong, international presence for Coop.

41.2%

more sales from sustainable products in Production

Net sales of the Coop Group's manufacturing companies grew to 759 million francs in 2017, and net sales of the Bell Food Group to 3.5 billion francs. Total sales in the production of sustainable ranges came to 1.1 billion francs in 2017. Coop therefore increased its sales of sustainable products in the production area by 41.2% year on year.

Bell Food Group

As one of Europe's leading meat and convenience food processors, in the first half of 2017 Bell had to contend with a sharp rise in raw material prices for meat throughout Europe and for plant-based raw materials from Spain. The price trend squeezed margins, as there is very little scope to pass on price increases to customers. The situation eased during the second half of the year. In the meat and charcuterie area in particular, however, this development will have a delayed effect on margins in some cases. Nonetheless, the Bell Food Group again generated net sales in excess of 3.5 billion francs in 2017.

The annual general meeting of 11 April 2017 resolved to rename Bell AG to Bell Food Group AG. By making this change, the company is aligning with the strategy of recent years as a result of which the company has transformed from a Swiss meat processor to one of the leading meat and convenience food processors in Europe. The convenience food area now accounts for almost a fifth of the Bell Food Group's sales. With the name change, a new logo and a new corporate design were created for the Bell Food Group. The Bell Food Group now comprises the business areas Bell, Hilcona and Eisberg.

Full acquisition of Hilcona and takeover of Hügli

With effect from 1 January 2017, the Bell Food Group acquired from the Toni Hilti Family Trust the remaining 49% of the share package in Hilcona, which is now wholly owned by the Bell Food Group. Retroactive to 1 January, Hilcona acquired Frostag, which specializes in the manufacture of pasta and vegetarian products. Hilcona has been working closely with Frostag for many years and already had a ten percent stake in the company. On 15 January 2018, the Bell Food Group acquired a majority stake in Hügli Holding AG and announced a takeover bid for the remaining shares in circulation.

Group-wide sustainability strategy

Due to the changed corporate structure, in April 2017 the sustainability strategy that had been in place since 2013 was reviewed and approved by the Board of Directors. For the first time, this strategy now applies to all companies of the Bell Food Group. Moreover, new, binding targets have been defined, along with specific measures for their attainment. The sustainability strategy comprises the three pillars "Products and sourcing", "Environment and resources" and "Employees and society" and reflects the Bell Food Group's corporate strategy. As well as strategic targets, such as saving on CO₂ or avoidance of waste, the strategy also involves a "Don'ts List" of products and product types which the company actively avoids.

The Bell Food Group continued its commitment to sustainability in 2017 and was guided by Coop's approach, in response to the heightened expectations of Swiss consumers in regard to animal welfare. Working closely with foreign suppliers and Swiss Animal Protection SAP, Bell launched several projects to ensure that suppliers' livestock reared abroad enjoy comparable living conditions to animals reared in Switzerland. For poultry (chicken and turkey), Bell began establishing husbandry modelled on the Swiss federal programme PAS (particularly animal-friendly stabling). Under this programme, animals have more space, daylight and seating areas in stables and access to a covered outdoor area. Having made the switch for fresh turkey meat imported for Coop, since May 2017 imported fresh chicken

has also originated from companies that operate in accordance with the PAS standard (excluding Prix-Garantie and special promotions). In the medium term, special promotions will also be switched to the requirements of the PAS programme and labelled accordingly.

In Switzerland, the labelling of poultry products with the rearing method is regulated by the Swiss Poultrymeat Labelling Ordinance. With the successful certification of foreign turkey and chicken production from PAS husbandry at the start of 2016, in the spring of 2017 imported poultry products were certified for the first time according to the Swiss Poultrymeat Labelling Ordinance. The Bell Food Group is taking a pioneering role in this area.

Highlights from the Bell Food Group

The table below lists highlights from the year under review at the individual business areas of the Bell Food Group AG. For more information about the Bell Food Group, please refer to the factsheet below and visit www.bellfoodgroup.com

BELL
FOOD
GROUP



Bell Food Group AG

▼ Factsheet

Business area
Bell



- Foundation stone laid for a new manufacturing company for Serrano ham in Fuensalida near Madrid in April 2017; investment volume 40 million euros
- Start of construction work on a new production company in Marchtrenk (Austria); production of mixed-leaf salads, ready-prepared fruit and vegetables, sandwiches and convenience products with an investment volume of 30 million euros.
- Takeover of the production facilities of a company specializing in the manufacture of Jamón Ibérico and Spanish Embutidos in April 2017, in Spain's Ibérico stronghold Extremadura
- On 31.03.2017 sale of the in-store business in the Czech Republic by management buy-out to the current managing director; the retail business in the Czech Republic is not a strategic business area of the Bell Food Group
- Positive development of poultry specialist Huber and gain of market share; growth in both the food service and retail segments; positive development in sale of organic chicken and organic turkey
- Increase in volumes at Bell in Poland continued in 2017; positive development in both the retail and catering markets
- Construction and renovation project at the two biggest Swiss locations in Basel and Oensingen on track; start of construction of a multi-storey car park in Basel; further planning progress in Oensingen

Business area
Hilcona



- Acquisition of Frostag Food-Centrum AG in Landquart, which specializes in the production of pasta and vegetarian products, as of 01.01.2017
- Ongoing encouraging growth in demand for convenience products in all sales markets; trend for ultra-fresh convenience ranges
- Successful collaboration with Transgourmet in foodservice area

Business area
Eisberg



- Successful 2017 financial year in Switzerland, Romania and Hungary
- Much higher prices and limited availability of raw materials due to bad weather in Spain at the start of the year; situation eased from April onwards
- Start of construction of a new factory for fresh, regional convenience products near Linz in Austria on 15.09.2017

Coop's manufacturing companies

Modern manufacturing companies – opening of Pratteln site

2017 was a milestone in the history of Coop's manufacturing companies. On 26 October, the new production facilities of Chocolats Halba, Sunray and Cave at Coop's new production location in Pratteln Salina Raurica were officially opened. The inauguration of the new production facilities in Pratteln proceeded more quickly and easily than planned. The manufacture of chocolate products, the bottling of wine from the Cave winery, the manufacture of spice, dried fruit and nut mixtures and the roasting of peanuts and bottling of edible oils now take place in one of Switzerland's most modern production facilities. The first chocolates for export and for the Swiss seasonal business were produced on Chocolats Halba's new production lines around six months ahead of schedule. The new processes are now even leaner and more efficient. Chocolats Halba's exports grew by 50% in 2017. As well as existing customers, it also won new customers, mostly in Germany, the USA, China and Japan. Powder mixtures such as cake mixes or cr me powder are also manufactured at the Pratteln site. With the Coop Quality Centre, which was inaugurated in April 2017 and is Switzerland's most modern private quality assurance laboratory, the Pratteln location combines "under one roof" a logistics centre, production facilities and quality assurance, making a significant contribution to verticalization. Merging the three manufacturing companies at a shared, new location creates synergies in sourcing, production, technology and logistics and this concentration benefits efficiency and enables lower consumer prices.

Central production of frozen dough products in Schafisheim

Previously, frozen dough products baked in Coop supermarkets and Pronto stores were produced by external companies at several locations, snap-frozen then sent to Coop's three frozen distribution centres for distribution to the points of sale. In 2017, central production began at Coop's own industrial bakery and logistics location in Schafisheim, from where the 70+ different types of pre-baked and frozen doughs will be delivered in future. The centralization of production saves on transport by truck between several production locations and distribution centres and the resultant CO₂ emissions. The integration of the production of all frozen dough products completes the final stage in the implementation of the Bakery Strategy 2015+.

Products from the wood-fired oven

The installation and inauguration of Europe's biggest wood-fired oven at the Schafisheim site marks the start of a new chapter in the industrial production of artisan breads. From 2017 onwards, rustic Coop baked goods come straight from the wood-fired oven. Initially, the three Coop specialities wood-fired "pane pugliese", wood-fired dark "Landweggen" bread and wood-fired white loaf will be manufactured, but more products are to be steadily added to the range. The stone baking area of the oven is fired by wood pellets from Swiss forests. The wood-fired oven enables Coop to produce even more aromatic and intense-flavoured breads with a unique crust.

Coop Sustainability Fund promotes sustainable rice cultivation

Reism hle Brunnen's collaboration with Helvetas is receiving continuing support from the Coop Sustainability Fund. Thanks to this project, all of Coop's rice from Asia has been switched to organic and fairtrade, permanently improving the living conditions of smallholder families in India and Thailand. Since securing the sourcing of organic and Fairtrade rice is strategically important to Coop and Reism hle Brunnen, the project will now be further expanded in its third phase, from 2018 to 2021. The aim is to source 6 000 tonnes of sustainably produced rice from 5 200 farmers. Other project goals are planned, such as diversification of cultivation, greater marketing of crop rotation products such as pulses, our own seed production, an improvement in water productivity and greater efficiency in cultivation.

Highlights from the Coop manufacturing companies

The table below lists the highlights during the year under review, along with a factsheet on the individual Coop manufacturing companies. Additional information can be found at www.coop.ch/manufacturing.



Flours, flour mixtures, durum wheat semolina, polenta, oat flakes, extruder products

- Growth in the core segments and expansion of market shares
- Optimization of supply logistics with the new grain store in Zurich
- Successful refurbishment of silo 1962 and completion of extensions to intermediate building silo 1924 and grain store
- Double-digit growth of the flagship label Panflor for commercial bakeries
- Implementation of more investments in innovation and process optimization in the oats and spelt segment
- Upgrading of compressor unit with positive impact on Coop's CO₂ targets

▼ Factsheet



Chocolate bars, confectionery, festive assortments, chocolate for industrial purposes

- Inauguration of new building in Pratteln, six months ahead of schedule
- Successful start to the organizational merger of Chocolats Halba/Sunray
- Sales growth of 50% in exports of Chocolats Halba
- Gains in market share in Switzerland for sustainable products/ Consequently market leader in organic/Fairtrade area
- Expansion of direct sourcing at the origin
- Increase in quality, supply and value creation
- Increase in productivity and income at farmers at the start of the value chain, due to innovative cultivation and agroforestry projects



Dried fruits, nuts, seeds, dried mushrooms and vegetables, pulses, herbs and spices, sugar, edible oils, baking mixtures and dessert products, baking ingredients

▼ Factsheet



Cosmetics, detergents and cleaning products, hygiene products

- Expansion of Naturaline ranges at Coop with lines for babies, kids and men
- Successful launch of Naturaline Swiss Cosmetic in UK, Taiwan and Poland
- Very positive sales trend with Coop's main categories thanks to growth in Naturaline and winter washer fluids for cars
- Two customers with high-quality, nurturing cosmetic products acquired/Initial production underway
- Strong sales growth in the Professional segment and increase in share of sales from sustainable products
- Market share gained in the Professional business
- Development and launch of over 100 new products for Coop and third parties
- Investments in the automation of the bottling plant
- Various test customers abroad to increase the customer base for natural cosmetics

▼ Factsheet

<p>Coop Bakeries</p> <p>▼ Factsheet</p>	<p>Fresh bread products (loaves, rolls, braided bread), frozen bread products, cakes and biscuits, tarts and pastries, and commercial doughs</p>	<ul style="list-style-type: none"> • Installation and inauguration of Europe's biggest wood-fired oven • Successful in-sourcing of the production of 70 different, pre-baked frozen dough products • Closure of the Wallisellen and Basel bakeries; full integration of production into new Schafisheim bakery • Start of production and delivery of fresh dough from the Schafisheim bakery to sales outlets
 <p>▼ Factsheet</p>	<p>Organic and Fair-trade rice, rice specialities and rice mixes</p>	<ul style="list-style-type: none"> • Coop Sustainability Fund renews support for rice projects in India and Thailand until 2021 • Further growth in exports of organic and Fairtrade products year on year • Koshihikari sushi rice from Japan and sadri rice from Iran added to the premium range • First pulses from Fairtrade projects received • New large customer from Holland acquired • First rice mill in Switzerland to sell its rice products in packaging made from a recycled cardboard developed specially for food/Annual savings of around 178 tonnes of new cardboard
 <p>▼ Factsheet</p>	<p>Vinegar and vinegar specialities</p>	<ul style="list-style-type: none"> • Sales growth of 7% • Swiss market leader in vinegar production with market share of over 60% • New product added to the organic segment, doubling the share of sustainable vinegar for 2018 • Production residues can be sold and recycled/up to 50 tonne reduction in waste • New speciality in balsamic vinegar segment/first organic Fairtrade rice vinegar developed • 75 years of vinegar production in Busswil
 <p>▼ Factsheet</p>	<p>Mineral water and sugar-containing soft drinks</p>	<ul style="list-style-type: none"> • Production of new mineral water brand "Aquina" commenced • Supplying Transgourmet with mineral water and soft drinks • Addition of 0.75 litre sports bottle to the "Swiss Alpina" brand range
<p>Cave</p> <p>▼ Factsheet</p>	<p>White wines, rosé wines, red wines, dessert wines, sparkling wines</p>	<ul style="list-style-type: none"> • Inauguration of Switzerland's biggest winery at the new Pratteln Salina Raurica location • Introduction of wine bottled in PET bottles in 187 ml airline format • Launch of new screw top for wine bottles, e.g. for bottles from Canton Vaud (375 ml) or Bordeaux (100 cl) • Vinification of 2017 grape harvest using state-of-the-art fermentation control in the new wine cellar

Employees

Attractiveness as an employer	50
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Employees

Veritas employee survey confirms high employee satisfaction and identification with Coop. A new collective employment agreement brings many improvements for employees. The updated communication campaign depicts Coop as a diverse, attractive and sustainable employer.

In 2017, the Coop Group had a total of 86 318 employees in the Retail and Wholesale/Production business areas, including 3 484 apprentices. 64.1% of the jobs are located in Switzerland and the remainder abroad.

86 318

employees of
the Coop Group

The latest developments on the labour market make sustainable HR work a challenging task. Chief among those developments are the skills shortage, growing competition for qualified employees and rapid technological advances. Demographic change, particularly with regard to the low birth rate generations and the retirement of baby boomers, also requires companies to be highly adaptable. Professional activity is far more significant among women, the world of work is becoming increasingly multicultural, and working models are becoming more flexible. In this environment, the Coop Group positions

itself as a diverse, attractive and sustainable employer. This is particularly important in order to attract and then retain the best qualified job-seekers as employees.

In its HR work, the Coop Group's strategic priorities are: attractiveness as an employer, enterprise and management and change management. One of the main aims of Coop's HR work, besides recruiting new staff members, is to enthuse employees for and impart to them the skills they need in order to deal with technological change and digitalization.

Attractiveness as an employer

Communication campaign for the recruitment of skilled staff

To make qualified specialists more aware of the diverse opportunities and good employment conditions at Coop, in February 2017 Coop launched the employer branding campaign "A world of opportunities". As part of the campaign, the careers platform on Coop's websites was overhauled, and a new trade show booth was developed for Coop's presence at various career fairs. In the Facebook video campaign "Behind the Scenes", Coop introduced various careers in the Coop family of companies: in interviews, friends and relatives describe how they imagine the employee's work routine, after which the reality is shown. Coop was also active on Snapchat where, on the "coop.zukunft" channel, apprentices documented their training experiences.

New collective employment agreement with many improvements and pay increases

Negotiations for the collective employment agreement were successfully concluded in 2017. The new agreement, which applies for another four years, contains numerous improvements for employees. Paid paternity leave has been increased by two weeks, meaning that employees who have recently become fathers are now entitled to three weeks' paid and two weeks' unpaid paternity leave. The new collective agreement also further expands the Coop Child Care programme, under which employees receive substantial financial support from Coop if they make use of childcare for their child, provided

by a child minder or a crèche, while they are working for Coop. The maximum salary for entitlement to financial support is much higher now than it is enshrined in the collective employment agreement. Maternity leave has also been increased. Employees are now entitled to 16 weeks' maternity leave after just three years of employment. Furthermore, Coop offers mothers full pay. Both these measures go well beyond the statutory requirements. The three changes to the collective agreement further enhance Coop's family-friendly employment conditions. The Coop counselling service is also enshrined in the new collective employment agreement. In all regions of Switzerland, Coop employees have access to confidential, free advice from professional counsellors if they have any personal or work-related concerns – an entitlement that is now documented in the new collective agreement.

Along with the new collective agreement, the pay negotiations for 2018 were also communicated at the end of October and were concluded in agreement with the social partners. With effect from 1 January 2018, Coop is increasing the payroll by 1% and guaranteeing that at least two thirds of employees will enjoy a pay rise. Both the pay and the collective agreement negotiations took place in an atmosphere of cooperation. The good culture of dialogue that Coop fosters with its social partners was a major contributory factor in the positive outcome for both sides.

CPV/CAP pension fund on a solid foundation

The CPV/CAP Coop Pension Fund had a coverage ratio of 114% as at 31 December 2017, which was an improvement of one percentage point. At this level, it is slightly higher than the previous year (113%). This very gratifying result is due primarily to good investment returns.

In 2017, despite the persistently difficult environment, the CPV/CAP achieved a return of 7.8%. This result is above both the strategic and the tactical benchmark. The old-age pension assets of active members accrued interest of 2.5% in 2017. Therefore, the interest was 1.5% above the BGV minimum interest rate. The provisional interest rate for 2018 is 2.0%. Pensions remained unchanged in 2017, and this will also be the case in 2018.

The number of active members rose from 36 796 in the previous year to 37 063 in 2017. The number of pensioners rose by 336 people to 19 780 at the end of 2017. In the year under review, the Board of Trustees reviewed the investment strategy. Due to the relatively good results over many years, it decided to only implement a marginal correction: the proportion of shares and real estate abroad will each be increased by two percentage points at the expense of bonds in foreign currencies.

Veritas employee survey conducted

For the fifth time, Coop has conducted an employee survey at Coop under the Veritas name. To guarantee participants' anonymity, for Veritas 2017 Coop worked closely with an external survey institute, which analysed employees' responses. A total of 21 745 employees took part in the survey. The response rate was increased by 6.5% compared with the previous survey. Employee satisfaction, measured as a score of between 0 and 100, was generally positive, with a score of 71. This was unchanged since 2013. Participants awarded the highest score of 87 to eagerness to perform, i.e. motivation at the workplace. Employees also exhibited a particularly high degree of loyalty to their employer, with a score of 79. Identification with Coop was also rated positively, with a score of 80. Other positives were staff development (78) and work content (77). Coop communicates the results at all levels and devises measures for all aspects for which there is a need for action.

Coop courses on health-promoting leadership

In 2017, Coop launched a pilot project for the Ostschweiz-Ticino sales region: building on Coop's internal courses on "Health-promoting leadership", trainers lead workshops with the managers of a sales group. Based on case studies prepared by the participants and taken from their daily management activities, possible solutions were devised and specific issues explored. Drawing on the examples, participants also developed communication methods and discussed ways of identifying issues at an early stage.

Generous discounts for employees, pensioners and their relatives

Coop grants its employees numerous discounts in retail, trading and at its subsidiaries. Employees and their partners who share the same household enjoy five times as many Supercard points on food and a ten percent personal staff discount on the non-food range. Discounts of between five and twenty percent are also granted on purchases in almost all trading formats. Another subsidiary was added to the group

in the year under review, Update Fitness AG, which offers all employees of the Coop Group a ten percent discount on annual subscriptions. In addition, employees benefit from special discounts at partner companies. Employees were also entitled to Reka cheques at a 20% discount.

Employee health and childcare at Transgourmet

Transgourmet France was very active in promoting employee health in 2017. Between May and August, 329 employees at 20 of the national subsidiary's locations successfully took part in the "Global Challenge". The aim of the international health campaign was to walk at least 10000 steps each day. The 47 teams covered a total of 236010 km or 368765108 steps, which equates to a daily average of 13198 steps. In August 2017, Transgourmet Österreich offered childcare for employees' children for the first time under a new name in Traun. Children aged between three and ten years received professional care, during hours to suit the parents' needs. As well as a variety of activities at the childcare facility and numerous outings, each day the children were given meals tailored to their needs from the company restaurant "chilly". The project, in partnership with Austrian family association OÖ Familienbund, will be rolled out as needed at other Transgourmet Österreich locations in 2018.

Training and staff development

Coop Campus: practical and effective training

Coop runs the leading training centre in Swiss retail, Coop Campus. More than 350 internal courses and numerous external programmes are available to employees at 17 locations. In order to offer tailored training programmes for every management level and across all subject areas, Coop invests around 45 million francs in the Coop Campus each year. Many courses are run on site, e.g. in the sales outlet or at the supplier. By adopting a clear course structure, comprising the four levels Pro, Experts, Master and Leader, Coop increases employees' motivation. To ensure that what has been learned is actually put into practice in daily work situations, a few weeks after attending each course Coop requires a proof of competence for professional training courses and also, since 2017, for management training courses.

CHF **45** million

annual investment in training and professional development

Future workshop with apprentices inspires new actions

In June 2017, apprentices from Coop and Transgourmet convened at a workshop in Basel to develop together new ideas for the future of sustainable retail. The aim of the workshop was the targeted development of actual future projects: as well as penning their own sustainability song, the young people developed "Coop to chill", a sustainable shop format for young people, and suggested reusable boxes for Karma stores as well as a sustainable fashion line for young people.

E-learning turns any location into a training venue

Coop is increasingly embracing multimedia learning. As well as daily training at the workplace, the diverse Coop Campus course programme is gradually being supplemented with modern learning resources. In 2017 alone, over 55000 online training courses were held on a wide array of topics. Whether more complex subjects such as advanced training in hygiene, invoice booking or practical training in protecting young people, e-learning enables the learning content to be conveyed quickly, consistently and in an attractive and methodically conceived manner, in any location.

First Students' Day at Coop

The Coop Group places great value on students. To give them an insight into the world of Coop, a training day specifically for students was held at Coop in 2017. The first ever Students' Day on 6 May 2017, which was held at the Coop Training Centre in Jongny, was attended by 100 students. In a workshop setting, the students considered the key topics and values for Coop and took the opportunity to find out about starting a career at Coop. No fewer than three Students' Days were held in French-speaking Switzerland in 2017 and other sales regions of the Coop Group have embraced the concept.

Trainees show the future of Coop on Snapchat

In February 2017, Coop launched its own Snapchat channel for apprentices, called “coop.zukunft”. This social media platform, which is used regularly by around 52 percent of 13 to 25-year-olds in Switzerland, enables Coop to communicate with young people on their own wavelength. Each trainee is given access to the account for two weeks, to share unfiltered accounts of his or her daily working life at the company or at college, providing this important target group with an insight into various careers and sectors. On average, a Snapchat message reaches 2 000 interested people (“friends”), giving them a greater understanding of everyday life at Coop.

Transgourmet Österreich invests in training and development measures

Since 2017, trainees at Transgourmet Österreich have had access to an apprentice coach if desired. The “Lehre statt Leere” initiative by the Wirtschaftsförderungsinstitut (Institute for Economic Promotion of the Austrian Economic Chambers, WIFI) provides support for young people in difficult life situations. The individual coaching sessions are anonymous, confidential, personal and free. Transgourmet Österreich offers six different training schemes in which it applies job rotation, to afford its trainees an insight into the company’s various business segments. The company relies on seminars tailored specially to the needs of apprentices under the programme “Fit for Transgourmet – fit for life. Together to the top”. To also improve the quality of the training, Transgourmet Österreich supports the training of certified coaches. Transgourmet Österreich makes extensive use of “etraining” for employee professional development and added three new courses to the offering in 2017. It also expanded the offline offering. To give one example, the national subsidiary runs a training course on “Optimizing Fuel Consumption and Economical Driving”, to make drivers aware of even more environmentally-friendly driving habits. The foundations were already laid in 2017 for the Transgourmet Academy in Traun, which will open in early 2018.

Change management

Job Centre offers support when changing roles

In 2017, employees affected by relocations or organizational changes continued to receive support from the Job Centre and various change measures were implemented. The integration into the workforce of logistics employees who relocated from the Wallisellen, Dietikon and Hinwil locations to Schafisheim or Dietikon was a great success, thanks to support from the Job Centre.

Furthermore, the Job Centre provided constant support during the relocation of Chocolats Halba to Pratteln. The Job Centre also supported employees from administrative areas in 2017. In connection with the new Business Management Shared Service Centre, which is being established in Dietikon in 2018, the Job Centre focused on advising and supporting employees who do not wish to move to the new location. As ever, Coop is striving to offer all employees an alternative option within the Coop Group.

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Corporate governance

Corporate governance is based on the principle of management's transparency and openness towards employees and the general public. In the following chapter, Coop provides an insight into its company structure.

The Coop Group Cooperative is committed to openness and transparency in the operational management of the Group and it acts to ensure good corporate governance in the interests of its members, customers, employees and other stakeholders. Its governance largely follows the guidelines of SIX Swiss Exchange regarding information on corporate governance. These apply to joint-stock companies and companies that have issued participation certificates or non-voting dividend rights certificates, which does not apply to Coop as a cooperative society. The only company in the Coop Group that has issued SIX-listed equities is Bell Food Group AG. For specific information on this company's corporate governance see its annual report and website, www.bellfoodgroup.com.

Group structure

The Coop Group Cooperative is based in Basel. At the end of 2017 the cooperative had around 2.6 million members. Any resident of Switzerland or the Principality of Liechtenstein can become a member. The Coop Group Cooperative holds stakes in a number of companies in Switzerland and abroad. Pages 108 and 109 of the Annual Report (Scope of consolidation) provide information on the group structure. There are no cross-holdings within the Coop Group. The Coop Group Cooperative is responsible for the general direction of business of the Coop Group. The executive bodies of the Coop Group Cooperative are the Regional Councils, Delegate Assembly, Board of Directors, Executive Committee and auditors.

Organization



Regional Councils

The Coop Group Cooperative comprises six regions (Suisse Romande, Bern, Nordwestschweiz, Zentralschweiz-Zürich, Ostschweiz incl. Principality of Liechtenstein, and Ticino). These regions do not constitute separate legal entities, but are part of the Coop Group's cooperative-based organizational structure. In each region, cooperative members elect a Regional Council consisting of 60 to 120 members (Ticino: maximum of 30). The Regional Councils maintain contact with members and the public. Each Regional Council appoints a Committee of twelve (Ticino: six) from among its members. Each Committee is self-constituting and submits a proposal to the Board of Directors for the attention of the Delegate Assembly for one of its members to be appointed to the Board of Directors; if elected, the member becomes President of both the Regional Council (RC) and its Committee (RCC). The other members of the Regional Council Committee are the delegates. They represent the members of the corresponding region at the Delegate Assembly of the Coop Group Cooperative. The current composition of the Delegate Assembly is shown in the section "Delegate Assembly".

The term of office of the Regional Councils and the Regional Council Committees is four years. The current term of office is from 2017 to 2021. According to the Articles of Association, a member's term in office is limited to 20 years, and members must retire at the end of the year in which they turn 65.

Delegate Assembly

The Delegate Assembly is endowed with the legal powers vested in the Annual General Meeting and the duties assigned to it in the Articles of Association. In particular, it is responsible for laying down the Articles of Association, electing and dismissing the Board of Directors and the statutory auditors, approving the Annual Report, discharging the Board of Directors and dissolving the cooperative society. In addition, the Board of Directors can submit other business to it for a decision.

Further information on the Regional Councils and the Delegate Assembly can be found in the Articles of Association and the Election Regulations of the Coop Group Cooperative. Both documents can be accessed online.

➔ www.coop.ch/organization

As at 31 December 2017, the Delegate Assembly consisted of the following delegates:

Suisse Romande Region	Bern Region	Nordwestschweiz Region	Zentralschweiz-Zürich Region	Ostschweiz Region (incl. Liechtenstein)	Region Ticino
Vincent Albasini	Sabine Boschung	Alexandra Abbt-Mock	Silvia Banfi Frost	Maria Bieri	Lucia Gianoli
Patrick Csikos	Patrick Bruni	Sibylle Bader Biland	Stefan Baumann	Suzanne Blaser	Fiorenzo Robbiani
Yvan Délèze	Chantal Gagnebin	Evelyn Borer	Beatrice Bertschinger	Fridolin Eberle	Gabriella Rossetti
Olivier Grangier	Sandra Ghisoni Schenk	André Dalla Vecchia	Kilian D'Alberto	Markus Eugster	Raffaele Sartori
Doris Grobéty	Fränzi Grunder	Sandra Nicole Engeler	Anna Maria Forlano	Christa Flückiger	
Nicole Hosseini	Jürg Kradolfer	Adrian Fankhauser	Susanne Giger	Michael Fuhrer	
Nadine Maier Vinas	Corinne Lehmann	Susanne Jäger	Alexander Gossauer	Kurt Gansner	
Zohra Ottoz	Sibylle Miescher	Peter Jossi	Ronald Hauser	Roberto Godenzi	
Benoît Santschi	Felix Truffer	Pascal Konrad	Cornelia Luchsinger	Richard Kübler	
Catherine Stern	Annette Wisler Albrecht	Daniel Mürger	Alex Rutz	Leonardo Longaretti	
Marc Vauthey	Zippora Wüthrich	Heidi Straumann	Beda Schlumpf	Gabi Senn	

Capital structure

The capital structure of the Coop Group can be seen in the consolidated balance sheet (page 89 of the Annual Report) and the corresponding notes (pages 92–109). The equity of the Coop Group Cooperative consists exclusively of self-generated funds. The members have no stake in the equity.

Board of Directors

Members of the Board of Directors

According to the Articles of Association, the Board of Directors of the Coop Group Cooperative comprises a maximum of six members nominated by the regions as well as a maximum of five further members, including a representative from the French-speaking part of Switzerland and an employee representative. The members of the Board of Directors are proposed by the Board of Directors and elected by the Delegate Assembly. The Board of Directors currently includes four further members, i.e. it has a total of ten members. With the exception of the employee representative, the members of the Board of Directors may not be employed by Coop or by any enterprise controlled by Coop (strict division of powers).

As at 31 December 2017, the Board of Directors of the Coop Group Cooperative comprised the following members:

Last name	Year	Current function	First year of office	Elected until
Hansueli Loosli ²	1955	Chairman	2011	2021
Peter Eisenhut	1955	Member, representative of Ostschweiz / FL Region	2009	2021
Michela Ferrari-Testa	1963	Member, representative of Ticino Region	2006	2021
Petra Jörg Perrin	1964	Member, representative of Bern Region	2017	2021
Hans-Jürg Käser	1956	Member, employee representative	2009	2021
Irene Kaufmann ¹	1955	Vice-Chairwoman	2001	2021
Beth Krasna ²	1953	Member	2005	2021
Roman Kuhn	1955	Member, representative of Nordwestschweiz Region	2010	2021
Lillia Rebsamen-Sala	1953	Member, rep. of Zentralschweiz-Zürich Region	2009	2021
Bernard Rüeger	1958	Member, representative of Suisse Romande Region	2009	2021

¹ Chairwoman of the Audit Committee

² Member of the Audit Committee

Education / training, professional activities and vested interests

(Deadline 31.12.2017)

The Board of Directors of the Coop Group Cooperative is also the Board of Directors of the Coop Cooperative and Coop Immobilien AG.



Hansueli Loosli

Swiss

Education:

Diploma in accounting and controlling, KV Zurich

Professional experience:

1982–1985 Controller, Dep. Director of Movenpick Produktions AG, Adliswil; 1985–1992 Waro AG, Volketswil, latterly as Managing Director; 1992–1996 Purchasing Director Non-Food at Coop Switzerland, Wangen; 1992–1997 Managing Director of Coop Zurich, Zurich; 1997–2000 Chairman of the Executive Committee and of the Group Executive Board of Coop Switzerland, Basel; January 2001–August 2011 Chairman of the Executive Committee of the Coop Cooperative, Basel; since September 2011, Chairman of the Board of Directors of the Coop Group Cooperative, Basel

Further directorships:

Bell Food Group AG, Basel (Chairman); Coop Mineraloel AG, Allschwil (Chairman); Swisscom AG, Ittigen (Chairman); Transgourmet Holding AG, Basel (Chairman)

Other functions and offices:

Advisory Board, Deichmann SE; Committee of the Board of Directors, Economiesuisse



Peter Eisenhut

Swiss

Education:

Lic. oec. University of St. Gallen

Professional experience:

1981–1991 Principal teacher of economic studies, Cantonal School, Heerbrugg; 1987–1998 Lecturer in economics, University of St. Gallen; 1990–1993 Member of Executive Committee, St. Gallen Center for Futures Research; 1993–1996 Independent economic advisor; 1997–2007 Chief Economist, IHK (Chamber of Industry & Commerce) St. Gallen-Appenzell; since 2008, Managing Partner, Ecolpol AG, St. Gallen

Further directorships:

Rofima Holding AG, Horn; Säntis-Schwebbahn AG, Schwägalp

Other functions and offices:

Supporters' Association (Chairman) and Executive Board (Vice-Chairman), Swiss Research Institute of Small Businesses and Entrepreneurship, University of St. Gallen; Zukunft.li Foundation (Chairman); Board member, Winterhilfe Appenzell-Auserrhoden



Michela Ferrari-Testa

Swiss

Education:

lic. iur. University of Zurich, lawyer and notary

Professional experience:

since 1990, own law and notary practice in Capriasca

Further directorships:

avanex Versicherungen AG, Dübendorf; Helsana AG, Dübendorf; Helsana Unfall AG, Dübendorf; Helsana Versicherungen AG, Dübendorf; Helsana Zusatzversicherungen AG, Dübendorf; Progrès Versicherungen AG, Dübendorf; sansan Versicherungen AG, Dübendorf

Other functions and offices:

Board member, Fondation Sana



Petra Jörg Perrin

Swiss

Education:

Dr. rer. oec. University of Bern

Professional experience:

since 1989 editor, author and lecturer as well as project manager; since 2006 Managing Director and since 2015 CEO at Rochester-Bern Executive Programs.

Other functions and offices:

visiting lecturer at the University of Berne



Hans-Jürg Käser

Swiss

Education:

Apprenticeship as an electrician

Professional experience:

1980–1991 Head of Outgoing Goods, Coop Switzerland; since 1999, Head of Transport Aids Pool at Coop, Basel

Other functions and offices:

Coop Section of Unia; Association of Salaried Employees of Coop (Chairman)



Irene Kaufmann

Swiss

Education:

Dr. oec. publ. University of Zurich

Professional experience:

1980–2002 Auditing and consultancy mandates for private-sector enterprises on behalf of Dr. Nabholz Treuhand AG, Zurich; 1985–2008 Nabholz Beratung, Zurich: project management consultant to public administrations and companies, focusing on finance and organization; 2000–2009 Vice-Chairwoman of the Board of Directors, Coop Cooperative, Basel; 2009–2011 Chairwoman of the Board of Directors, Coop Cooperative, Basel; since 2011 Vice-Chairwoman of the Board of Directors, Coop Group Cooperative, Basel

Further directorships:

Bell Food Group AG, Basel; Coop Mineraloel AG, Allschwil; Coop Aid for Mountain Regions Cooperative, Basel (Chairwoman); Dipl. Ing. Fust AG, Oberbüren; HWZ Hochschule für Wirtschaft Zürich AG, Zurich; Schweizerische Mobiliar Genossenschaft, Bern; Schweizerische Mobiliar Holding AG, Bern; Transgourmet Holding AG, Basel

Other functions and offices:

Foundation Board, CPV/CAP Coop Pension Fund (Chairwoman); Member of Foundation Board, ETH Zurich Foundation; Foundation Board, Juventus Schools, Zurich (Chairwoman)



Beth Krasna

Swiss and US citizen

Education:

Dipl. Chem. Ing. ETH Zurich, MBA, Sloan School at MIT, Cambridge, USA

Professional experience:

1977–2003 Various management positions in industry and the service sector in Switzerland and Thailand, incl. CEO of Groupe Valtronic in Les Charbonnières and CEO of the producer of electrical drive systems, Sécheron SA, Geneva; since 2004, independent entrepreneur

Further directorships:

Alcosuisse AG, Bern; Raymond Weil SA, Grand-Lancy; Symbiotics SA, Geneva

Other functions and offices:

Member of ETH Board; Board member, Fondation pour l'institut de hautes études internationales et du développement; Board member, Fondation pour l'étude des relations internationales en Suisse (FERIS)



Roman Kuhn

Swiss

Education:

Executive MBA, University of Zurich

Professional experience:

1980–1986 General Manager, Neumühle Alb. Kuhn & Cie in Wohlen; 1988–1995 UBS in Zurich and Brugg; 1995–2000 Head of Private Banking Brugg at Aargauische Kantonalbank; since 2000, Head of Institutional Banking and Member of Senior Management, Aargauische Kantonalbank, Aarau

Further directorships:

Circus Monti AG, Wohlen

Other functions and offices:

Board member, Schloss Hallwyl association; Melodyaarau association (President); Trustee, Topferhaus Aarau Foundation



Lillia Rebsamen-Sala

Swiss

Education:

Commercial college with graduation diploma

Professional experience:

1972–1980 Administrator, Swiss Federal Railways; 1980–1990 time out for family; 1990–1993 commercial assistant at Zollinger, Lucerne; since 1991 Head of Administration at Rebsamen Elektroplan AG and Rebsamen Technocasa AG, Lucerne

Further directorships:

Rebsamen Technocasa AG



Bernard Rüeger

Swiss

Education:

MBA, Lausanne

Professional experience:

since 1986 in various positions and 1992–2012 Managing Director, Rueger S.A., Crissier; since 2013, Chairman, Rueger Holding S.A., Paudex

Further directorships:

Alpsens Technologies S.A., Crissier (Chairman); CSS Holding AG, Lucerne; Lyncée Tec S.A., Ecublens; Fondation Banque Cantonale Vaudoise second pillar, Lausanne; Socorex Isba S.A., Ecublens

Other functions and offices:

Economiesuisse (Vice-Chairman); Board member, Fondation de Beaulieu; Vaud Chamber of Commerce (Chairman); Board of the association “Sion 2026. The Games in the Heart of Switzerland” (Vice-Chairman)

Election and term of office of the Board of Directors

Principles of the electoral procedure

The members of the Board of Directors are elected by the Delegate Assembly. The term of office for all members is four years. Re-election is possible. In accordance with the Articles of Association, a member's term in office is limited to 20 years, and members must retire by the time of the first ordinary Delegate Assembly in the year in which they celebrate their 65th birthday.

First-time election and remaining term of office

The start of the term of office for members of the Board of Directors elected for the first time is set out in the section "Members of the Board of Directors". The current term of office began in spring 2017 and ends in spring 2021.

Internal organization

Allocation of tasks within the Board of Directors

The Board of Directors is self-constituting, appointing a Chairman and a Vice-Chairman from among its members. The members assume equal responsibility for exercising the functions of the Board of Directors.

Audit Committee

As support, the Board of Directors has appointed an Audit Committee from among its own members. The Audit Committee advises the Board of Directors on questions concerning the financial statements and reporting, on the activities of the internal and external auditors, the internal control system (ICS) and risk management. Compliance is also a matter for the internal control system and risk management. The Committee comprises Irene Kaufmann (Chairwoman), Hansueli Loosli and Beth Krasna.

The Audit Committee meets at least three times a year. A meeting generally lasts half a day. As a rule, the Chairman of the Executive Committee (CEO), the Head of the Finances Business Unit and the Head of Internal Auditing take part in the meetings in an advisory capacity. Depending on the agenda of the meeting, the external auditors may be asked to attend. The members of the Board of Directors are kept informed on the work of the Audit Committee at regular intervals. Internal Auditing reports to the Chairwoman of the Audit Committee. The Audit Committee met five times in 2017.

Working method of the Board of Directors

The Board of Directors meets as often as business requires, but at least four times a year. As a rule, the Chairman of the Executive Committee (CEO) and the Vice-Chairman of the Executive Committee take part (for all items on the agenda) in the meetings of the Board of Directors in an advisory capacity, as do the other members of the Executive Committee if required. The Board is quorate if a majority of its members are present. A valid decision requires a majority of the votes cast. In the event of a tie, the Chairman of the Board of Directors has the casting vote.

In 2017, the Board of Directors convened for seven meetings lasting from one to two days. No external consultants were engaged.

Regulation of responsibilities

The Board of Directors is responsible for the general direction (strategic leadership) of the business of the Coop Group Cooperative and the Coop Group and oversees operational management of the Group. The duties and powers vested in it under Art. 29 of the Articles of Association correspond to the regulations laid down for joint-stock companies (Swiss Code of Obligations 716a), which are stricter than Swiss law on cooperatives. The organizational regulations enacted by the Board of Directors provide for a strict division of responsibilities between the Board of Directors and the Executive Committee in all fundamental matters such as finance, corporate strategy, human resources and organization. The Executive Committee has drawn up regulations that define in detail the operational responsibilities of the individual management levels.

Instruments of information and control over the Executive Committee

Management information system

The Chairman of the Board of Directors and the CEO meet once or twice a month to discuss fundamental issues regarding the Coop Group. The Chairman of the Board of Directors regularly attends the meetings of the Executive Committee. At each regular meeting of the Board of Directors, the CEO informs the Board members in detail about the company's performance, key projects and events as well as on measures that have been implemented. Every month the Board of Directors receives a written report containing key figures on current business performance and important information on all business segments. In addition, reports and results are submitted in writing to the Board of Directors every four months and presented and discussed at the Board meetings.

Planning and goal-setting process/balanced scorecard

Coop has a comprehensive and continuous planning and goal-setting process in place, which also features regular reporting to the Board of Directors, including balanced scorecard reports.

Risk management

The Coop Group operates a standardized risk management system. Every three years (most recently in 2015), the Executive Committee and the Board of Directors identify and analyse the main risks and main risk scenarios and determine the appropriate measures. The progress made in implementing the individual measures is reviewed each year. Major risks are defined as those that can have a negative impact on contribution margin 2 of the Coop Group to the extent of over 15 million francs within three years.

Internal control system

During the well-established annual quality evaluation of the internal control system at business process level, operational risks and risks associated with financial reporting and compliance are assessed. The effectiveness of the checks carried out to cover these risks is also assessed. General IT checks are included in the above assessments.

The quality of the Group-wide checks is examined by members of the Executive Committee every two years. As scheduled, an assessment of the Group-wide checks was carried out in 2017. The results of the internal control system evaluations are summarized in a comprehensive report issued each year.

Internal Auditing

Internal Auditing – as an independent and impartial body – is mandated by the Board of Directors and the Audit Committee to check, inter alia, compliance with guidelines and regulations and the appropriateness and effectiveness of the internal control system. It audits, or advises on, the development of new business processes or changes to existing ones, and supports the Executive Committee in the achievement of its goals by presenting proposals for improving business processes. Internal Auditing practises a risk-oriented approach to auditing. Observations from audits are communicated in writing to the Chairwoman of the Audit Committee, the Chairman of the Board of Directors and the Chairman of the Executive Committee. The implementation of measures is monitored promptly. Internal Auditing coordinates its auditing activities and cultivates a close exchange of information with the statutory auditors. It is a member of the Institute of Internal Auditing Switzerland (IIAS).

Executive Committee

Members of the Executive Committee

For the operational management of the Group, the Board of Directors appoints an Executive Committee (EC), which acts on its own responsibility as the executive body; its duties and powers are laid down in the organizational regulations by the Board of Directors. The Executive Committee is headed by a Chairman (CEO), who is entitled to issue directives to the other EC members.

As at 31 December 2017, the Executive Committee of the Coop Group Cooperative comprised the following members:

Last name	Year	Current function	Member since
Joos Sutter	1964	Chairman of the Executive Committee	2010
Reto Conrad	1966	Member	2012
Christian Coppey	1965	Member	2017
Daniel Hintermann	1970	Member	2017
Daniel Stucker	1964	Member	2011
Adrian Werren	1969	Member	2016
Philipp Wyss	1966	Deputy Chairman of the Executive Committee	2009

Education / training, professional activities and vested interests

(Deadline 31.12.2017)

The Executive Committee of the Coop Group Cooperative is also the Executive Committee of the Coop Cooperative and Coop Immobilien AG.



Joos Sutter

Swiss

Education:

Lic. oec. University of St. Gallen; Swiss diploma in auditing, "Kammerschule" of the Schweizerische Treuhandkammer (Swiss Institute of Certified Accountants and Tax Consultants), Zurich

Professional experience:

1991–1996 Auditor at PricewaterhouseCoopers, Zurich; 1996–1999 Head of Finances / Personnel at Import Parfumerien AG, Zurich; 1999–2005 various positions such as Head of Finances / Service and Head of Sales at Interdiscount AG, Jegenstorf; 2005–2009 Head of Interdiscount Division; 2010–2011 Member of the Executive Committee of Coop Group Cooperative and Head of the Trading Business Unit of Coop Cooperative, Basel; since September 2011 Chairman of the Executive Committee of Coop Group Cooperative (CEO) and Head of Retail Business Unit of Coop Cooperative, Basel

Directorships:

AgeCore SA, Geneva; Palink UAB, Lithuania; Transgourmet Holding AG, Basel

Other functions and offices:

President of IG DHS (Swiss retailers' organization)



Reto Conrad

Swiss

Education:

Lic. oec. University of St. Gallen; Swiss diploma in auditing, “Kammerschule” of the Schweizerische Treuhandkammer (Swiss Institute of Certified Accountants and Tax Consultants), Basel;

Professional experience:

1990–1992 Controller at UBS, Basel; 1992–2001 various auditing positions at PricewaterhouseCoopers in Basel and San Francisco; 2001–2005 CFO and member of the Bachem Group Corporate Executive Committee, Bubendorf; 2006–2012 CFO and member of Corporate Executive Board of Emmi Group, Lucerne; since 2012, Member of the Executive Committee of Coop Group Cooperative, Basel; 2012–2016 Head of Finances/Services Business Unit of Coop Cooperative, Basel; since May 2016, Head of IT/Production/Services Business Unit of the Coop Group Cooperative, Basel

Directorships:

Bell Food Group AG, Basel; Coop-ITS-Travel AG, Freienbach (Chairman); Centre Commercial Moncor S.A., Villars-sur-Glâne (Chairman); Coop Mineraloel AG, Allschwil; Dipl. Ing. Fust AG, Oberbüren; Marché Restaurants Schweiz AG, Dietlikon; Panflor AG, Zurich; Nettoshop AG, St. Gallen; RS Vertriebs AG, St. Gallen; Siroop AG, Zurich; Siroop Trading AG, Basel; Société coopérative Centre de Formation du Léman, Jongny (Chairman); Update Fitness AG, Uzwil (Chairman)

Other functions and offices:

Board member, Coop Meeting Centre MuttENZ (Chairman); Board member, CPV/CAP Coop Pension Fund



Christian Coppey

Swiss

Education:

diploma in architecture, ETH Zurich, Advanced Master in Urban Planning ENPC Paris

Professional experience:

1992–1995 Assistant Prof. D. Schnebli, ETH Zurich; 1993–2005 Project Manager Coppey & Coppey Architectes, Martigny; 2003–2006 Head of Corporate Real Estate Western Switzerland Credit Suisse, Lausanne; 2006–2016 Head of Real Estate & Shopping Management Maus Frères SA, Geneva; since 2017 Member of the Executive Committee of Coop Group Cooperative and Head of Property Business Unit of Coop Cooperative, Basel

Directorships:

Pearlwater Mineralquellen AG, Termen (Chairman)

Other functions and offices:

Interessengemeinschaft privater, professioneller Bauherren (IPB, interest group of private, professional developers)



Daniel Hintermann

Swiss

Education:

Lic. rer. pol. University of Berne; Swiss diploma in logistics management

Professional experience:

1997–2001 Consultant and Project Manager, Abegglen Management Consultants AG, Volketswil; 2001–2005 Head of Service at Interdiscount AG, Jegenstorf; 2005–2010 Head of Logistics, IT and Service at Interdiscount AG; 2010–2016 Head of Coop Nordwestschweiz logistics region, Schafisheim; since 2017 Member of the Executive Committee of Coop Group Cooperative and Head of Logistics Business Unit of Coop Cooperative, Basel

Directorships:

Cargo Sous Terrain AG, Basel; Railcare AG, Härkingen (Chairman)



Daniel Stucker

Swiss

Education:

Dipl. Ing. in business informatics, Biel Engineering College; Executive MBA, University of Zurich

Professional experience:

1985–1986 Software engineer PTT, Berne; 1989–1992 Management consultant and Branch Manager Bern AF Consulting, Berne; 1992–1994 Head of Service-Center RESO, Solothurn; 1994–1999 Head of IT and Organization at UEFA, Union of European Football Associations, Nyon; 1999–2007 Head of IT/Logistics, then Head of Finances/Services, later Head of Purchasing at Interdiscount, Jegenstorf; 2007–2011 Head of Division Import Parfumerie/Christ Watches & Jewellery, Winterthur; since 2011, Member of Executive Committee of Coop Group Cooperative and Head of Trading Business Unit of Coop Cooperative, Basel

Directorships:

Coop Vitality AG, Berne (Chairman); Coop Vitality Health Care GmbH, Niederbipp (CEO); Coop Vitality Management AG, Berne (Chairman); Dipl. Ing. Fust AG, Oberbüren (Chairman); Elektronik Distribution AG, Basel (Chairman); Eurogroup Far East Ltd., Hong Kong; Nettoshop AG, St. Gallen (Chairman); RS Vertriebs AG, St. Gallen (Chairman); Service 7000 AG, Netstal; Siroop AG, Zurich; Siroop Trading AG, Basel (Chairman); The Body Shop Switzerland AG, Uster (Chairman)



Adrian Werren

Swiss

Education:

Lic. rer. pol. University of Basel

Professional experience:

1995–1996 Auditor, Coop Switzerland, Basel; 1997–2000 Project Manager Coop Switzerland, Basel; 2001–2008 Team Leader Controlling, Coop, Basel; 2009–2010 Head of Controlling, Coop, Basel; 2011–2016 Head of Controlling, Coop and Head of Business Management/Controlling, Transgourmet (co-responsible); since 2016 Member of Executive Committee of Coop Group Cooperative and Head of Finances Business Unit of the Coop Cooperative, Basel

Directorships:

Coop Vitality AG, Berne; Coop Vitality Health Care GmbH, Niederbipp; Coop Vitality Management AG, Berne; Railcare AG, Härkingen; The Body Shop Switzerland AG, Uster; Transcoop GmbH, Cologne; Transgourmet Central and Eastern Europe AG, Basel, Transgourmet Holding AG, Basel; Transgourmet Österreich GmbH, Traun; Transgourmet Switzerland AG, Basel



Philipp Wyss

Swiss

Education:

Commercial apprenticeship and butcher apprenticeship

Professional experience:

1990–1992 Sales Manager, Sempione Gehrig AG, Klus; 1993–1997 Senior Product Manager, Federation of Migros Cooperatives, Zurich; 1997–2003 Category Manager for Meat, Fish, Fresh Convenience at Coop, Basel; 2004–2008 Head of Fresh Produce Category Management at Coop, Basel; 2008–2009 Coop Sales Head of Zentralschweiz-Zurich Region; since 2009, Member of Executive Committee of Coop Group Cooperative, Basel; 2009–2011 Head of Retail Business Unit and Head of Zentralschweiz-Zurich Sales Region of Coop Cooperative, Basel; since 2012, Head of Marketing/Purchasing Business Unit and deputy CEO of Coop Cooperative, Basel

Directorships:

AgeCore SA, Geneva; Betty Bossi AG, Zürich (Chairman); Casa del Vino SA, Zurich; Eurogroup Far East Ltd., Hong Kong (Chairman); Hilcona AG, FL-Schaan; Marché Restaurants Schweiz AG, Dietlikon (Chairman); Palink UAB, Lithuania; Peter Riegger Holding AG, Zug; Retail Marketing Switzerland AG, Basel (Chairman); Transgourmet Holding AG, Basel

Other functions and offices:

GfM Schweizerische Gesellschaft für Marketing (Officer); member of the Bio Foundation board; Board member, Biore Foundation

Management agreements

Members of the Executive Committee do not perform any operational management tasks for companies outside the scope of consolidation of the Coop Group.

Compensation

Content and method of determining compensation and shareholding programmes

Compensation of the members of the Board of Directors and Executive Committee of the Coop Group Cooperative is prepared by the Chairman and the Vice-Chairwoman of the Board of Directors and set by the Board of Directors.

Compensation of the activities of the Board of Directors of the Coop Group Cooperative consists of a fixed salary dependent on the function involved (chairmanship, vice-chairmanship, regional council chairmanship, membership). In addition, a variable amount is paid in the form of fees for attending meetings. The Chairman and the Vice-Chairwoman of the Board of Directors are exceptions in that they receive fixed compensation (annual lump sum).

Compensation of the members of the Executive Committee of the Coop Group Cooperative consists of a contractually agreed fixed gross salary and a variable performance-related sum (profit-sharing) paid in cash. This sum may not exceed 20% of gross salary and is determined by the degree of budget fulfilment.

Compensation for the activities of the Board of Directors of the Coop Group Cooperative, the Coop Cooperative and Coop Immobilien AG in 2017 amounted to 1.3 million francs (2016: 1.3 million francs). The gross salaries of the Executive Committee totalled 4.4 million francs for 7.6 full-time equivalents in 2017 (2016: 4.0 million francs for 6.7 full-time equivalents). The Coop Group Cooperative and the Coop Cooperative, respectively, are entitled to any fees paid to the Chairman and the Vice-Chairwoman of the Board of Directors and to members of the Executive Committee for activities performed as members of the Boards of Directors of subsidiaries.

The Chairman and the Vice-Chairwoman of the Board of Directors and the members of the Executive Committee do not enjoy special pension rights.

Rights of participation

Voting rights

Members of the Coop Group Cooperative are represented by the delegates of their respective region. Voting rights in the Delegate Assembly reflect the number of Coop members in the corresponding regions.

Statutory quorums

Resolutions and elections in the Delegate Assembly require an absolute majority of the valid votes cast for them to take effect.

Convening the Delegate Assembly

The Board of Directors convenes the Delegate Assembly at least 20 days in advance, giving details of the matters to be discussed and the proposals of the Board of Directors. An extraordinary Delegate Assembly may be convened if so requested by at least one third of delegates.

Adding an item to the agenda

Delegates can ask for a matter to be added to the agenda of the Assembly. The request must be submitted to the Board of Directors at least 45 days before an Ordinary Delegate Assembly is due to be held.

Changes of control and defensive measures

The Coop Group Cooperative has not issued any participation certificates. There are no statutory restrictions or regulations.

Auditors

Duration of mandate and term of office of lead auditor

As the auditors are appointed for one year, the Delegate Assembly elects the auditors each year. PricewaterhouseCoopers (PwC) has been the auditor of the Coop Group Cooperative and of the consolidated financial statements of the Coop Group since 1994. Lead auditor Bruno Rossi has been in office since 2016.

Auditing fee

The auditors billed fees totalling 3 million francs for fulfilment of their statutory mandate for the 2017 financial year (2016: 3.3 million francs).

Other fees

For performing additional services over and above the statutory mandate, PwC billed a total of 0.7 million francs during the 2017 financial year (2016: 0.9 million francs).

Information instruments pertaining to an external audit

The Audit Committee is mandated by the Board of Directors to monitor the qualification, impartiality and performance of the external auditors and to inform the Board of Directors of the results of its assessment. It also provides the Board of Directors and the Delegate Assembly with a recommendation regarding the election or re-election of the external auditors.

The lead auditor took part in four meetings of the Audit Committee in 2017. Planning of the audit, the observations of the external auditors and the ensuing procedure adopted were discussed at these meetings. In addition, the lead auditor reports to all members of the Board of Directors once a year. The external auditors and Internal Auditing additionally discuss the methods and further development of the internal control system.

Information policy

The Coop Group Cooperative keeps its members informed through the weekly Coop member press and the Coop website. In addition, members can view the Coop Annual Report on the company's website or download it from the website.

→ report.coop.ch

In spring and autumn, the delegates attend Delegate Assemblies at which information about ongoing business developments is provided and current topics are discussed in depth. Along with the invitation to the Spring Delegate Assembly they also receive a copy of the Annual Report of the Coop Group. The financial statements of the Coop Group Cooperative are an integral component of this annual report. In addition, they receive a written report every four months informing them of Coop's current business performance.

The previous year's sales figures are announced at the beginning of each year, and the annual results conference of the Coop Group takes place in February.

Regular media releases keep the public informed on other important developments within the Coop Group.

→ www.coop.ch/medien

Coop Group management

As at 1 March 2018

Coop Cooperative

Executive Committee (EC)

Joos Sutter, Chief Executive Officer
Reto Conrad, Head of IT/Production/Services Business Unit
Christian Coppey, Head of Property Business Unit
Daniel Hintermann, Head of Logistics Business Unit
Daniel Stucker, Head of Trading Business Unit
Adrian Werren, Head of Finances Business Unit
Philipp Wyss, Head of Marketing/Purchasing Business Unit

CEO Business Unit

Joos Sutter, Chief Executive Officer
Frank Bertisch, Head of Internal Auditing
Nadine Gembler, Head of Personnel/Training (National)
Alfred Hubler, Head of General Secretariat
Jörg Ledermann, Head of Communication/Quality/Sustainability

Retail Business Unit

Joos Sutter, Head of Retail Business Unit
Stefano Alberucci, Head of BE Sales Region
Ivo Dietsche, Head of OT Sales Region
Philippe Huwyler, Head of Coop@home
Sissigno Murgia, Head of SR Sales Region
Peter Schmid, Head of NWZZ Sales Region
Herbert Zaugg, Head of Total Store

Suisse Romande (SR) Sales Region

Sissigno Murgia, Head of SR Sales Region
Stéphane Bossel, Head of Business Management/Controlling
Jean-Claude Chapuisat, Head of Personnel/Training
Thierry Boudol, Head of Sales VD/FR
Claudio Marra, Head of Sales GE
Bertrand Pasteur, Head of Sales VD/NE
Franck Truchot, Head of Sales VS/VD
Laurent Voelin, Head of Sales NE/JU/BE
Philippe Ziörjen, Head of Sales VD

Bern (BE) Sales Region

Stefano Alberucci, Head of BE Sales Region
André Wenger, Head of Business Management/Controlling
Frederik Heller, Head of Sales Seeland/FR
Peter Jacobian, Head of Sales Berne/Burgdorf
Willy Kuhn, Head of Sales SO/Oberaargau
Marcel Maurer, Head of Sales Berner Oberland/Wallis
Bruno Piller, Head of Personnel/Training
Vacant, Head of Sales Emmental/Thun

Nordwestschweiz-Zentralschweiz-Zürich (NWZZ) Sales Region

Peter Schmid, Head of NWZZ Sales Region
Dominique Vela, Head of Business Management/Controlling
André Aerne, Head of Sales Lake Zurich North
Urs Barmettler, Head of Sales ZG/SZ
Besim Dushica, Head of Sales AG West/Olten
Marc Ellena, Head of Sales Lake Zurich South
Martin Fürst, Head of Sales AG East
Sandro Janko, Head of Sales BL and surrounding area
Herbert Müller, Head of Sales LU
Luc Pillard, Head of Personnel/Training
Jean-Claude Prodocimo, Head of Sales Zurich North
Besim Ramadani, Head of Sales Zurich City
Monika Zander, Head of Sales BS and surrounding area

Ostschweiz-Ticino (OT) Sales Region

Ivo Dietsche, Head of OT Sales Region
Johannes Hummel, Head of Business Management/Controlling
Patrick Wiler, Head of Personnel/Training
Mario Colatrella, Head of Sales TI
Rolf Gurtner, Head of Sales SG East/Al/AR/FL/GL
Shenasi Haziri, Head of Sales SG West/TG
Sven Herzog, Head of Sales Winterthur/SH
Dario a Marca, Head of Sales GR

Trading Business Unit

Daniel Stucker, Head of Trading Business Unit
Martin Meier, Head of Business Management/Controlling
Martin von Bertrab, Head of Personnel/Training
Vacant, Head of Total Store/Expansion

Coop City

Christian Staub, Head of Coop City (as of 01.04.2018)
Christian Jochberg, Head of Sales Region Centre
Claudia Schreen, Head of Sales Region East (as of 01.04.2018)
Daniel Tona, Head of Sales Region West

Coop Building & Hobby

Christoph Theler, Head of Building & Hobby
Joe Wyss, Head of CM/Purchasing Building & Hobby
Marco Bertoli, CM Gardening/Plants
Adrian Fuchs, CM Leisure/Sport/Decorating
Robert Kronhofer, CM DIY/Electrical
Michael Renninger, CM Building/Interior Fittings
Marc Rheia, CM Garden Hard Goods

Interdiscount

Pierre Wenger, Head of Interdiscount Division
Vito Armetta, Head of Sales
Martin Koncilja, Head of Marketing
Peter Späni, Head of Category Management/Purchasing
Frederik Thomas, Head of IT/Logistics/Services

Toptip/Lumimart

Oliver Roth, Head of Toptip/Lumimart Division

Import Parfumerie

Michael Susta, Head of Import Parfumerie Division

Christ Watches & Jewellery

Nina Müller, Head of Christ Watches & Jewellery Division

Coop Vitality AG

Daniel Stucker, Chairman of the Board of Directors
Virginie Emmanuelle Pache Jeschka, Chairman of the Executive Committee (as of 01.04.2018)

Dipl. Ing. Fust AG

Daniel Stucker, Chairman of the Board of Directors
Thomas Giger, Chief Executive Officer, Head of Retail Sales
Silvio Cioffi, Head of Novacasa General Contractor Division
Giovanni De Mieri, Head of Multimedia Division
Peter Fankhauser, Head of Finance & Services
Marc Haselbach, Head of Electronics Division
Manfred Spiller, Head of Kitchen/Bathroom Division

RS Vertriebs AG

Daniel Stucker, Chairman of the Board of Directors
Reto Furrer, Chief Executive Officer

The Body Shop Switzerland AG

Daniel Stucker, Chairman of the Board of Directors
Daniel Stucker, Chief Executive Officer a.i.

Siroop AG

Daniel Stucker, Vice-Chairman of the Board of Directors
Constantin Hilt, Chief Executive Officer

Marketing / Purchasing Business Unit

Philipp Wyss, Head of Marketing / Purchasing Business Unit
Kaspar Wittwer, Head of Coop Catering

CM / Purchasing Fresh Food 1

Andreas Allenspach, CM / Purchasing Fruit & Vegetables / Cut Flowers
Silvio Baselgia, Head of CM / Purchasing Fresh Food 1
Axel Dippold, CM / Purchasing Fresh Convenience
Oliver Krüsi, CM / Purchasing Bread / Baked Goods

Vladimir Cob, Managing Director of Alifresca AG

CM / Purchasing Fresh Food 2

Roland Frefel, Head of CM / Purchasing Fresh Food 2
Yves Grüninger, CM / Purchasing Dairy Produce / Eggs
Fabian Schneider, CM / Purchasing Meat
Pascal Seiler, CM / Purchasing Frozen Products / Fish

CM / Purchasing Basic Foods / Cleaning

Andrea Kramer, Head of CM / Purchasing Basic Foods / Cleaning
Daniel Böni, CM / Purchasing Confectionery / Savoury Snacks
Olivier Compagnon, CM / Purchasing Detergents / Cleaning Agents / Hygiene
Philipp Nyffenegger, CM / Purchasing Breakfast / Baking Ingredients
Michael Sieber, CM / Purchasing Long-life Convenience / Garnishes

CM / Purchasing Beverages / Specialist Stores

Christian Rüttimann, Head of CM / Purchasing Beverages / Specialist Stores
Sylvia Berger, CM / Purchasing Wines / Sparkling Wines
Lukas Frey, CM / Purchasing Pet Supplies
Simon Grieder, CM / Purchasing Soft Drinks / Beer / Spirits
Daniel Vonach, CM / Purchasing Specialist Stores / Newsstands

CM / Purchasing Near Food / Non Food

Pia Bracher, Head of CM / Purchasing Near Food / Non Food
Karena Breitenbach, CM / Purchasing Cosmetics / Vitashop
Simone Gössling, CM / Purchasing Stationery / Travel / Home Textiles / Festive
Marc Helfenstein, CM / Purchasing Electrical / Kitchen / Dining
Roy Mor, CM / Purchasing Clothing / Jewellery
Patrick Steiner, CM / Purchasing Baby / Children's Clothing / Toys / F&F

CM / Purchasing Services

Marc Muntwyler, Head of CM / Purchasing Services
Rico Bossi, Head of SBO / SCM Sales Outlets
Mauro Manacchini, Head of Purchasing Services

Marketing / Digital Services

Thomas Schwetje, Head of Marketing / Digital Services
Philipp Schenker, Head of Marketing / Market Research

Betty Bossi AG

Philipp Wyss, Chairman of the Board of Directors
Lars Feldmann, Managing Director

Marché Restaurants Schweiz AG

Philipp Wyss, Chairman of the Board of Directors
Mirko Schwarz, Chief Executive Officer

Eurogroup Far East Ltd.

Philipp Wyss, Chairman of the Board of Directors
Peter Hauser, Managing Director

Logistics Business Unit

Daniel Hintermann, Head of Logistics Business Unit,
Head of BE Logistics Region
Christoph Eigenmann, Head of OT Logistics Region
Sébastien Jacquet, Head of SR Logistics Region
Domenico Repetto, Head of NWZZ Logistics Region
Beat Zaugg, Head of National Logistics

Railcare AG

Daniel Hintermann, Chairman of the Board of Directors
Philipp Wegmüller, Chief Executive Officer

Finance Business Unit

Adrian Werren, Head of Finance Business Unit, Head of Controlling
Hansjörg Klossner, Head of Accounting
Beat Leuthardt, Head of Financial Services
Martin Meier, Head of Shared Service Center BW

Property Business Unit

Christian Coppey, Head of Property Business Unit
Claudio Casal, Head of SR Property Region
Stefano Donzelli, Head of Business Management / Controlling
Victor Manuel Martinez, Head of BE Property Region
Klaus Sedlmeyer, Head of OT Property Region
Philippe Sublet, Head of National Shopping Centres
Fritz Ulmann, Head of NWZZ Property Region
Jan Zambaz, Head of National Property Projects

IT / Production / Services Business Unit

Reto Conrad, Head of IT / Production / Services Business Unit
August Harder, Head of IT
Marc Haubensak, Head of BâleHotels
Benedikt Pachlatko, Head of Cooperations / Customer Service
Stephan Rupprecht, Head of Projects
Romeo Sciaranetti, Head of Swissmill
Anton von Weissenfluh, Head of Chocolats Halba / Sunray

Update Fitness AG

Reto Conrad, Chairman of the Board of Directors
Michael Ammann, Managing Director

Coop-ITS-Travel AG

Reto Conrad, Chairman of the Board of Directors
Andi Restle, Managing Director

Coop Meeting Centre

Reto Conrad, Chairman of the Foundation Board
Martin von Bertrab, Delegate to the Foundation Board

Société coopérative Centre de Séminaires "du Léman"

Reto Conrad, Chairman of the Board of Directors
Martin von Bertrab, Delegate to the Board of Directors

Other subsidiaries

Coop Mineraloel AG

Hansueli Loosli, Chairman of the Board of Directors
Roger Oser, Chief Executive Officer
Dominik Köppel, Head of Supplies & Retail
Andreas Parpart, Head of Marketing & Purchasing
Oliver Reichert, Head of Sales
Marc Salathe, Head of Finance & IT

Transgourmet Holding AG

Hansueli Loosli, Chairman of the Board of Directors

Transgourmet Central and Eastern Europe

John Matthew, Chief Executive Officer,
Managing Director Eastern Europe
Frank Seipelt, Chief Executive Officer, Managing Director
Foodservice Germany, Managing Director Transgourmet Seafood
Xavier Buro, Managing Director Finance
Manfred Hofer, Managing Director Purchasing
Holger Penndorf, Managing Director Cash & Carry Germany

Transgourmet Poland

Alexander Orłowski, Chief Executive Officer and
Managing Director Cash & Carry Distribution
Piotr Kolodziejczak, Managing Director Administration
Piotr Skłodowski, Managing Director Purchasing &
Category Management

Selgros Romania

Alexandru Vlad, Chief Executive Officer
Herwig Arvay, Managing Director Finance/IT
Robert Hellwagner, Managing Director Purchasing/Marketing

Selgros Russia

Michael Zipfel, Chief Executive Officer
Jens Frerichs, Managing Director Purchasing & Category Management
Maximilian Von Blanquet, Managing Director Administration &
Expansion

Transgourmet France

Eric Decroix, Chief Executive Officer
Caroline Besselièvre, Head of HR
Yves Cebron, Head of Marketing/Purchasing
Edith Hertz, Head of Finance/Services
Serge Rey, Head of Supply Chain

Transgourmet Österreich

Manfred Hayböck, Commercial Manager
Thomas Panholzer, Sales Manager
Stefan Buczolic, Head of Cook2.0
Georg Fersch, Managing Director of "mein c+c"
Gerald Santer, Head of Trinkwerk
Manfred Edelbauer, Head of Information Technology
Bettina Fleiss, Head of Marketing
Markus Hinterplattner, Head of Real Estate and Construction
Martina Kaffenda, Head of Quality Management
Christine Keszner, Head of Purchasing Logistics
Jürgen Krizmanich, National Site Manager
Karin Meisel, Head of Customer Service and
Development Management
Andreas Rendl, Head of Controlling
Petra Scherrer, Head of Human Resources
Georg Steibelmüller, Head of Finance and Accounting
Michael Steinmair, Head of Logistics
Michael Vogl, Head of Category Management

Transgourmet Switzerland

Philipp Dautzenberg, Chief Executive Officer
Markus Heiniger, Head of Marketing and Purchasing
Erich Joss, Head of Human Resources
Andrea Pellizzari, Head of Finance/Controlling/ Construction/
Property
Claude Schnider, Head of IT
Ralph Zigerlig, Head of Sales Switzerland

Bell Food Group AG

Hansueli Loosli, Chairman of the Board of Directors
Lorenz Wyss, Chairman of the Group Executive Board,
Chief Executive Officer
Daniel Böhny, Member of the Group Executive Board
Christian Schröder, Member of the Group Executive Board
Marco Tschanz, Member of the Group Executive Board,
Chief Financial Officer

Bell Switzerland

Lorenz Wyss, Head of Bell Switzerland Division
Philipp Allemann, Head of Production/Purchasing
Christoph Schatzmann, Head of Quality Management/
Sustainability/Animal Production
Christine Schlatter, Head of Sales/Marketing
Marco Tschanz, Head of Finance/Services

Bell Germany

Christian Schröder, Head of Bell Germany Division,
Head of Distribution/Marketing
Gunnar Bauer, Head of Strategic Purchasing
Nicolaj Steber, Head of Bell Spain
Steven Van Parijs, Head of Bell Benelux
Markus von der Pütten, Head of Production/Technical

Bell International

Daniel Böhny, Head of Bell International Division
Stefano Bianchi, Head of Bell France
Johannes Huber, Head of Hubers/SÜTAG
Eugeniusz Philip, Head of Bell Poland
Hedvig Szakács, Head of Bell Hungary

Bell Finance/Services

Marco Tschanz, Head of Finance/Services Division

Hilcona

Martin Henck, Chief Executive Officer

Eisberg

Christian Guggisberg, Chief Executive Officer

Hügli

Thomas Bodenmann, Chief Executive Officer

Coop Group in figures

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All values rounded up/down individually.

Key figures

Key figures at a glance

Total sales

29 207 CHF million

Net sales Group

28 152 CHF million

of which

19 476 CHF million Switzerland

8 676 CHF million abroad

Net sales segments

17 405 CHF million Retail

13 006 CHF million Wholesale/Production

Net sales online trading

676 CHF million Retail

1 036 CHF million Wholesale/
Production

Employees at 31.12

46 604 Retail

39 714 Wholesale/Production

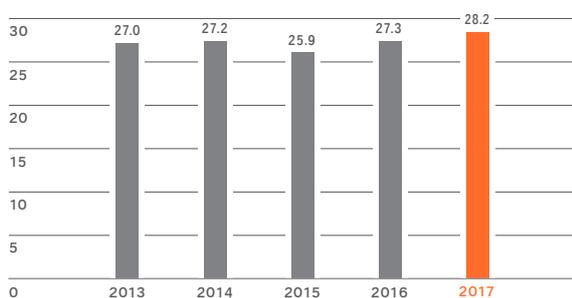
Trainees at 31.12

2 648 Retail

836 Wholesale/Production

Net sales

in CHF billion



Earnings

1 994 CHF million EBITDA

7.1% of net sales

806 CHF million EBIT

2.9% of net sales

Profit

485 CHF million

1.7% of net sales

Equity

9 339 CHF million

47.9% Equity ratio

Free cash flow

99 CHF million

Investments in tangible fixed assets

920 CHF million Switzerland

361 CHF million abroad

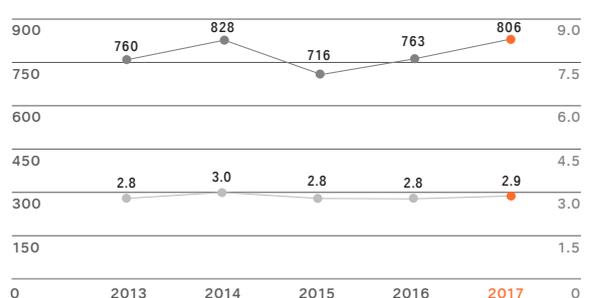
Sales outlets / markets

2 295 Retail

142 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales



Development of the Coop Group

in CHF million or as indicated	2013	2014	2015	2016	2017	
Total sales	27 950	28 174	26 932	28 322	29 207	
Retail	17 379	17 718	17 253	17 162	17 405	
Wholesale / Production	11 329	11 193	10 611	12 248	13 006	
Consolidation	-1 741	-1 749	-1 969	-2 151	-2 259	
Net sales from goods and services	26 967	27 163	25 895	27 259	28 152	
of which net sales Switzerland	19 489	19 822	19 252	19 251	19 476	
as a % of net sales	72.3	73.0	74.3	70.6	69.2	
of which net sales abroad	7 478	7 341	6 643	8 008	8 676	
as a % of net sales	27.7	27.0	25.7	29.4	30.8	
Earnings before interest, tax, depreciation and amortization (EBITDA)	1 937	2 038	1 933	2 044	1 994	
as a % of net sales (EBITDA margin)	7.2	7.5	7.5	7.5	7.1	
Operating result (EBIT)	760	828	716	763	806	
as a % of net sales (EBIT margin)	2.8	3.0	2.8	2.8	2.9	
Profit	462	470	416	475	485	
as a % of net sales (profit margin)	1.7	1.7	1.6	1.7	1.7	
Cash flow from operating activities	1 667	1 551	1 653	1 582	1 453	
as a % of net sales (cash flow margin)	6.2	5.7	6.4	5.8	5.2	
Cash flow from investing activities	-965	-1 700	-1 477	-1 939	-1 473	
as a % of net sales	3.6	6.3	5.7	7.1	5.2	
Cash flow from financing activities	-116	-166	-301	238	-238	
Free cash flow¹	628	327	234	61	99	
Total assets	17 317	17 441	17 654	18 663	19 482	
Equity incl. minority interests	7 738	8 089	8 401	8 928	9 339	
Equity ratio incl. minority interests in %	Target value: > 40.0	44.7	46.4	47.6	47.8	47.9
Financial liabilities	4 840	4 753	4 700	5 043	5 096	
Net financial liabilities	3 305	3 560	3 614	4 061	4 368	
Debt coverage ratio	Target value: < 3.0	1.7	1.7	1.9	2.0	2.2
Interest coverage ratio	Target value: > 8.0	21.7	23.7	26.7	27.3	33.6
FTE (incl. trainees) at 31.12.	64 498	66 124	69 039	73 451	74 532	
Employees (incl. trainees) at 31.12.	74 955	77 087	79 954	85 001	86 318	
Trainees at 31.12	3 265	3 271	3 410	3 505	3 484	
Retail number of sales outlets / markets at 31.12	1 933	1 978	2 198	2 254	2 295	
Retail sales area in m² at 31.12	1 777 800	1 798 081	1 814 469	1 852 653	1 870 025	
Wholesale / Production number of sales outlets / markets at 31.12	229	212	214	226	142	
Wholesale / Production sales area in m² at 31.12	924 591	938 283	938 768	1 004 472	1 007 102	
Number of members at 31.12	2 537 859	2 500 036	2 536 800	2 542 848	2 582 309	

Prior-year figures restated

¹ Free cash flow definition: Cash flow from operating activities minus net investments in tangible fixed and intangible assets.

Net sales

in CHF million	2017	2016
Coop Supermarkets	10 326	10 274
Interdiscount	975	935
Coop City	773	778
Coop Building & Hobby	625	622
Toptip / Lumimart	192	200
Import Parfumerie	145	149
Coop@home	142	129
Christ Watches & Jewellery	81	87
Coop Mineraloel AG	2 279	2 159
Dipl. Ing. Fust AG	1 040	1 029
Coop Vitality AG	186	179
Coop Restaurant	249	254
Marché Restaurants Schweiz AG	110	114
Betty Bossi AG	78	84
The Body Shop Switzerland AG	30	33
Other companies and effects from segment consolidation	174	137
Specialist formats	7 080	6 888
Retail	17 405	17 162
Transgourmet Central and Eastern Europe	5 668	5 284
Transgourmet France	1 335	1 262
Transgourmet Österreich	568	536
Transgourmet Switzerland	1 518	1 471
Transgourmet Group	9 087	8 551
Bell Food Group	3 537	3 346
Coop Cooperative Production	759	705
Other companies and effects from segment consolidation	-377	-354
Wholesale / Production	13 006	12 248
Consolidation Coop Group	-2 259	-2 151
Net sales	28 152	27 259
Other operating income	1 055	1 063
Total sales	29 207	28 322
of which net sales online trading	1 712	1 445
Online trading in home electronics	432	344
– Microspot.ch	212	181
– Nettoshop.ch	90	81
– Other	131	82
Coop@home	142	129
Other online trading Retail	102	93
Online trading Retail	676	565
Online trading Wholesale / Production	1 036	880
of which net sales Switzerland	19 476	19 251
of which net sales abroad	8 676	8 008

Prior-year figures restated

Sales outlets/markets

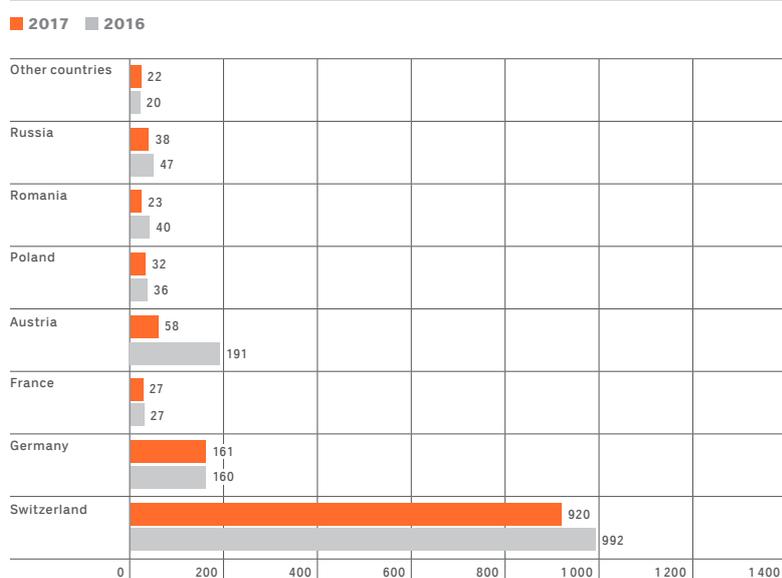
	Number at 31.12		Sales area m ² at 31.12	
	2017	2016	2017	2016
Coop Supermarkets	908	875	984 119	972 229
Interdiscount	188	192	64 981	65 892
Coop City	31	31	128 454	127 692
Coop Building & Hobby	74	74	307 087	305 786
Toptip / Lumimart	44	46	122 650	130 425
Import Parfumerie	121	123	10 042	10 151
Christ Watches & Jewellery	69	70	5 549	5 652
Hotels	4	3		
Coop Mineraloel AG	305	298	35 659	34 723
Dipl. Ing. Fust AG	156	160	88 999	89 801
Coop Vitality AG	75	69	9 567	8 833
Coop Restaurant	205	206	59 965	58 621
Marché Restaurants Schweiz AG	33	32	15 481	15 276
The Body Shop Switzerland AG	49	50	2 881	2 949
Update Fitness AG	31	23	34 591	24 623
Tropenhäuser	2	2		
Specialist formats	1 387	1 379	885 906	880 424
Retail	2 295	2 254	1 870 025	1 852 653
Transgourmet Central and Eastern Europe	100	97	831 767	825 814
Transgourmet Österreich	12	12	51 915	51 655
Transgourmet Switzerland	30	30	123 419	123 037
Transgourmet Group	142	139	1 007 102	1 000 506
Bell Czech Republic		87		3 966
Bell Food Group		87		3 966
Wholesale / Production	142	226	1 007 102	1 004 472
Coop Group	2 437	2 480	2 877 127	2 857 125

Prior-year figures restated

Investments

in CHF million	2013	2014	2015	2016	2017
Switzerland	862	975	1 202	992	920
Germany	81	119	94	160	161
France	49	51	34	27	27
Austria				191	58
Poland	26	38	74	36	32
Romania	8	12	17	40	23
Russia	52	12	13	47	38
Other countries	4	2	20	20	22
Abroad	219	233	253	517	361
Investments in tangible fixed assets	1 081	1 209	1 455	1 509	1 281
Disposals of tangible fixed assets	92	41	105	107	59
Net investments in tangible fixed assets	989	1 167	1 350	1 402	1 222
Other net investments	-24	533	127	537	251
Net investments	965	1 700	1 477	1 939	1 473

Investments in tangible fixed assets by country in CHF million



Statement of added value

in CHF million	2017	2016	Index %
Net sales from goods and services	28 152	27 259	103.3
Other services rendered	1 097	1 105	99.2
Merchandise expenses and other upstream services	21 547	20 832	103.4
Gross added value	7 701	7 532	102.2
Depreciation and amortization / other	1 150	1 206	95.3
Company added value	6 551	6 326	103.6
Employees			
Wages and salaries	3 509	3 410	102.9
Social security contributions / other contributions	1 149	1 073	107.1
Public sector	1 194	1 151	103.8
Investors	83	92	89.9
Minority interests	131	125	104.6
Retained profits (self-financing)	485	475	102.2
Distribution of added value	6 551	6 326	103.6

The Coop Group's statement of added value shows the added value created by the Group in a given year and how it is used. The Coop Group aims to create added value on a sustained basis, thereby enabling it to safeguard the Group companies and jobs.

At 71.1% (previous year: 70.9%), the largest proportion of the newly created value goes to the Coop Group's employees. The Coop Group employed 74 532 FTE (previous year: 73 451).

The public sector receives 18.2% (previous year: 18.2%) from taxes, customs duties and charges.

The 1.3% (previous year: 1.5%) going to investors comprises interest paid. Due to low interest rates, this remains at a relatively low level.

Adequate profits are retained for self-financing purposes and used to safeguard the Group's continued existence as a going concern, jobs and its ability to provide competitive goods and services for customers.

Employees

FTE

	2017	2016	Change	Index %
Coop Supermarkets	18 690	18 769	-79	99.6
Interdiscount	1 626	1 647	-21	98.7
Coop City	2 071	2 054	17	100.8
Coop Building & Hobby	1 597	1 607	-10	99.4
Toptip / Lumimart	550	573	-23	96.0
Import Parfumerie	507	515	-8	98.4
Coop@home	347	333	15	104.4
Christ Watches & Jewellery	293	303	-10	96.6
Coop Mineraloel AG	103	100	3	103.4
Dipl. Ing. Fust AG	2 153	2 156	-3	99.9
Coop Vitality AG	629	577	53	109.1
Coop Restaurant	1 626	1 642	-15	99.1
Marché Restaurants Schweiz AG	601	672	-72	89.4
Betty Bossi AG	97	100	-3	96.7
The Body Shop Switzerland AG	170	193	-23	88.2
Other companies	887	809	78	109.6
Logistics / Corporate services	5 258	5 226	32	100.6
Retail	37 206	37 277	-71	99.8
Transgourmet Central and Eastern Europe	20 024	18 926	1 098	105.8
Transgourmet France	3 131	3 150	-19	99.4
Transgourmet Österreich	1 541	1 487	54	103.7
Transgourmet Switzerland	1 703	1 623	80	104.9
Transgourmet Group	26 400	25 186	1 214	104.8
Bell Switzerland	4 613	4 474	139	103.1
Bell abroad	4 459	4 799	-340	92.9
Bell Food Group	9 072	9 273	-201	97.8
Coop Cooperative Production	1 841	1 700	142	108.3
Other companies	13	16	-3	81.3
Wholesale / Production	37 326	36 174	1 152	103.2
FTE (incl. trainees) at 31.12.	74 532	73 451	1 081	101.5

Employees

	2017	2016	Change	Index %
Coop Supermarkets	24 586	24 789	-203	99.2
Interdiscount	1 730	1 729	1	100.1
Coop City	2 585	2 571	14	100.5
Coop Building & Hobby	2 004	1 998	6	100.3
Toptip / Lumimart	632	659	-27	95.9
Import Parfumerie	689	694	-5	99.3
Coop@home	357	344	13	103.8
Christ Watches & Jewellery	391	414	-23	94.4
Coop Mineraloel AG	106	101	5	105.0
Dipl. Ing. Fust AG	2 235	2 239	-4	99.8
Coop Vitality AG	869	795	74	109.3
Coop Restaurant	2 078	2 091	-13	99.4
Marché Restaurants Schweiz AG	849	916	-67	92.7
Betty Bossi AG	122	127	-5	96.1
The Body Shop Switzerland AG	216	238	-22	90.8
Other companies	1 445	1 238	207	116.7
Logistics / Corporate services	5 710	5 694	16	100.3
Retail	46 604	46 637	-33	99.9
Transgourmet Central and Eastern Europe	21 423	20 134	1 289	106.4
Transgourmet France	3 240	3 269	-29	99.1
Transgourmet Österreich	1 631	1 571	60	103.8
Transgourmet Switzerland	1 873	1 818	55	103.0
Transgourmet Group	28 167	26 792	1 375	105.1
Bell Switzerland	4 947	4 831	116	102.4
Bell abroad	4 649	4 950	-301	93.9
Bell Food Group	9 596	9 781	-185	98.1
Coop Cooperative Production	1 933	1 773	160	109.0
Other companies	18	18	0	100.0
Wholesale / Production	39 714	38 364	1 350	103.5
Employees (incl. trainees) at 31.12.	86 318	85 001	1 317	101.5

Trainees

	2017	2016	Change	Index %
Coop Supermarkets	1 447	1 490	-43	97.1
Interdiscount	344	347	-3	99.1
Coop City	174	164	10	106.1
Coop Building & Hobby	116	126	-10	92.1
Toptip / Lumimart	37	38	-1	97.4
Import Parfumerie	43	44	-1	97.7
Coop@home	1	1	0	100.0
Christ Watches & Jewellery	30	31	-1	96.8
Coop Mineraloel AG	4	3	1	133.3
Dipl. Ing. Fust AG	87	97	-10	89.7
Coop Vitality AG	130	115	15	113.0
Coop Restaurant	24	28	-4	85.7
Marché Restaurants Schweiz AG	15	20	-5	75.0
The Body Shop Switzerland AG	1	2	-1	50.0
Other companies	30	28	2	107.1
Logistics / Corporate services	165	171	-6	96.5
Retail	2 648	2 705	-57	97.9
Transgourmet Central and Eastern Europe	432	428	4	100.9
Transgourmet France	103	93	10	110.8
Transgourmet Österreich	77	88	-11	87.5
Transgourmet Switzerland	78	74	4	105.4
Transgourmet Group	690	683	7	101.0
Bell Switzerland	70	61	9	114.8
Bell abroad	48	34	14	141.2
Bell Food Group	118	95	23	124.2
Coop Cooperative Production	28	22	6	127.3
Wholesale / Production	836	800	36	104.5
Trainees at 31.12	3 484	3 505	-21	99.4

Employee diversity

as %	2017	Retail 2016	Wholesale / Production 2017	2016	2017	Coop Group 2016
Type of employment						
Full-time employees	56.9	57.1	81.9	82.7	68.4	68.6
Part-time employees	43.1	42.9	18.1	17.3	31.6	31.4
Percentage of women	62.3	62.6	42.7	43.6	53.3	54.0
who are full-time employees	44.0	44.8	38.3	39.3	40.9	41.8
who are part-time employees	86.4	86.3	62.6	64.2	80.1	80.8
in management positions	41.4	40.9	25.1	31.0	35.3	36.7
on Board of Directors and Executive Committee of Coop Group Cooperative					26.3	21.1
Percentage of employees over 50 years of age	26.3	25.9	24.9	24.3	25.6	25.2
Trainees						
Sales	81.6	86.9	31.2	33.9	69.5	74.8
Commercial	9.5	4.4	38.0	37.9	16.4	12.1
Trades / Other	8.9	8.7	30.8	28.2	14.1	13.1
Country of work						
Switzerland	99.8	99.8	22.0	22.0	64.0	64.7
Germany			30.1	29.0	13.8	13.1
Poland			12.1	12.2	5.6	5.5
Romania			11.5	11.3	5.3	5.1
France			9.1	9.6	4.2	4.3
Austria			6.7	6.7	3.1	3.0
other	0.2	0.2	8.5	9.2	4.0	4.3
Nationality¹						
Switzerland	68.6	69.4	44.3	45.1	64.9	65.8
Abroad	31.4	30.6	55.7	54.9	35.1	34.2

Prior-year figures restated

¹ only from areas based in Switzerland

Sustainability

Sustainable products

	2013	2014	2015	2016	2017
Sales from sustainable products					
in CHF million					
Sales from sustainable products Coop Group			3 543	3 855	4 256
of which organic ¹	1 061	1 082	1 174	1 255	1 389
of which Fairtrade ¹	219	260	373	462	500
Prior-year figures restated					
¹ 2013–2014 only retail					

Packaging

	2013	2014	2015	2016	2017
in tonnes					
Packaging reduction and optimization, Retail	1 285	1 045	85	230	145
Packaging reduction and optimization, Wholesale / Production		1 306	145	334	287

Environmental and climate protection

	2013	2014	2015	2016	2017
Energy consumption					
in megawatt-hours					
Retail	1 146 711	1 116 389	1 127 499	1 134 156	1 167 296
Wholesale / Production	1 252 099	1 255 910	1 441 986	1 527 834	1 602 460
Total energy consumption	2 398 810	2 372 299	2 569 485	2 661 990	2 769 756

Renewable energy sources

	2013	2014	2015	2016	2017
as %					
Retail	65.0	66.6	66.8	68.0	68.5
Wholesale / Production	32.8	33.2	37.0	36.3	39.6
Percentage of renewable energy sources	48.2	48.9	50.1	49.8	53.5

Carbon dioxide emissions (CO₂)

	2013	2014	2015	2016	2017
in tonnes					
Retail	112 541	106 356	107 135	103 849	105 751
Wholesale / Production	331 881	338 992	350 062	367 049	309 806
Total carbon dioxide emissions (CO ₂)	444 422	445 348	457 197	470 898	415 557

2013 2014 2015 2016 2017

Water consumption

in thousands of cubic metres

Retail	1 118	1 154	1 060	1 282	1 300
Wholesale / Production	2 476	3 030	5 632	5 902	6 115
Total water consumption	3 594	4 184	6 692	7 184	7 415

Waste

Recycling rate

as %

Retail	79.5	80.8	80.0	80.2	80.7
Wholesale / Production	73.0	68.0	70.1	73.4	76.9

Prior-year figures restated

Waste production

in tonnes

Retail	125 494	126 598	129 896	134 145	139 445
Wholesale / Production	57 527	65 610	65 409	84 085	109 551
Total waste production	183 021	192 208	195 305	218 230	248 996

Prior-year figures restated

Employees and social commitment

2013 2014 2015 2016 2017

Social commitment

in CHF thousands

Coop Group: Coop Sustainability Fund	15 309	16 550	17 000	18 655	17 511
Retail: Coop Aid for Mountain Regions	1 088	939	860	827	700
Retail: Additional contributions for social projects	7 989	6 341	6 496	6 053	5 782

Prior-year figures restated

Report of the financial year

Income statement

Net sales from goods and services

The Coop Group's net sales figure comprises net sales from the Retail and the Wholesale/Production segments. In 2017, it rose by 3.3% to a total of CHF 28152 million (previous year: CHF 27259 million). Total sales for the Coop Group amounted to CHF 29207 million (previous year: CHF 28322 million). With its online shops, the Group generated net sales of CHF 1712 million (previous year: CHF 1445 million). This equates to a rise of 18.5%, to which both segments contributed with double-digit growth rates.

Operating result (EBIT)

Personnel expenses amounted to CHF 4616 million and other operating expenses to CHF 2857 million. Earnings before interest, tax, depreciation and amortization (EBITDA) came to CHF 1994 million (previous year: CHF 2044 million) with the EBITDA margin slightly lower than in the previous year at 7.1%. Depreciation and amortization of CHF 1188 million comprises depreciation of land and buildings and installations of CHF 498 million, depreciation of other tangible fixed assets of CHF 387 million, amortization of goodwill of CHF 180 million and amortization of other intangible assets of CHF 123 million. The operating result (EBIT) of CHF 806 million was above the prior-year figure of CHF 763 million, with the EBIT margin slightly higher year on year at 2.9%.

Profit for the financial year

The result of associated organizations came to CHF 7 million (previous year: CHF 12 million). The result from foreign currencies and the financial result improved, amounting to a loss of CHF 54 million (previous year: loss of CHF 75 million). Net of a non-operating result of CHF 3 million, income taxes of CHF 145 million and minority interests of CHF 131 million, profit was up by CHF 10 million year on year to CHF 485 million.

Segment report

Retail

Coop's retail sales grew by an above-average 1.4% in 2017, generating net sales of CHF 17405 million.

Footfall at Coop supermarkets increased by over 5.7% and generated CHF 10326 million in net sales, exceeding the previous year's figure. It was encouraging to note that the supermarkets also gained market share, especially in the fresh produce segment. The specialist formats lifted net sales by 2.8% to CHF 7080 million. Interdiscount, Microspot.ch, Dipl. Ing. Fust and Nettoshop.ch achieved net sales of CHF 2016 million. This equates to growth of CHF 51 million. They thus consolidated their leadership position in the consumer electronics market.

Coop Building & Hobby remains the leader in the DIY market. Net sales rose by 0.5% to CHF 625 million.

Net sales at Coop City department stores declined by 0.6%, amounting to CHF 773 million. Market shares were gained in a difficult market environment.

Coop Mineraloel AG remains the market leader. Net sales rose by 5.5% to CHF 2279 million. The Pronto shops advanced by 2.2%. Coop Vitality AG posted another very encouraging performance and advanced in terms of both net sales and market share. Net sales rose by 4.1% to CHF 186 million.

Net retail sales in online business rose by 19.7% to CHF 676 million. Microspot.ch and Coop@home made a substantial contribution to this result. Online supermarket Coop@home continues to gain market shares and posted above-average growth of 10.5%; net sales amounted to CHF 142 million.

The Retail segment's operating result (EBIT) increased by CHF 32 million to CHF 497 million (previous year: CHF 465 million). The number of sales outlets in the segment (including restaurants) rose by 41 to 2295. The Coop Group employed 46604 people in retailing (previous year: 46637).

Wholesale/Production

In the Wholesale/Production segment, net sales increased to CHF 13 006 million (previous year: CHF 12 248 million). This equates to growth of 6.2%. Adjusted for acquisitions, the Wholesale/Production business area grew by 4.9%.

The Transgourmet Group, which operates in the cash & carry and wholesale supplies sector in Germany, Poland, Romania, Russia, France, Austria and Switzerland, generated net sales of CHF 9 087 million (previous year: CHF 8 551 million). It thus advanced 6.3% and further expanded its position as the second-largest company in the European cash & carry and wholesale supplies segment. Transgourmet operated a total of 142 cash & carry markets (previous year: 139) and employed 28 167 people (previous year: 26 792).

The Bell Food Group is one of Europe's leading meat and convenience food processors. With its brands Bell, Hilcona and Eisberg, the group covers a whole variety of customer requirements. Its customers include retail, foodservice and the food industry. At CHF 3 537 million, net sales were 5.7% up on the previous year (CHF 3 346 million). The Bell Food Group employed 9 596 people in 2017 (previous year: 9 781).

The Wholesale/Production segment's operating result (EBIT) rose by CHF 11 million to CHF 309 million (previous year: CHF 298 million).

Financial position and cash flows

Balance sheet

The Coop Group's total assets increased by CHF 819 million year on year. On the assets side, current assets rose by CHF 261 million to CHF 6 058 million, set against a decrease in cash and cash equivalents and an increase in receivables from goods and services and inventories. Non-current assets rose by CHF 558 million to CHF 13 424 million. Set against the depreciation and amortization expense here are higher investments and additions originating from the acquisitions. Liabilities rose by CHF 408 million year on year to CHF 10 143 million. Short-term liabilities rose by CHF 372 million to CHF 4 927 million and long-term liabilities by CHF 37 million to CHF 5 216 million. Within long-term liabilities, the Coop Group financed itself through bonds and deposits. Equity including minority interests rose to CHF 9 339 million. At 47.9%, the equity ratio was therefore well above the strategic target of 40% as at 31 December 2017. It climbed by 0.1 percentage points year on year.

Cash flow statement

The cash inflow from operating activities was CHF 1 453 million, which was CHF 129 million lower than the previous year. The cash outflow from investing activities was CHF 1 473 million which was CHF 466 million below the previous year's figure. This was due both to lower expenditure on acquisitions and lower net investments in tangible and intangible assets. A net amount of CHF 1 354 million was invested in tangible and intangible fixed assets and a further CHF 179 million in acquisitions. In the case of financial assets/securities, a net amount of CHF 59 million was divested. This resulted in free cash flow of CHF 99 million. The cash outflow from financing activities amounted to CHF 238 million. The Coop Group Cooperative issued one bond totalling CHF 200 million and made a bond repayment of CHF 250 million. Short and long-term financial liabilities increased by CHF 66 million in net terms. Moreover, payments amounting to CHF 167 million were made for the acquisition of minority interests and dividends of CHF 86 million were paid to minority interests.

Annual consolidated financial statements

Consolidated income statement

in CHF million	Notes	2017	2016
Net sales from goods and services	1	28 152	27 259
Other operating income	2	1 055	1 063
Merchandise expenses		19 740	19 078
Personnel expenses	3	4 616	4 440
Other operating expenses	4	2 857	2 759
Earnings before interest, tax, depreciation and amortization (EBITDA)		1 994	2 044
Depreciation on tangible fixed assets	5	885	950
Amortization on intangible assets	5	303	332
Operating result (EBIT)	1	806	763
Result of associated organizations		7	12
Result from foreign currencies		5	0
Financial result	6	-59	-75
Ordinary result		758	700
Non-operating result	7	3	46
Result before income taxes (EBT)		762	746
Income taxes	8	145	146
Result after income taxes		616	600
Minority interests		131	125
Profit		485	475

Consolidated balance sheet

in CHF million	Notes	31.12.2017	31.12.2016
Cash and cash equivalents	9	722	972
Securities		5	10
Receivables from goods and services	10	1 236	1 084
Other short-term receivables	11	334	337
Prepayments and accrued income		523	384
Inventories	12	3 237	3 011
Current assets		6 058	5 797
Tangible fixed assets	13	12 163	11 543
Financial assets	14	120	196
Intangible assets	15	1 141	1 126
Non-current assets		13 424	12 866
Assets		19 482	18 663
Payables from goods and services		1 938	1 905
Short-term financial liabilities	16	937	927
Other short-term liabilities	17	549	457
Short-term provisions	18	304	315
Accrued liabilities and deferred income		1 200	951
Short-term liabilities		4 927	4 555
Long-term financial liabilities	16	4 159	4 116
Long-term provisions	18	1 056	1 063
Long-term liabilities		5 216	5 179
Liabilities		10 143	9 735
Retained earnings		8 572	7 907
Capital reserves		-145	0
Profit		485	475
Equity excluding minority interests		8 912	8 382
Minority interests		427	547
Equity incl. minority interests		9 339	8 928
Liabilities and equity		19 482	18 663

Consolidated cash flow statement

in CHF million	2017	2016
Result after income taxes	616	600
Depreciation and amortization	1 167	1 144
Impairment loss	92	174
Reversal of impairment	-36	-5
Profit (-)/ loss on disposal of fixed assets	-14	-53
Result from other non-cash items	-77	3
Result of associated organizations	-7	-12
Dividends received from associated organizations	1	5
Increase/ decrease (-) in long-term provisions	-10	-39
Cash flow before change in net current assets	1 731	1 817
Increase (-)/ decrease in receivables from goods and services	-83	-89
Increase (-)/ decrease in other short-term receivables, prepayments and accrued income	-101	-46
Increase (-)/ decrease in inventories	-142	-124
Increase/ decrease (-) in payables from goods and services	-45	39
Increase/ decrease (-) in other short-term liabilities, accrued liabilities and deferred income	122	49
Increase/ decrease (-) in short-term provisions	-30	-64
Cash flow from operating activities	1 453	1 582
Investments in tangible fixed assets	-1 281	-1 509
Disposals of tangible fixed assets	59	107
Investments in financial assets/ securities	-40	-51
Disposals of financial assets/ securities	99	15
Payment for the acquisition of consolidated organizations	-178	-382
Receipts from the disposal of consolidated organizations	-1	0
Investments in intangible assets	-132	-120
Disposals of intangible assets	0	0
Cash flow from investing activities	-1 473	-1 939
Inflows from bonds issuance	200	880
Outflows for bonds repayments	-250	-500
Acquisition/ disposal minority interests	-167	-2
Dividends to minority shareholders	-86	-85
Increase/ decrease (-) in short-term financial liabilities	118	24
Increase/ decrease (-) in long-term financial liabilities	-52	-79
Cash flow from financing activities	-238	238
Cash flow	-259	-118
Cash and cash equivalents at beginning of the reporting period	972	1 080
Cash flow	-259	-118
Effect of exchange rate changes on cash and cash equivalents	8	10
Cash and cash equivalents at end of the reporting period	722	972

Statement of changes in equity

in CHF million	Retained profits	Accumulated currency differences	Capital reserves	Profit	Equity excl. minority interests	Minority interests	Equity incl. minority interests
Equity at 1.1.2017	8 488	-581		475	8 382	547	8 928
Changes to the scope of consolidation						3	3
Acquisition / disposal minority interests			-145		-145	-183	-327
Appropriation of prior-year profit	475			-475			
Profit				485	485	131	616
Dividends						-86	-86
Effect of exchange rate changes		190			190	15	205
Equity at 31.12.2017	8 963	-391	-145	485	8 912	427	9 339
Equity at 1.1.2016	8 072	-597		416	7 891	510	8 401
Changes to the scope of consolidation						1	1
Acquisition / disposal minority interests						-2	-2
Appropriation of prior-year profit	416			-416			
Profit				475	475	125	600
Dividends						-85	-85
Effect of exchange rate changes		16			16	-3	14
Equity at 31.12.2016	8 488	-581		475	8 382	547	8 928

An increase or reduction in the ownership interest in fully consolidated organizations is regarded as a transaction with owners. The difference between the transaction price and the corresponding minority interest is eliminated against equity and presented as capital reserves. In 2017, the interests in Hilcona AG and Service 7000 AG were increased and the resulting effect recognized in the capital reserves.

Notes to the annual consolidated financial statements

Consolidation and accounting principles

Basis of accounting

The annual consolidated financial statements are based on the annual financial statements of the Group companies prepared as at 31 December 2017 in accordance with uniform policies and present a true and fair view of the financial position, results of operations and cash flows. The consolidated financial statements of the Coop Group comply with all Swiss GAAP ARR (Accounting and Reporting Recommendations) and Swiss legal provisions. Assets are measured at purchase or production cost. Liabilities are carried at their historical value. The income statement is presented using the total cost (nature of expense) method. The valuation principles were applied unchanged compared with the previous year.

The annual consolidated financial statements of the Coop Group are presented in Swiss francs (CHF). Unless otherwise indicated, all amounts are stated in millions of Swiss francs.

Cash flow statement

The fund comprising cash and cash equivalents provides the basis for the presentation of the cash flow statement. Cash flow from operating activities is calculated using the indirect method.

Scope of consolidation

The annual consolidated financial statements of the Coop Group comprise the Coop Group Cooperative and its equity investments. The Coop Group Cooperative equity investments are listed under Scope of consolidation (significant companies).

Fully consolidated organizations are organizations where the Coop Group directly or indirectly holds more than 50% of the voting rights.

Associated organizations are entities in which the Coop Group holds a 20% to 50% interest and over which it exercises significant influence.

Equity investments where it holds less than 20% are not consolidated and are presented in financial assets at cost less any necessary write-downs.

Consolidation method

Fully consolidated organizations

Assets, liabilities, income and expenses are consolidated in full. Capital consolidation uses the purchase method, whereby an organization's equity at the date of acquisition or initial consolidation is eliminated against the carrying amount of the investment at the parent. Newly acquired organizations are revalued using uniform Group policies and included in the annual consolidated financial statements from the date on which control takes effect. If the cost of acquisition is higher than the revalued net assets acquired, the remaining excess is recognized as goodwill and amortized on a straight-line basis.

Purchase price adjustments contingent on future events are forecast. If the final purchase price differs from the estimate, goodwill is adjusted accordingly.

A negative goodwill (badwill) is credited to the income statement in the period of acquisition. Organizations sold are included up until the date on which control is lost, which is usually the date of sale. An increase or reduction in the ownership interest in fully consolidated organizations is regarded as a transaction with owners. Gains and losses on such transactions are therefore eliminated directly against equity.

Minority interests in consolidated equity and in profit or loss are presented separately in the balance sheet and income statement. Intercompany transactions and relationships, i.e. income, expenses, receivables and liabilities between consolidated organizations, are offset and eliminated. If significant, intercompany profits on transactions within the Group are eliminated.

Associated organizations

If economically significant, associated organizations are included in the annual consolidated financial statements using the equity method. The financial statements of these organizations prepared in accordance with the true and fair view principle are used to determine the share of equity.

Currency conversion

Local assets and liabilities are converted into Swiss francs at the exchange rate at the balance sheet date. The local income statements and the cash flow statements are converted at the average rate. Any differences arising from the use of these two different conversion methods are taken directly to equity. When foreign subsidiaries or associated organizations are sold, the proportionate accumulated currency differences are transferred from equity to the income statement.

Foreign currency exchange rates into CHF

		Average rates		Closing rates	
		2017	2016	31.12.2017	31.12.2016
1	EUR	1.111	1.090	1.170	1.074
1	CZK	0.042	0.040	0.046	0.040
1	HKD	0.126	0.127	0.125	0.131
100	HUF	0.358	0.350	0.377	0.347
1	PLN	0.261	0.250	0.280	0.243
1	RON	0.243	0.243	0.251	0.237
1	RUB	0.017	0.015	0.017	0.017
1	USD	0.982	0.989	0.976	1.019

Net sales from goods and services

Net sales from goods and services result from the sale of goods and the provision of services in the course of ordinary activities during the reporting period. Net sales from the sale of goods to customers are generated in the supermarkets, the various specialist formats, the wholesale stores and the supplies business or originate from goods produced at Coop's own manufacturing companies. Net sales from services originate from the provision of transport services, from hotel business and from fitness centre membership subscriptions, for example. Sales are recognized at fair value. Sales and value-added taxes as well as sales reductions such as discounts, rebates and other allowances are deducted from the net sales reported. Sales are recognized when the significant risks and rewards incidental to ownership of the products sold as well as control have transferred to the customer and it is reasonably certain that the resulting receivables will be collectible in cases where the transaction is not a cash sale. Net sales from the provision of services are recognized in the accounting period in which the service was rendered. In the event of agency transactions, only the value of the service rendered by the entity itself is reported.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. They comprise cash on hand, postal and bank account balances, short-term deposits, cheques, vouchers and Reka cheques. These items are convertible into cash at any time and subject to an insignificant risk of changes in value.

Securities

Securities are marketable instruments that can be easily realized. They are carried in the balance sheet at market value. Unlisted securities are carried in the balance sheet at cost less any necessary write-downs.

Receivables from goods and services and other short-term receivables

Receivables are carried in the balance sheet at nominal value. Valuation allowances for losses that are identifiable and have occurred are deducted and charged to the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost comprises the net purchase price and incidental charges. Purchased inventories are measured at the average cost price (moving average price) and internally produced inventories at production cost. Inventories are stated at net realizable value if this is lower than cost. Discounts are treated as reductions in the purchase price. Specific valuation allowances are recognized for goods that are no longer serviceable or difficult to sell.

Financial assets

Financial assets include the associated organizations recognized using the equity method. Long-term loans and securities held for the purpose of long-term investment are also presented as financial assets. Securities and loans are stated at cost less any necessary write-downs. Assets from employer contribution reserves are recognized as financial assets.

Tangible fixed assets

Tangible fixed assets, which also include properties not used for operating purposes, are stated at cost less any necessary depreciation. Cost comprises the purchase price plus the directly attributable costs of bringing the assets to usable condition. Investments in existing tangible fixed assets are recognized in the cost of an asset if they increase its value in use over the long term or extend its useful life. Depreciation is applied on a straight-line basis over the useful life of the asset.

Depreciation periods in years

Land and buildings

Plots of land	no depreciation
Buildings	40–67

Installations	15–30
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Furniture, machinery and IT

Furniture / tools	5–10
Sales outlet fittings / market fittings	10–15
Machinery	3–15
Production systems	20–30
IT	3–8

Vehicles	3–10
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The depreciation period for buildings ranges from 40 years in the case of properties used for operational purposes and subject to increased use to 67 years in the case of mixed-used properties. Installations are usually depreciated over a period of 15 to 20 years. At production facilities, specific production installations are depreciated over a longer useful life of up to 30 years. Experience shows that fittings in the retail sales outlets have a shorter useful life than fittings in the wholesale markets. Machinery usually has a useful life of up to 15 years, with production systems possibly forming a separate asset category and having a useful life of 20 to 30 years. Heavy commercial vehicles have a depreciation period of up to 10 years.

Assets under construction include the cumulative project costs eligible for capitalization. Project costs that are not eligible for capitalization are charged to the income statement when incurred. Impairment charges are recognized on assets under construction if there is evidence of impairment.

In the event of additions in the scope of consolidation, non-current assets are remeasured on the basis of the cumulative cost of and accumulated depreciation or amortization charges on the acquired assets at the acquisition date. Non-current assets are remeasured by adjusting the accumulated depreciation or amortization so that the acquired assets are measured on a net basis at their actual value at the acquisition date. They are presented gross in the statements of changes in assets. In addition, the depreciation or amortization period is reviewed, and if necessary adjusted, bearing in mind the remaining useful life.

Leases

Payments under operating leases are charged to the income statement on a straight-line basis over the lease term. Assets acquired on the basis of leases and for which the risks and rewards pass to the Coop Group at inception of the lease are classified as finance leases. For the relevant assets, therefore, the fair value or, if lower, the net present value of the future, non-cancellable lease payments is recognized as an asset and as a finance lease liability. Assets under finance leases are amortized over the shorter of their estimated useful life and the lease term.

Intangible assets

This item includes IT software, trademarks, licences, patents and goodwill from acquisitions. Intangible assets are recognized if they are clearly identifiable, the costs can be reliably determined and they yield measurable economic benefits for the entity over several years. They are amortized on a straight-line basis over their useful life.

Goodwill from acquisitions is calculated as the difference between the purchase price paid to acquire an entity and the value of the net assets. The net assets correspond to the total of the individual assets of the acquired entity less the liabilities and contingent liabilities under Swiss GAAP ARR at the acquisition date. Any goodwill that arises is generally capitalized and amortized on a straight-line basis. The amortization period is determined based on the expected useful life of the assumed market and synergy potential that gave rise to the goodwill.

Amortization periods in years

Goodwill	up to 20
Trademarks	up to 20
Patents/licences	5
Other intangible assets	3–8

Impairment

In the Coop Group, non-current assets are tested for impairment annually if there are indications of a sustained decline in value. The recoverable amount is calculated using the capital asset pricing model and taking into account updated assumptions from the multi-year plan regarding the expected business trend. If the carrying amount exceeds the recoverable amount, it is adjusted in profit or loss by way of an impairment charge.

Liabilities

Short-term liabilities include all liabilities due within one year, accrued liabilities and deferred income, and short-term provisions. Long-term liabilities comprise obligations with a maturity of more than one year. Short-term and long-term liabilities are carried in the balance sheet at their nominal amounts.

Provisions

Provisions are recognized if a past event gives rise to a probable legal or constructive obligation, the amount and/or timing of which is uncertain, but can be estimated. Provisions are measured on the basis of an estimate of the probable outflow. Provisions are discounted if the effect is material.

Income taxes

Current income taxes are recognized on an accrual basis based on the results of operations actually generated and presented in the reporting period.

Deferred income taxes are recognized for all temporary taxable or tax-deductible differences between the tax base and Swiss GAAP ARR carrying amounts using the balance sheet liability method. The deferred income taxes to be recognized annually are calculated at the future tax rate applicable to the taxable entity in question at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if they relate to the same taxable entity and are levied by the same taxation authority.

Derivative financial instruments

The Coop Group uses derivative financial instruments to hedge currency and interest rate risk. Both derivative financial instruments for the purposes of hedging balance sheet items and those not held for hedging purposes are recognized at current values. The change in the current values since the last measurement is recognized in profit or loss for the period. Instruments used to hedge contractual future cash flows are not recognized in the balance sheet, but disclosed in the notes to the financial statements. Derivative financial instruments outstanding at the balance sheet date are disclosed in the notes to the annual consolidated financial statements.

Pension benefit obligations

Pension benefit obligations are all obligations arising from pension plans and pension institutions that provide retirement, death and disability benefits.

Coop Group employees receive pension benefits, or old age pensions, which are in line with the legal regulations and provisions applicable in each of the countries. Pension plans and pension institutions are usually funded from employer and employee contributions. The contributions made by Coop Group companies are included in personnel expense under social security contributions.

In Switzerland, employees are members of a legally independent pension institution or a collective foundation of banks or insurance companies. The terms provide for benefits that usually go well beyond the statutory minimum under Swiss law. In addition, within the pension institution, most employees can choose whether to join a plan with higher or lower savings contributions. Annually, it is assessed whether a pension institution gives rise to an economic benefit or an economic obligation from the organization's perspective.

The pension institutions' annual financial statements prepared in accordance with Swiss GAAP FER 26 and giving a true and fair view of the existing surplus or deficit are taken as the basis for the assessment.

An economic benefit is only recognized if it is permitted and intended to use the surplus to reduce employer contributions. Any freely available employer contribution reserves are recognized as assets. An economic obligation is recognized if the requirements for recognizing a provision are met.

The Group companies abroad do not have legally independent pension institutions with separated assets. Here, obligations arising from pension plans are recognized directly in the balance sheet.

Related party transactions

Associated organizations, pension funds and natural persons such as members of the Executive Committee or Board of Directors are considered to be related parties.

Significant financial statement items with associated organizations and other related party transactions are disclosed in the notes to the annual consolidated financial statements.

Off-balance sheet transactions

Contingent liabilities such as guarantees, guarantee obligations, pledges and other obligations not required to be recognized in the balance sheet are measured at each balance sheet date and disclosed at nominal value. Other obligations not required to be recognized in the balance sheet include all long-term obligations entered into which cannot be terminated within one year. If contingent liabilities and other obligations not required to be recognized in the balance sheet lead to an outflow of funds without any usable inflow of funds and this outflow of funds is probable and can be estimated, a provision is recognized.

in CHF million

1 Net sales from goods and services and operating result (EBIT) by segment

		2017		2016
	Net sales from goods and services	Operating result (EBIT)	Net sales from goods and services	Operating result (EBIT)
Retail	17 405	497	17 162	465
Wholesale / Production	13 006	309	12 248	298
Consolidation	-2 259		-2 151	
Coop Group	28 152	806	27 259	763

“Wholesale / Production” comprises the Transgourmet Group, the Bell Food Group and the manufacturing companies of the Coop Cooperative. The Consolidation line contains deliveries between the segments.

In 2016, an amount of CHF 8 million in EBIT was reclassified between the “Retail” and “Wholesale / Production” segments due to an organizational realignment between Coop Logistics (Retail) and the Coop manufacturing companies (Wholesale / Production).

Net sales from goods and services by geographic market

	2017	2016
Switzerland	19 476	19 251
Abroad	8 676	8 008
Coop Group	28 152	27 259

2 Other operating income

	2017	2016
Operating rental income	194	189
Gain on the disposal of fixed operating assets	6	6
Own work capitalized	22	22
Other income from services	834	846
Total	1 055	1 063

The item “Other income from services” also includes pools and lottery income, income from parking and advertising, and commissions from phone credits.

3 Personnel expenses

	2017	2016
Wages / salaries	3 509	3 410
Social security contributions	815	773
Social security contributions as a %	23.2	22.7
Other personnel expenses	292	257
Total	4 616	4 440

4 Other operating expenses

	2017	2016
Advertising expense	490	500
Rental expense	724	705
Office and administrative expense	269	252
Charges and insurance premiums (non-life)	87	80
Operations-related taxes	43	42
Maintenance and replacement costs	410	389
Energy and supplies	422	412
Transport costs	200	188
Miscellaneous expenses	212	190
Total	2 857	2 759

The “Operations-related taxes” item comprises capital and property transfer taxes, duties on the issue of securities and other fiscal levies.

The “Miscellaneous expenses” item comprises uncovered damage / losses, losses on receivables, unscheduled closure costs and miscellaneous operating costs.

in CHF million

5 Depreciation and amortization	2017	2016
Goodwill, planned amortization	180	211
Goodwill, extraordinary amortization	0	38
Other intangible assets, planned amortization	92	79
Other intangible assets, extraordinary amortization	31	4
Amortization on intangible assets	303	332
Tangible fixed assets, planned depreciation	893	852
Tangible fixed assets, extraordinary depreciation	27	100
Reversals of depreciation charges on tangible fixed assets	-35	-3
Depreciation on tangible fixed assets	885	950
Total	1 188	1 282

Extraordinary depreciation of tangible fixed assets, extraordinary amortization of intangible assets and reversals of depreciation charges on real estate are recognized based on reassessments of earnings or changes in market prices.

6 Financial result	2017	2016
Dividends and revaluation gains on securities	1	1
Other financial income	22	16
Financial income	23	17
Revaluation losses on securities	0	0
Interest and other financial expenses	50	61
Value adjustments to financial assets	33	31
Financial expenses	83	92
Total	-59	-75

7 Non-operating result	2017	2016
Rental income	1	1
Profits on the disposal of fixed non-operating assets	12	49
Other non-operating income	0	4
Non-operating income	13	54
Non-operating property expenses (incl. depreciation on non-operating fixed assets)	5	6
Other non-operating expenses	5	2
Non-operating expenses	9	8
Total	3	46

The non-operating result comprises income and expenses arising from events or transactions which clearly differ from the ordinary operations of the Coop Group. These items mainly include non-operating expenses and income on properties not used for operating purposes.

in CHF million

8 Income taxes	2017	2016
Current income taxes	120	172
Change in deferred taxes	26	-26
Total	145	146
Average tax rate as %	19.1	19.6

	2017		2016	
	Tax rate as %	Tax amount in CHF million	Tax rate as %	Tax amount in CHF million
Average applicable tax rate / expected income taxes	18.7	142	20.6	153
Losses in the current year for which no deferred tax assets were recognized		13		14
Use of unrecognized loss carryforwards		-26		-17
Average applicable income tax rate after loss carryforwards	17.1	130	20.1	150
Other effects		15		-4
Effective income tax rate / Effective income taxes	19.1	145	19.6	146

Expected income taxes are calculated based on the assumption that the non-operating result will be taxed the same as the ordinary result. The other effects are mainly the result of non-taxable income and expenses, prior-period income taxes and effects arising from changes in tax rates.

No deferred tax assets were recognized for loss carryforwards of CHF 827 million (31.12.2016: CHF 867 million).

9 Cash and cash equivalents	31.12.2017	31.12.2016
Cash on hand, postal and bank account balances	666	894
Reka cheques / cheques / vouchers	27	23
Term deposits	29	56
Total	722	972

10 Receivables from goods and services	31.12.2017	31.12.2016
Receivables from goods and services	1 289	1 125
Value adjustment	-53	-42
Total	1 236	1 084

11 Other short-term receivables	31.12.2017	31.12.2016
Other receivables	326	333
Prepayments to suppliers	10	7
Value adjustment	-2	-3
Total	334	337

12 Inventories	31.12.2017	31.12.2016
Merchandise	2 721	2 600
Finished goods (production)	213	192
Unfinished goods, work in progress	183	143
Raw materials	146	129
Supplies and packaging materials	60	49
Prepayments to suppliers	50	37
Value adjustment	-136	-140
Total	3 237	3 011

in CHF million

14 Financial assets

	Employer contribution reserve	Associated organizations	Other financial assets	Total
Financial assets 2017				
Net carrying amount 1.1.2017	10	91	95	196
Changes to the scope of consolidation	1	0	1	2
Investments			40	40
Disposals		-18	-75	-93
Write-ups (+) / Value adjustments (-)		6	-33	-27
Effect of exchange rate changes		2	1	3
Net carrying amount 31.12.2017	11	80	29	120

Financial assets 2016

Net carrying amount 1.1.2016	11	77	97	185
Changes to the scope of consolidation		1	1	2
Investments		7	41	48
Disposals	-1		-14	-15
Write-ups (+) / Value adjustments (-)		7	-30	-22
Effect of exchange rate changes		-1	0	-1
Net carrying amount 31.12.2016	10	91	95	196

Other financial assets

	31.12.2017	31.12.2016
Loans	95	64
Miscellaneous financial assets	9	74
Value adjustments to other financial assets	-75	-43
Total	29	95

in CHF million

15 Intangible assets	Goodwill	Trademarks / Patents / Licences	Software	Other intangible assets	Assets under development	Total
Intangible assets 2017						
Cost 1.1.2017	3 527	632	435	41	46	4 681
Changes to the scope of consolidation	157	0	7	5	2	172
Investments		0	65	6	60	132
Disposals	-1	-1	-4	-8		-14
Effect of exchange rate changes	32	2	7	1	0	43
Reclassifications		4	3	0	-7	0
Cost 31.12.2017	3 715	638	514	45	101	5 014
Accumulated amortization at 1.1.2017	2 890	311	315	38		3 554
Changes to the scope of consolidation		0	4	2		7
Planned amortization	180	37	52	3		272
Extraordinary amortization			1	0	30	31
Disposals		-1	-4	-8		-12
Effect of exchange rate changes	12	2	6	1		21
Accumulated amortization at 31.12.2017	3 082	349	376	36	30	3 873
Net carrying amount 31.12.2017	633	288	138	9	71	1 141
Intangible assets 2016						
Cost 1.1.2016	3 285	604	432	41	29	4 390
Changes to the scope of consolidation	247	1	5	2		254
Investments		3	71	1	44	120
Disposals		-1	-72	-3	0	-77
Effect of exchange rate changes	-5	0	-1	0	0	-6
Reclassifications		26	1	0	-27	0
Cost 31.12.2016	3 527	632	435	41	46	4 681
Accumulated amortization at 1.1.2016	2 642	280	335	38		3 296
Changes to the scope of consolidation		1	4	1		6
Planned amortization	211	32	45	1		290
Extraordinary amortization	38	0	3	1		42
Disposals		-1	-72	-3		-77
Effect of exchange rate changes	-1	0	-1	0		-2
Accumulated amortization at 31.12.2016	2 890	311	315	38		3 554
Net carrying amount 31.12.2016	636	321	120	3	46	1 126

in CHF million

16 Financial liabilities

	Currency	Term	Interest rate as % (weighted)	Nominal value	31.12.2017	31.12.2016
Bank current accounts					3	4
Deposit accounts			0.551		1 755	1 751
Medium-term notes		2–8 years	1.269		211	241
Bell Food Group AG	CHF	May 2013–2018	1.000	175		
Coop-Gruppe Genossenschaft	CHF	Jul 2012–2019	1.250	250		
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2020	0.250	300		
Coop-Gruppe Genossenschaft	CHF	Jun 2014–2021	0.875	200		
Bell Food Group AG	CHF	May 2013–2022	1.750	175		
Coop-Gruppe Genossenschaft	CHF	Sep 2016–2022	0.250	200		
Coop-Gruppe Genossenschaft	CHF	Sep 2014–2023	1.000	200		
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2024	0.880	200		
Bell Food Group AG	CHF	Mar 2016–2025	0.625	300		
Coop-Gruppe Genossenschaft	CHF	May 2016–2026	0.500	380		
Coop-Gruppe Genossenschaft	CHF	Sep 2017–2027	0.500	200		
Bonds					2 580	2 630
Bank loans					127	37
Mortgages			3.430		92	99
Finance leases					1	0
Pension fund obligations			0.250		200	200
Other financial liabilities					128	81
Total					5 096	5 043
of which short-term financial liabilities					937	927
of which long-term financial liabilities					4 159	4 116

17 Other short-term liabilities

	31.12.2017	31.12.2016
Vouchers in circulation	71	64
Prepayments from customers	146	135
Other taxes	82	132
Other short-term liabilities	251	126
Total	549	457

As at 31 December 2017, other short-term liabilities included the remaining purchase price for the acquisition of the 49% minority interest in Hilcona AG.

in CHF million

18 Provisions

	Benefit obligations	Restructurings	Supercard	Deferred taxes	Other provisions	Total
Provisions 2017						
Carrying amounts 1.1.2017	112	51	185	767	263	1 378
Changes to the scope of consolidation	0			3	0	3
Creation of provisions	24	11	189		44	268
Use of provisions	-22	-18	-191		-63	-294
Reversal of provisions no longer required	-3	-11	-3		-15	-32
Change in deferred taxes				26		26
Effect of exchange rate changes	3	0		3	5	11
Reclassifications	-4				4	0
Carrying amounts 31.12.2017	111	33	180	798	238	1 360
of which short-term provisions	21	25	180		78	304
of which long-term provisions	89	8		798	160	1 056
Provisions 2016						
Carrying amounts 1.1.2016	179	57	190	789	243	1 458
Changes to the scope of consolidation	4			8	5	17
Creation of provisions	24	18	179		98	320
Use of provisions	-80	-15	-182		-73	-349
Reversal of provisions no longer required	-15	-10	-3		-9	-36
Change in deferred taxes				-25		-25
Effect of exchange rate changes	0	0		-6	-1	-7
Reclassifications						
Carrying amounts 31.12.2016	112	51	185	767	263	1 378
of which short-term provisions	22	28	185		80	315
of which long-term provisions	90	22		767	184	1 063

Other provisions mainly include provisions for personnel in the amount of CHF 103 million (31.12.2016: CHF 103 million) and sales outlets in the amount of CHF 24 million (31.12.2016: CHF 29 million).

in CHF million

19 Pension funds

Employer contribution reserve 2017	Nominal value	Waiver of use	Pension funds		Patronage funds / pension institutions	
			Balance sheet value	Balance sheet value	Nominal value	Waiver of use
Carrying amounts 1.1.2017	10		10			
Changes to the scope of consolidation	1		1			
Creation	0		0			
Use (Personnel expenses)	0		0			
Carrying amounts 31.12.2017	11		11			

Employer contribution reserve 2016

Carrying amounts 1.1.2016	10		10	1		1
Changes to the scope of consolidation	0		0	0		
Creation	0		0			
Use (Personnel expenses)	0		0	-1		-1
Carrying amounts 31.12.2016	10		10	0		0

Economic benefit / economic obligation and pension benefit expenses	Surplus / deficit		Economic share of the Coop Group		Year-on-year change without effect on profit or loss ¹		Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2017	31.12.2017	31.12.2017	31.12.2016	2017	2017		2017	2017
Patronage funds / pension institutions									-1
Pension fund without surplus / deficit							262	262	265
Pension fund with surplus	1						1	1	1
Pension fund reinsured							1	1	1
Pension plans without own assets		-111	-112		-23	22		22	9
Total	1	-111	-112		-23	22	264	286	275

¹ Payments, foreign currency conversion, changes to the scope of consolidation

As at 31 December 2017, the CPV/CAP shows a funding ratio of 114.0% (2016: 113.0%). In terms of Swiss GAAP FER 16 there is no excess or shortfall, as the target for the fluctuation reserve has not yet been reached.

20 Off-balance-sheet transactions

	31.12.2017	31.12.2016
Guarantees, guarantee obligations	27	63
Other quantifiable commitments with a contingent character	6	119
Other non-recognizable commitments	127	5
Carrying amount of pledged assets	128	235

In July 2014, the German Federal Cartel Office ruled to impose administrative fines of around EUR 100 million on Bell Deutschland for alleged illegal price fixing in the years prior to the acquisition of Abraham and ZIMBO. No provisions were recognized as the Coop Group did not view this fine as justified, either in objective or material terms. A contingent liability in a corresponding amount was recognized under "other quantifiable commitments with a contingent character" until 31 December 2016. In June 2017 the German Federal Cartel Office ended the proceedings and dropped the ruling on imposing a fine.

Obligations to minority interest shareholders from put options on the shares they hold in consolidated Group organizations are presented in "Other non-recognizable commitments".

in CHF million

21 Obligations under off-balance sheet operating leases

	31.12.2017	31.12.2016
due within one year	750	738
due in 1 to 5 years	2 549	2 543
due in more than 5 years	3 602	3 823

Unrecognized operating lease obligations result mainly from long-term rental and ground lease agreements.

22 Open derivative financial instruments

Derivative financial instruments 2017		Contract values	Recognized in balance sheet		Not recognized in balance sheet	
Underlying asset	Purpose		Assets	Liabilities	Assets	Liabilities
Foreign exchange	Hedging	1 368	0	15	2	0
Total		1 368	0	15	2	0

Derivative financial instruments 2016		Contract values	Recognized in balance sheet		Not recognized in balance sheet	
Underlying asset	Purpose		Assets	Liabilities	Assets	Liabilities
Foreign exchange	Hedging	1 017	5	4	2	1
Interest rates	Hedging	8	0	0	0	0
Total		1 025	5	4	2	2

23 Related-party transactions

Transactions with associated organizations	2017	2016
Net sales from goods and services	36	25
Other operating income	6	5
Merchandise expenses	7	152
Office and administrative expense	2	2
Rental expense	2	2
Miscellaneous expenses	0	1
	31.12.2017	31.12.2016
Receivables from goods and services	6	3
Other short-term receivables	2	0
Prepayments and accrued income	2	3
Loans	76	44
Payables from goods and services	3	9
Short-term financial liabilities	6	5
Long-term financial liabilities	0	1

Furthermore there are liabilities to the pension fund CPV/CAP which are presented as short-term financial liabilities. Above and beyond this, there are no other significant transactions with other related parties.

24 Significant changes to the scope of consolidation

2017

Company		Change	Date	31.12.2017 as %	31.12.2016 as %
Frostag Food-Centrum AG	CH-Landquart	Acquired	01/2017	66.29	
Alimentana Sista Holding AG	CH-Ebikon	Acquired and merged into Coop Genossenschaft	01/2017	100.00	
Soc. Coopération de Collaboration Intern.	BE-Bruxelles	Liquidation	01/2017		25.00
Peter Riegger Holding AG	CH-Zug	Acquired	01/2017	100.00	
Tropenhaus Frutigen AG	CH-Frutigen	Merged into Coop Genossenschaft	01/2017	100.00	100.00
Service 7000 AG	CH-Netstal	Interest increased	02/2017	75.00	50.06
ZIMBO Czechia s.r.o.	CZ-Praha-Holesovice	Sold	03/2017	0.00	66.29
HiCoPain AG	CH-Dagmersellen	Sold	04/2017	0.00	40.00
Bell Food Group AG	CH-Basel	Renamed (formerly: Bell AG)	04/2017	66.29	66.29
F&B - Food and Beverage Services GmbH	DE-Riedstadt	Established	07/2017	100.00	
Team Beverage AG	DE-Wildeshausen	Acquired	07/2017	70.00	
Hilcona AG	FL-Schaan	Interest increased	09/2017	100.00	51.00
Tropenhaus Wolhusen AG	CH-Wolhusen	Interest increased and merged into Coop Genossenschaft	09/2017	100.00	94.31
OOO Torgovy Dom Global Foods	RU-Moskau	Acquired	09/2017	100.00	
Bell Espana Alimentacion S.L.U.	ES-Casarrubios del Monte	Renamed (formerly: Sanchez Alcaraz S.L.U.)	11/2017	66.29	66.29
gastronovi GmbH	DE-Bremen	Acquired	12/2017	51.00	

2016

Company		Change	Date	31.12.2016 as %	31.12.2015 as %
Valentin Pontresina AG	CH-Pontresina	Merged into Transgourmet Schweiz AG	01/2016	100.00	100.00
Transgourmet Deutschland GmbH & Co. OHG	DE-Mainz	Renamed (formerly: OHG Transgourmet GmbH & Co.)	01/2016	100.00	100.00
Transgourmet Österreich GmbH	AT-Traun	Acquired	01/2016	100.00	
OHG SELGROS C&C GmbH & Co.	DE-Neu-Isenburg	Merged into Transgourmet Deutschland GmbH & Co. OHG	01/2016	100.00	100.00
H.L. Verwaltungs-GmbH	AT-Pfaffstätt	Acquired	03/2016	66.29	
update Beteiligungen AG	CH-Uzwil	Acquired	04/2016	51.00	
Eisberg Holding AG	CH-Dänikon	Acquired	05/2016	33.81	
Casa del Vino SA	CH-Zürich	Acquired	05/2016	100.00	
Der Milchbauer Grosshandels-gesellschaft mbH	DE-St. Gangloff	Acquired	07/2016	100.00	
Geiser AG	CH-Schlieren	Acquired	10/2016	100.00	
Cher-Mignon SA	CH-Chermignon	Acquired	10/2016	100.00	
Tropenhaus Frutigen AG	CH-Frutigen	Interest increased	12/2016	100.00	99.74

The interests listed are calculated on the basis of the shares held by the Coop Group.

in CHF million

25 Most significant components at acquisition of organizations

2017	Team Beverage Group	Frostag Group	Alimentana Group	Riegger Group	Other entities
Cash and cash equivalents	1	0	19	13	1
Receivables, prepayments and accrued income	20	2	6	4	7
Inventories	1	2	3	7	3
Tangible fixed assets	2	16	8	5	9
Financial assets	1		0	1	0
Intangible assets (excl. goodwill)	6		0		1
Liabilities, accrued liabilities and deferred income	29	3	10	4	6
Financial liabilities	0	13		0	2
Provisions	0	0	1	2	0

2016	Transgourmet Österreich GmbH	Huber Group	Eisberg Group	Geiser AG	Other entities
Cash and cash equivalents	10	14	2	4	7
Receivables, prepayments and accrued income	44	48	11	5	9
Inventories	43	14	2	3	12
Tangible fixed assets	16	59	22	8	23
Financial assets	0		1		1
Intangible assets (excl. goodwill)	1	0	0		1
Liabilities, accrued liabilities and deferred income	75	35	8	4	15
Financial liabilities	8	0	8		3
Provisions	6	6	1	2	1

26 Most significant components at disposal of organizations

2017	ZIMBO Czechia s.r.o.
Cash and cash equivalents	1
Receivables, prepayments and accrued income	1
Inventories	0
Tangible fixed assets	1
Liabilities, accrued liabilities and deferred income	2
Financial liabilities	1
Provisions	0

In 2016 no fully consolidated companies were disposed

27 Scope of consolidation (significant companies)

			Interest held ¹		Share capital	Method of inclusion
			31.12.2017 as %	31.12.2016 as %	31.12.2017 in million	
Coop-Gruppe Genossenschaft	CH-Basel	Equity investment company				
Coop Genossenschaft	CH-Basel	Retail, production	100.00	100.00	0.0 CHF	☐
Betty Bossi AG	CH-Zürich	Magazine publisher	100.00	100.00	0.2 CHF	☐
Coop Immobilien AG	CH-Bern	Real estate	100.00	100.00	200.0 CHF	☐
Dipl. Ing. Fust AG	CH-Oberbüren	Electrical appliances, multimedia	100.00	100.00	10.0 CHF	☐
RS Vertriebs AG	CH-St. Gallen	Online trading of electrical appliances, multimedia	100.00	100.00	1.0 CHF	☐
Service 7000 AG	CH-Netstal	Repairs service	75.00	50.06	1.6 CHF	☐
Pearlwater Mineralquellen AG	CH-Termen	Mineral waters	100.00	100.00	22.4 CHF	☐
siroop AG	CH-Zürich	Online trading	50.00	50.00	CHF	●
siroop trading AG	CH-Basel	Online trading	100.00	100.00	0.1 CHF	☐
The Body Shop Switzerland AG	CH-Uster	Beauty and cosmetic products	100.00	100.00	0.4 CHF	☐
Alifresca AG	CH-Basel	Purchasing company	100.00	100.00	0.1 CHF	☐
Bell Food Group AG	CH-Basel	Holding	66.29	66.29	2.0 CHF	☐
Bell Deutschland Holding GmbH	DE-Seevetal	Sub-holding	100.00	100.00	0.0 EUR	☐
Bell Deutschland GmbH & Co. KG	DE-Seevetal	Charcuterie	100.00	100.00	1.0 EUR	☐
Interfresh Food GmbH	DE-Seevetal	Sub-holding	100.00	100.00	0.1 EUR	☐
Bell Polska Sp. z o.o.	PL-Niepolomice	Charcuterie	100.00	100.00	10.0 PLN	☐
Bell Benelux Holding N.V.	BE-Zellik	Sub-holding	100.00	100.00	5.3 EUR	☐
Bell Benelux N.V.	BE-Zellik	Trade in meat products	100.00	100.00	0.6 EUR	☐
Bell Nederland B.V.	NL-AX Breda	Trade in meat products	100.00	100.00	2.7 EUR	☐
Bell Espana Alimentacion S.L.U.	ES-Casarrubios del Monte	Air-dried ham	100.00	100.00	0.6 EUR	☐
ZIMBO Húsipari Termelő Kft.	HU-Perbal	Meat and sausage products	99.75	99.75	400.0 HUF	☐
Bell France Holding SAS	FR-Teilhède	Sub-holding	100.00	100.00	20.0 EUR	☐
Salaison Polette & Cie SAS	FR-Teilhède	Cured sausages	100.00	100.00	2.6 EUR	☐
Bell Schweiz AG	CH-Basel	Fresh meat, charcuterie, poultry, seafood	100.00	100.00	20.0 CHF	☐
Cher-Mignon SA	CH-Chermignon	Charcuterie	100.00	100.00	1.5 CHF	☐
Centravo Holding AG ²	CH-Zürich	Processing of by-products	30.10	30.10	CHF	●
Geiser AG	CH-Schlieren	Charcuterie	100.00	100.00	0.5 CHF	☐
Hilcona AG	FL-Schaan	Convenience foods	100.00	51.00	27.0 CHF	☐
Eisberg Holding AG	CH-Dänikon	Convenience foods	100.00	100.00	0.7 CHF	☐
Frostag Food-Centrum AG	CH-Landquart	Convenience foods	100.00	0.00	1.5 CHF	☐
H.L. Verwaltungs-GmbH	AT-Pfaffstätt	Sub-holding	100.00	100.00	0.3 CHF	☐
CapCo AG	FL-Vaduz	Insurance company	100.00	100.00	5.0 CHF	☐
Centre Commercial Moncor S.A.	CH-Villars-sur-Glâne	Real estate	100.00	100.00	1.2 CHF	☐
Centre de formation «du Léman»	CH-Jongny	Training	100.00	100.00	0.0 CHF	☐
Chocolats Halba S.A. de C.V.	HN-San Pedro Sula	Cocoa production	75.00	75.00	0.1 USD	☐
Coop-ITS-Travel AG	CH-Freienbach	Travel agency	50.00	50.00	CHF	●
Coop Mineraloel AG	CH-Allschwil	Filling stations with shops	51.00	51.00	10.0 CHF	☐
Coop Tagungszentrum	CH-Muttenz	Training	100.00	100.00	0.4 CHF	☐
Coop Vitality AG	CH-Bern	Pharmacies	51.00	51.00	5.1 CHF	☐
Elektronik Distribution AG	CH-Basel	Purchasing alliance	100.00	100.00	0.1 CHF	☐
Eurogroup Far East Ltd.	CN-Hong Kong	Purchasing company	100.00	100.00	0.1 HKD	☐
Marché Restaurants Schweiz AG	CH-Dietlikon	Restaurant	100.00	100.00	8.0 CHF	☐
Palink UAB	LT-Vilnius	Retail	20.00	20.00	EUR	●

			Interest held ¹		Share capital	Method of inclusion
			31.12.2017 as %	31.12.2016 as %	31.12.2017 in million	
Panflor AG	CH-Zürich	Cereals and ground products	100.00	100.00	0.1 CHF	☐
railCare AG	CH-Härkingen	Railway company operations	100.00	100.00	1.0 CHF	☐
Retail Marketing Switzerland AG	CH-Basel	Retail	100.00	100.00	0.1 CHF	☐
SC Swiss commercial GmbH	DE-Konstanz	Distribution company	100.00	100.00	0.0 EUR	☐
Steinfels Swiss GmbH	DE-Konstanz	Distribution company	100.00	100.00	0.0 EUR	☐
Transgourmet Holding AG	CH-Basel	Holding	100.00	100.00	520.1 CHF	☐
gastronovi GmbH	DE-Bremen	Software	51.00		0.1 EUR	☐
Transgourmet Beteiligungs GmbH	AT-Wiener Neudorf	Sub-holding	100.00	100.00	1.0 EUR	☐
OOO Selgros	RU-Moskau	Cash & Carry	100.00	100.00	10.1 RUB	☐
OOO Torgovy Dom Global Foods	RU-Moskau	Wholesale supplies	100.00	0.00	0.1 RUB	☐
Transgourmet Central and Eastern Europe AG	CH-Basel	Sub-holding	100.00	100.00	0.1 CHF	☐
Transgourmet Deutschland GmbH & Co. OHG	DE-Riedstadt	Wholesale supplies	100.00	100.00	0.1 EUR	☐
EGV Lebensmittel für Grossverbraucher AG	DE-Unna	Wholesale supplies	100.00	100.00	0.6 EUR	☐
Der Milchbauer Grosshandels- gesellschaft mbH	DE-St. Gangloff	Wholesale supplies	100.00	100.00	0.0 EUR	☐
F&B - Food and Beverage Services GmbH	DE-Riedstadt	Sub-holding	100.00	0.00	0.1 EUR	☐
Team Beverage AG	DE-Wildeshausen	Wholesale supplies	70.00	0.00	1.0 EUR	☐
FrischeParadies GmbH & Co. KG	DE-Frankfurt	Wholesale	100.00	100.00	0.0 EUR	☐
Transgourmet Central and Eastern Europe GmbH	DE-Riedstadt	Sub-holding	100.00	100.00	17.7 EUR	☐
Richard Sump GmbH	DE-Hamburg	Sub-holding	75.00	75.00	1.0 EUR	☐
Sump & Stammer GmbH International Food Supply	DE-Hamburg	Wholesale supplies	100.00	100.00	2.5 EUR	☐
SELGROS CASH & CARRY S.R.L.	RO-Brasov	Cash & Carry	100.00	100.00	288.3 RON	☐
Transgourmet Polska Sp. z o.o.	PL-Poznan	Wholesale	100.00	100.00	310.0 PLN	☐
Transgourmet France SAS	FR-Valenton	Wholesale supplies	100.00	100.00	486.9 EUR	☐
Transgourmet Österreich GmbH	AT-Traun	Wholesale supplies	100.00	100.00	1.0 EUR	☐
Transgourmet Schweiz AG	CH-Basel	Wholesale	100.00	100.00	66.5 CHF	☐
Casa del Vino SA	CH-Zürich	Beverage trade	100.00	100.00	0.3 CHF	☐
Peter Riegger Holding AG	CH-Zürich	Beverage trade	100.00	0.00	0.3 CHF	☐
update Beteiligungen AG	CH-Uzwil	Equity investment company	51.00	51.00	0.1 CHF	☐

☐ = Fully consolidated company

● = Company included by using the equity method

¹ Stake held by respective parent company

² Proportion of the shares in circulation

28 Events after the balance sheet date

Significant changes to the scope of consolidation (subject to the approval of the local competition authorities):

- In January 2018, the Bell Food Group acquires the majority stake in the internationally active Hügli Group, based in Steinach, Switzerland. The latter group operates in the food production sector.
- In January 2018, the Transgourmet Group takes over Niggemann Food Frischemarkt GmbH, based in Bochum, Germany. The company primarily supplies customers in the catering industry.
- In January 2018, the Transgourmet Group takes over Immodevelop GmbH, based in Innsbruck, Austria. The company develops and manages properties.

The Board of Directors approved the annual consolidated financial statements of the Coop Group on 8 February 2018. They have to be approved by the Delegate Assembly on 12 April 2018.



Report of the statutory auditor to the Delegate Assembly of Coop Group Cooperative, Basle

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Coop Group Cooperative and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated cash flow statement and statement of changes in equity for the year then ended, and notes to the annual consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 88 to 109) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

<p>Overview</p> 	<p>Overall materiality: CHF 130 million</p> <p>We concluded full scope audit work for the Bell Food Group and for four reporting units in Switzerland. In addition, we conducted a full scope audit jointly with another audit firm at the Transgourmet Group.</p> <p>Our audit scope addressed over 95% of the net sales from goods and services of the Group. In addition, specified procedures were performed on a further three reporting units.</p> <p>As key audit matters, the following areas of focus have been identified:</p> <ul style="list-style-type: none">• Impairment of goodwill• Impairment of trademarks• Impairment of inventories
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Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

<i>Overall materiality</i>	CHF 130 million
<i>How we determined it</i>	0.5% of net sales from goods and services (rounded)
<i>Rationale for the materiality benchmark applied</i>	We chose net sales from goods and services as the benchmark because the Group is not primarily oriented to the capital markets and the Coop's cooperative members do not provide risk capital. Furthermore, it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 6.5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Impairment of goodwill

Key audit matter

We consider the impairment testing of goodwill (amortised over a period of 8 years to a maximum of 20 years) to be a key audit matter for the following reasons.

- As of 31 December 2017, the balance sheet includes goodwill of CHF 633 million, which is a significant amount. The biggest items result from acquisitions made in recent years.
- In addition, judgement is required to determine the assumptions relating to the future business results and the discount rate applied to the forecasted cash flows.

Please refer to the consolidation and accounting principles (page 94) and Appendix 15 Intangible assets (page 101) in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We discussed with Management the results and the prospects for the future of those individual business units to which the goodwill relates and we examined the relevant minutes of meetings of the Board of Directors and of the Executive Committee. This gave us an overview of the approval process for multi-year planning and of any impairment indicators within the Group.

Based on our considerations of risk and materiality, we involved our inhouse valuation experts to support us in auditing the impairment testing. Our focus was to assess the correctness and mathematical accuracy of the applied valuation methods and the plausibility of the key assumptions (discount rate and growth rates). By comparing the business results of the year under review with the forecasted results from the prior year, we also assessed the appropriateness of the prior year's assumptions.

Further, we compared the assumptions concerning revenue and margin forecast applied by Management with economic and industry-specific forecasts. The capital asset pricing model was used to calculate the weighted cost of capital. We compared the discount rate with that of comparable enterprises, taking into account country-specific aspects. We checked the forecasted change in net working capital and in capital expenditure for plausibility.

Further, we tested the sensitivity analyses prepared by Management of the key assumptions. These analyses enabled us to check for any potential impairment of goodwill. We discussed the results of our audit with Management and the Audit Committee.

We consider the valuation process and the assumptions applied by Management to be an appropriate and sufficient basis for the impairment testing of goodwill.



Impairment of trademarks

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>We consider the assessment of the carrying value of trademarks (amortised over a period of up to 20 years) to be a key audit matter for the following reasons.</p> <ul style="list-style-type: none"> • As of 31 December 2017, the balance sheet includes trademarks, patents and licenses of CHF 288 million, which is a significant amount. • In addition, judgement is required to determine the assumptions relating to the future business results and the discount rate applied to the forecasted cash flows. <p>Please refer to the consolidation and accounting principles (page 94) and Appendix 15 Intangible assets (page 101) in the notes to the consolidated financial statements.</p>	<p>We discussed with Management the results and the prospects for the future of the individual trademarks and we examined the relevant minutes of meetings of the Board of Directors and of the Executive Committee. This gave us an overview over potential impairment indicators.</p> <p>Based on our considerations of risk and materiality, we tested the trademarks for impairment using capitalised earnings calculations based on the multi-year plans approved by the Board of Directors and on licensing agreements. We discussed the results of our tests with Management and the Audit Committee.</p> <p>The results of our audits confirm the estimates made by Management regarding the value of the trademarks in the year.</p>

Impairment of inventories

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>We consider the assessment of the carrying value of inventories to be a key audit matter due to the book value of CHF 3.2 billion as of 31 December 2017.</p> <p>We focussed on the risk of an overstatement of inventories due to goods that can no longer be used or that are difficult to sell.</p> <p>Please refer to the consolidation and accounting principles (page 93) and Appendix 12 Inventories (page 98) in the notes to the consolidated financial statements.</p>	<p>We assessed the principles for calculating the impairment of inventories and discussed with Management the results of the analysis concerning the required write-downs. We examined the relevant minutes of meetings of the Board of Directors and of the Executive Committee in order to identify impairment indicators.</p> <p>We reviewed on a sample basis the compliance with the obsolete inventory management process and the correctness of the inventory valuation calculations. In addition, selected inventory counts were observed with regard to the identification and write-down of obsolete inventory.</p> <p>Our audit results support Management's assessment of the carrying value of inventories as of 31 December 2017.</p>



Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with with article 906 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A blue ink signature of Bruno Rossi, written in a cursive style, next to a small red and white logo.

Bruno Rossi
Audit expert
Auditor in charge

A blue ink signature of Pascal Bucheli, written in a cursive style, next to a small red and white logo.

Pascal Bucheli
Audit expert

Basle, 8 February 2018