



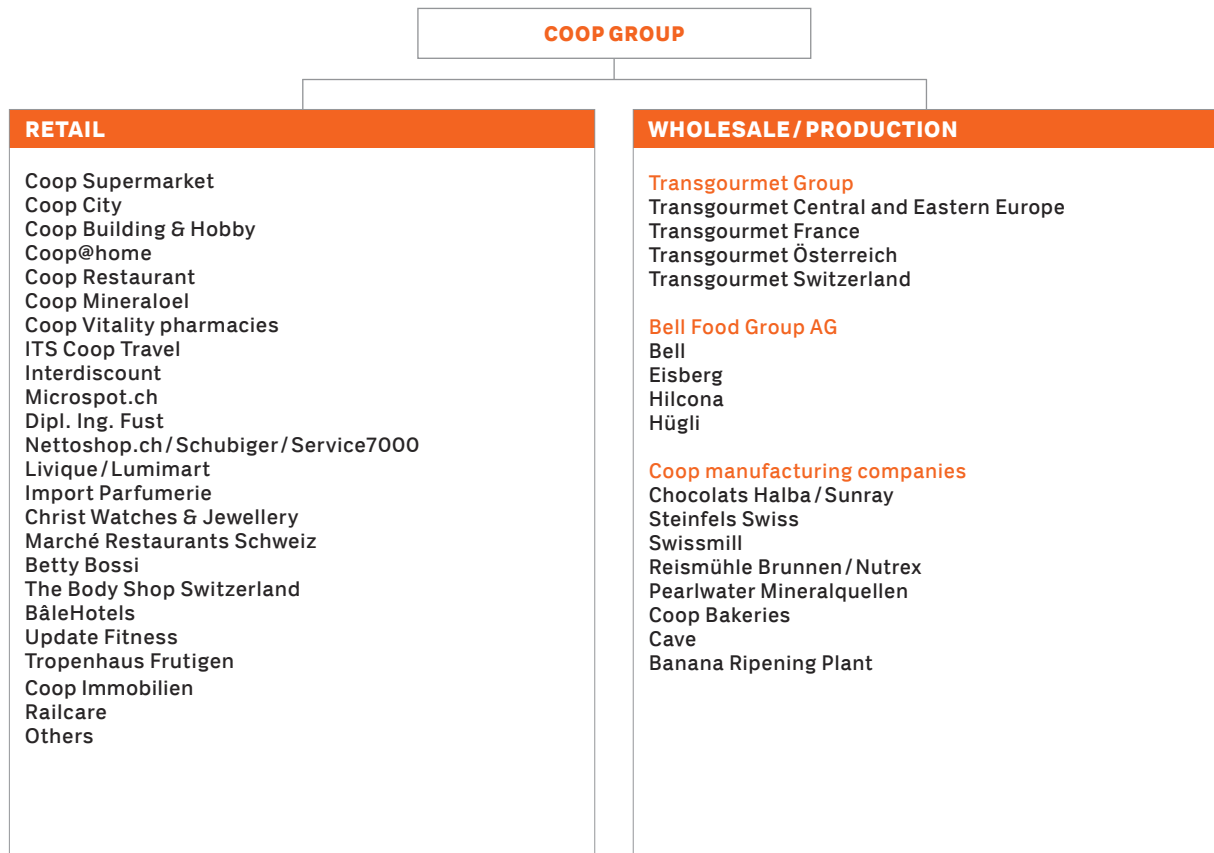
2018 ANNUAL REPORT OF THE COOP GROUP

2018 Annual Report of the Coop Group

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Coop Group business areas

As at 1 March 2019



RETAIL

WHOLESALE

PRODUCTION

Key figures at a glance

Total sales

30 662 CHF million

Net sales Group

29 565 CHF million

of which

19 931 CHF million Switzerland

9 634 CHF million abroad

Net sales segments

17 743 CHF million Retail

14 170 CHF million Wholesale/Production

Net sales online trading

785 CHF million Retail

1 537 CHF million Wholesale/
Production

Employees at 31.12

47 195 Retail

42 384 Wholesale/Production

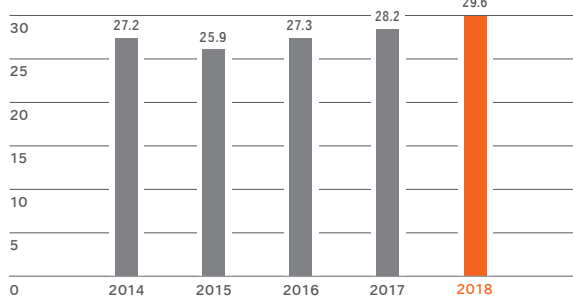
Trainees at 31.12

2 547 Retail

900 Wholesale/Production

Net sales

in CHF billion



Earnings

2 103 CHF million EBITDA

7.1% of net sales

772 CHF million EBIT

2.6% of net sales

Profit

473 CHF million

1.6% of net sales

Equity

9 754 CHF million

47.9% Equity ratio

Free cash flow

218 CHF million

Investments in tangible fixed assets

1 016 CHF million Switzerland

527 CHF million abroad

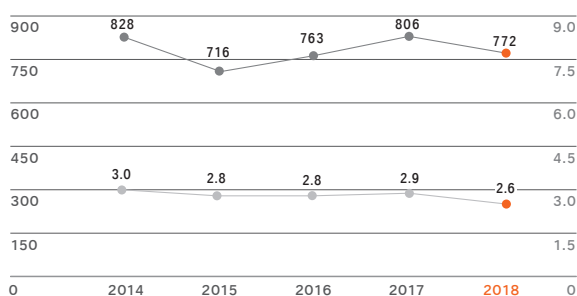
Sales outlets / markets

2 313 Retail

145 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales





Hansueli Loosli and Joos Sutter

Foreword

Coop Group continues to grow

Coop can look back on a successful financial year. With growth of 5%, our sales topped 30 billion francs for the first time in 2018. Our commitment to sustainability was highly instrumental in this success: in the 25th anniversary year of our own-label sustainability brand Coop Naturaplan, our sales from sustainable products in retail grew by 7.2% to 4.1 billion francs. We therefore remain a sustainability leader in Switzerland.

Retail developed well, with net sales increasing 1.9% to 17.7 billion francs. We gained more new customers in our supermarkets and increased footfall by 3.1%.

In the food and non-food segments, we again put all our efforts into responding even better to our customers' needs. In 2018 alone, we converted 42 sales outlets to the new 2025+ store concept, bringing the total of new-style stores to around 75. We launched our new concept for Coop shopping centres in the Coop Rhy Markt shopping centre in Feuerthalen and unveiled our new food court concept in the Wankdorf Center in Bern. A variety of events were staged and product innovations launched to mark the 25th anniversary of Coop Naturaplan. Digitalization was an ever-present theme in the Non-Food area in 2018: with Livique, our new furnish-

ings store, we set the standard for furnishings, with over 100 million customizable furniture options. In Jegenstorf, we opened our new logistics centre for home electronics, which is Switzerland's most cutting-edge online delivery platform. From here, we will in future be able to deliver to customers of Interdiscount and Microspot even faster and more efficiently.

We acquired full ownership of online marketplace Siroop and integrated it entirely into the Microspot platform. Together with Interdiscount, Microspot will be developed into the Coop's main e-commerce platform for non-food products. Online supermarket Coop@home further expanded its range, with services including an online patisserie and the facility to order catering platters, resulting in 6.7% growth in net sales. Coop again increased its Group-wide net sales in the online trading by 20.6% to 2.3 billion francs.

The Coop Group's second pillar, Wholesale/Production, also continued to develop exceptionally well in 2018. Net sales were up 9% to 14.2 billion francs. The Transgourmet Group grew by 6.9% and further consolidated its position as the second-largest European wholesale supplies and cash & carry company.

Transgourmet was committed in 2018 to even greater integration of its services and specialists, enabling it to act as a single-source provider to its catering trade customers of the full wholesale catering and beverages spectrum. With this in mind, Transgourmet established a joint venture with the Oetker Group, steadily expanded the network of stores in the Transgourmet countries and continually added to its ranges in all countries. Fresh meat, seafood and other fresh products were the key areas in which the Transgourmet Group added to its multi-country expertise, gained new partners and further expanded its range.

At the start of the year, the Bell Food Group acquired long-life convenience product specialist Hügli. Along with the fresh and ultra-fresh convenience products by Hilcona and Eisberg, this means that the Bell Food Group supplies the entire range of convenience products, which now account for around a quarter of the company's consolidated sales and are divided among the Bell, Eisberg, Hilcona and Hügli business areas.

The even closer and more extensive integration between physical stores and the online business means that we are now even closer to our customers than ever before. This proximity gives us an even better understanding of our customers' needs and enables us to make the crucial difference in terms of quality and customer satisfaction. Equally important in making that difference are our approximately 90 000 employees, to whom we would like to express our sincere thanks here.



Hansueli Loosli
Chairman of the Board of Directors



Joos Sutter
Chairman of the Executive Committee

Milestones in 2018



January

Bell Food Group acquires Hügli Holding

The Bell Food Group acquires a majority stake in Hügli Holding AG, a leading European manufacturer of dry-mix products in the convenience food segment, and will take it over completely by the end of May.

Transgourmet Germany acquires Niggemann Food Frischemarkt GmbH

The acquisition strengthens Transgourmet's fresh food expertise in the delivery and cash & carry sector.

Transgourmet Switzerland acquires Polar

By acquiring Polar Comestibles based in Reinach, Basel-Landschaft, Transgourmet Switzerland is continuing to broaden its expertise in fresh fish and food retail.



February

A new look for the Coop member press

More editorial content, fresh fonts and new colours: in February, the Coop Member Press undergoes a complete makeover.

April

Transgourmet Switzerland acquires Braschler's Comestibles Import AG

With Zurich-based company Braschler's, Transgourmet is strengthening its expertise in fresh fish and seafood, meat and food retail.



New own-label sustainability brands Heumilch and Bio Campiuns

Coop introduces two new own-label sustainability brands, Heumilch and Bio Campiuns. Heumilch is a range of dairy products from cows which spend at least 26 days of the month in the meadows over the summer and whose diet consists mainly of fresh grass and herbs. Bio Campiuns is dedicated to Swiss superfoods packed with highly nutritious ingredients.

Bell Food Group acquires Sylvain & Co

Bell Food Group subsidiary Eisberg acquires the company Sylvain & Co with retroactive effect to 1 January. The Vaud-based company specializes in the processing of salads, vegetables and fruits.



May

Coop celebrates 25 years of Naturaplan

A host of actions and events mark the 25th anniversary of Coop's Naturaplan sustainability brand. One of the highlights is the ceremony on 7 May to which 260 guests are invited, including partners and key people involved with the Coop own-label brand.

Siroop merges with Microspot

In May, Coop acquires Swisscom's 50% share package in Siroop. Siroop and Microspot are merged to create one brand. This enables the best use to be made of expertise and market presence and further strengthens the online business.



Microspot and Interdiscount open new logistics site for home electronics

With the opening of the fully automated online logistics centre in Jegenstorf, Microspot becomes a key non-food platform. Interdiscount's omnichannel presence and delivery speed are improved.

Coop launches sugar-free fruit yoghurts

Coop adds Switzerland's first-ever fruit yoghurts which are completely free of added sugar to its range, in recognition of greater demand for reduced-sugar yet tasty products.



June

Coop launches palm oil offensive

In June, Coop announces that, in future, it will be using organic palm oil from systematically sustainable production in its own-label food products.



July

Bell Food Group invests in cultured meat

As a sustainable response to growing demand for meat, the Bell Food Group acquires shares in Dutch start-up Mosa Meat. The company is a global leader in the development of beef from cell cultures and its goal is to make cultured beef commercially viable by 2021.

August

New milk programme for Coop

In August, Coop introduces more stringent minimum requirements for the production of conventional milk, placing even greater emphasis on sustainability and animal welfare. All Qualit e&Prix pasteurized milk is now available with the new production standard. The new Coop milk programme will be expanded to other items in the range.

Coop launches own-label brand Sapori d'Italia

Following the launch of the Sapori d'Italia store format in 2017, in August Coop brings the first products in the new Sapori d'Italia own-label brand to its stores. To begin with, the label comprises Pizza Prosciutto, Verdura and Margherita and is available in many Coop sales outlets.

Coop opens first shopping centre in Feuerthalen based on a new concept

After 15 months of building work, on 23 August Coop opens the first Coop shopping centre in Switzerland based on a new concept. Coop has completely modernized and reorganized the Rhy Markt. Over more than 6 600 m², the Rhy Markt houses stores including a Coop Megastore, a Building & Hobby branch, a Coop Restaurant and a mall area, whose unique features include planted walls, real trees and comfortable furniture. Moreover, thanks to a photovoltaic system with a surface area of 3 400 m², the Rhy Markt largely meets its own energy requirements.



September

Coop opens furniture store Livique

With a cutting-edge concept and a new direction, Coop reinvents its furniture business: Livique is all about individuality and lifestyle. The format emerges from furniture store Toptip and offers more than 100 million customizable furniture options.



October

Coop introduces new food court concept

On 31 October 2018, the first redesigned food court in a Coop shopping centre opens in the Wankdorf Center in Bern. The concept is characterized by a bright, friendly, open and atmospheric lounge ambience, complete with restaurant terrace and children's play area.



November

Coop launches new, free credit card

On 1 November, Coop launches a brand new credit card, the "Supercard Credit Card", which replaces the old "SUPERCARDPlus". The "Supercard Credit Card" is still free and offers additional benefits such as free travel insurance. It is available as a Mastercard or Visa and, now, as a Visa prepaid credit card.

Strategy and operating environment

With new ranges, the expansion of modern store concepts and new formats, Coop is making a statement which strengthens its position on the Swiss retail market. Coop is committed in all areas to digitalization, is automating processes and is adapting its supply chain to new demands. In wholesale, Coop is working with Transgourmet to broaden its expertise and is expanding in its existing markets. Coop is committed to sustainability and verticalization in the production of strategically important goods and benefits from an efficient organization.

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 the Bell Food Group, 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 over 2.5 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. Around 90 000 employees 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 expresses 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, efforts are focused on the targeted optimization of the network of sales outlets. This involves making adjustments to the ranges and launching new formats which pick up specific trends. Moreover, the Coop companies engage with digitalization to introduce new online shops and services, further expand the omnichannel offering and make processes more efficient. In this way, the Coop Group is strengthening its position on the domestic market. In wholesale, 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 chocolate from Chocolats Halba/Sunray, integrating the manufacturing companies enables Coop to respond swiftly to new trends and exploit the synergies between the Retail and Wholesale/Production business areas. In 2018, for instance, through the Bell Food Group, and in particular thanks to the takeover of Hügli Holding and its organizational division into the business areas Bell, Eisberg, Hilcona and Hügli, Coop was able to further consolidate its leading position in the convenience foods segment and now covers the entire convenience food spectrum. The Retail and the Wholesale and Production business areas generally work closely together and exploit synergies in purchasing and logistics. Furthermore, the manufacturing companies produce products for retail and wholesale. The objective is to exhaust the availability synergy potential and attain even greater efficiency, which will translate into lower consumer prices.

Digitalization

Coop is pursuing two main strategic thrusts where digitalization is concerned. The primary purpose of digitalization must be 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. Coop has devised a digitalization concept specifically for this purpose, which is systematically geared towards customer service and is broken down into seven pillars. Topics such as "E-Business & CRM", "Category Management & Purchasing", "Communication", "Goods flow management" and "Logistics" as well as "E-back office" and "IT Infrastructure" are the priorities. However, Coop also regards digitalization as an opportunity to adopt new business models. The significance of digitalization is also behind Coop's decision to become a main partner of Digital Switzerland.

Another particularly noteworthy focus is the omnichannel approach, combining online and in-store trading. In 2018, 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 40 online shops, 24 of those in retail and 16 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 of purchasing, both 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 the purchasing of food and non-food products in Asia via its subsidiary Eurogroup Far East Ltd., which 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 company 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 company. Agecore is one of the biggest international purchasing companies 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

Declining sales in Swiss retail

After three years of negative sales trends, retail was unable to fully recover in 2018, and sales declined in Switzerland in both nominal and real terms. Growth was achieved in the food sector, thanks in part to rising demand and partly to higher prices. The non-food sector, however, continued to contract. The "Clothing & Shoes" product group in particular experienced falling demand.

Developments in wholesale and industry

In Switzerland, wholesale and industry also benefited from rising consumer demand. While food wholesale was positively impacted by the recovery in the hospitality industry, Swiss food producers felt the squeeze on their margins due to rising raw material prices and very intense competition. The pleasing economic trend continued in countries such as Germany and France and, in particular, Poland and Romania. In these countries, wholesale and industry benefited from the sustained growth in private consumption.

Swiss vote against "Fair Food" and "Food Sovereignty" initiatives

On 23 September 2018, the people of Switzerland voted on the "Fair Food" initiative and the food sovereignty initiative. Both initiatives called for tougher regulations and new customs duties on imported foods and the promotion of Swiss agriculture. As a member of the IG DHS Swiss retailers' association, Coop advocated rejecting the initiatives. The initiatives would have greatly restricted the offering for consumers and inevitably pushed up food prices. The referendum on the food security initiative in 2017 had already enshrined in the federal constitution the promotion of sustainable agriculture in trade relations too. Coop welcomed the outcome of the vote and will remain fully committed to sustainably produced foods and Swiss agriculture.

Coop is committed to sustainable transportation of goods

Whether using electric trucks for local journeys or by rail via Coop subsidiary Railcare: Coop is totally committed to sustainability in the transport chain as well. So that competitiveness is not left by the wayside in its efforts towards environmentally-friendly and CO₂-neutral transport methods, Coop is also exerting political pressure to ensure the appropriate conditions are in place. In rail transport, the availability of routes and the route pricing present particular challenges to Coop. Coop is committed

to easing the regulations applicable to railways and to special pricing arrangements to encourage the use of rail for food transport. Moreover, exemption of electric and hydrogen-fuelled trucks from the heavy traffic levy, which is another focus of Coop's political activism, makes environmentally-friendly means of transport more competitive. To promote hydrogen mobility, Coop formed the H2Energy association together with other companies. The association's goal is to create a nationwide network of hydrogen filling stations in Switzerland. Coop also exerted pressure on politicians to exempt biodiesel from the fuel tax levy. This is the only way for Coop to transport food sustainably in the long term and commercially exploit innovative, environmentally-friendly technologies.

Coop's commitment to sustainability in Swiss agriculture

Coop has been committed for many years to sustainable production in a market-oriented Swiss agricultural sector. Reflecting this aspiration, the retailer is engaged as a strong partner along the entire value chain. The use of pesticides and antibiotics, new technologies and the availability of feeds present particular challenges to the Swiss farming and food industry. Therefore, as part of the upcoming agricultural reform "Agriculture Policy 2022+", Coop is committed to a culture of open dialogue and clear targets. In these efforts, Coop is reliant on producers taking responsibility and is committed to promoting innovative approaches and avoiding unnecessary administrative pressures.

To the top with sustainability

Sustainability is part of Coop's corporate DNA and imbues all its relevant strategies. The focus is on sustainable products, the environment and climate protection as well as commitment to employees and society. 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 27 years of strong 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 systematically 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 annual [Sustainability Progress Report](#) has been published since 2017 instead of a sustainability report. The report provides a detailed insight into Coop's commitment to sustainability, by sharing specific information.

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, life assessment cycles, 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 describes how the issue of sustainability is managed at Coop and how sustainability is holistically integrated within the existing management system. The strategy concept is based on three pillars (Sustainable Products, Environment and Climate Protection and Employees and Social Commitment), which in turn build 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.



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 its 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: Environment 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. As part of its moves to optimize packaging, Coop is reducing plastic when this makes sense from an overall environmental perspective.

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, 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 16.5 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, we discuss three selected sustainability projects. News on sustainable projects from the individual business areas is assigned to the respective chapters.

Coop is committed to organic palm oil in conventional products

In future, Coop will use organic palm oil not only in organic products but also in conventionally produced food for the Coop own-label brands. This is a major step forwards for Coop, which contributes to resource-friendly and consistently sustainable production. In selected own-label products, Coop would like to completely replace palm oil with other oils and fats where possible and feasible. If other tropical oils or fats such as coconut oil are used, they too must be sourced from Fairtrade and/or organic production. The transition will be made gradually in close cooperation with Coop's production facilities and suppliers.

Coop is the co-founder of the Swiss Platform for Sustainable Cocoa

In January 2018, Coop joined the "Swiss Platform for Sustainable Cocoa". The newly-founded association is committed to ensuring that, in future, the majority of all imported products containing cocoa are sustainably produced. The other members of the platform include the industry association Chocuisse, the State Secretariat for Economic Affairs (SECO), Helvetas, Swisscontact, the retail sector, importers and the label organizations and research institutions. The common goals are ambitious: to substantially improve the living conditions of cocoa producers and create an attractive cocoa sector for current and future generations. By as early as 2025, 80 percent of the cocoa products imported into Switzerland should be sustainably manufactured. Coop is going one step further in this regard: by 2020, Coop intends to source all of the cocoa used in its own-label chocolates from sustainable cultivation. Today, over 94 percent of Coop's cocoa is already from sustainable production – in particular fairtrade-certified small-scale farmers. This is made possible by the fact that Coop's production company Chocolats Halba/Sunray works directly with fairtrade cooperatives in Peru, Ecuador, Honduras and Ghana. Among other things, Chocolats Halba/Sunray trains local producers in Ecuador to become agroforestry trainers who then pass on their knowledge to other farmers, thereby promoting the mixed cultivation of cocoa with fruits, vegetables and hardwood trees. This commitment was recognized with the "Swiss Ethics Award" in 2018.

Relaunch of the actions-not-words website

Since 2015, the slogan “Actions, not words” has encapsulated Coop’s commitment to sustainability for people, animals and nature. To make reporting on Coop’s commitment to sustainability even more appealing to customers, Coop completely redesigned the website in 2018. The new site went online in November of the reporting year, in German, French, Italian and English. Each week, the website actions-not-words.ch shares news about Coop’s wide-ranging commitment to sustainability along with interesting background stories, tips and insights into what goes on behind the scenes. There are more than 360 actions to be discovered on the website, from all of the Coop Group business areas.

The progress made with implementing the Coop Group’s sustainability commitment 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 continues to successfully roll out its new store design concept and is broadening its range of sustainable products. In the online business, Coop merges Siroop with Microspot and expands Microspot into a key non-food platform. Coop opens Livique, a lifestyle furniture store with a new direction.

In 2018, the Coop Group generated net sales of 17.7 billion francs in retail. Despite numerous price cuts, the Retail business area, excluding fuel and heating oil, was thus able to exceed the previous year's figure.

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 2018, it had 2 313 sales outlets throughout Switzerland, which is 17 more than the previous year. Coop also boasts a wide range of online shops and systematically combines online and offline trade (omnichannel). 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 15.4% in 2018 compared with the previous year.

CHF **17.7** bn
net sales in retail

Coop attaches particular strategic importance to its sustainable ranges. In 2018, Coop's retail sales from sustainable products totalled an encouraging 4.1 billion francs, which was up 7.2% over the previous year (for details see www.coop.ch/sd-report). Sales of organic products alone came to 1.4 billion francs, which is an increase of 14.8% year on year.

Supermarkets and food formats

The Coop supermarkets generated net sales of 10.4 billion francs in 2018. With 918 stores, Coop has the densest network of sales outlets in Switzerland. In the 2018 financial year, 26 new sales outlets were opened and 16 closed. Coop implemented the new store concept 2025+ in a total of 42 supermarkets in 2018, bringing the total number of new-style supermarkets to 75. With growth in customer footfall of 3.1%, Coop gained a large number of new customers.

Rhy Markt: first Coop Megastore in eastern Switzerland with the new store design

Pine and beechwood, planted walls and floors made of genuine Ticino stone: natural materials combined with innovative merchandise presentation make shopping in the 2025+ store concept a unique experience. The Coop Megastore Rhy Markt Feuerthalen is a prime example. With a total sales area of 3 130 m², the supermarket stocks the widest range of brands in Switzerland and caters to almost every customer need: a range of around 35 000 products, including no less than 800 regional products, awaits customers at the Coop Megastore. Coop also created other highlights such as "Cave du vin" and the "Chäs-Hüüsli". The Cave du vine cellar, a walk-in cube, provides an attractive presentation space for the finest of some 800 wine specialities from around the globe. In the climate of the "Chäs-Hüüsli" cheese humidor, Coop sells around 200 cheese specialities, including regional cheeses. The Coop Megastore in Feuerthalen is part of the Rhy Markt shopping centre, which Coop has upgraded and reorganized according to a new design concept for shopping centres.

Innovative store formats in attractive locations

The rebranding of the last branch, on 30 June 2018, marked the successful completion of the process of integrating the Aperto locations into the Coop network of sales outlets. As most of the Aperto locations are at stations, Coop was able to create new and innovative store formats, including Sapori d'Italia and the Karma shop, at busy locations, alongside established formats such as Coop to go and the Coop supermarkets. Customer feedback on the new locations and the wider ranges of products sold is very positive.

Coop to go expands into western Switzerland and broadens range

The convenience format Coop to go continued to develop into a nationwide presence in 2018. At the start of June, Coop to go opened its first branch in the Suisse Romande region, at Vevey station, followed by branches at Fribourg station and in the Pont d'Arve district of Geneva. Coop to go is now present in all of Coop's sales regions. In Zurich, Coop to go opened a branch on Hönggerberg at the Zurich Federal Institute of Technology (ETH). Deciding on the individual and store-specific ranges presented a particular challenge. In 2018 alone, Coop to go launched more than 30 new products under its eponymous own-label brand. It expanded the refrigerated Take-it range in particular, adding new products such as "Egg Wraps" and flatbreads. Together with the company Naturli, Coop to go additionally developed new varieties of muesli, which are also marketed under the Coop to go brand.

Coop Take-it and Coop Restaurants develop well

The upgrading of the Coop Restaurants and Coop Take-it in line with the "Vista" catering concept continues. In the 2018 financial year, eleven new-look Coop Restaurants opened, bringing the number of "Vista"-style catering businesses to 42 already. "Vista" is built around the principle of market-fresh self-service catering in a contemporary setting. Sales developed well at all the modernized Coop Restaurant locations. In the spring, Coop Restaurants introduced a national product and pricing concept. To introduce greater variety, even better quality and more seasonal dishes, Coop Restaurants developed around 3000 recipes in partnership with Betty Bossi. The "JaMaDu birthday party" event format was overhauled. Children can celebrate their birthdays with mascot Jamadu and his friends at 76 locations, with a choice of four themed parties. Thanks to these measures, Coop's catering business further increased its market share. Midway through 2018, the restaurant chain also acquired a branch of Autogrill in the Letzipark shopping centre which, following an upgrade in the fourth quarter of 2018, was reopened as a Coop Restaurant at the beginning of 2019.

42 Catering business

Implemented according to
"Vista" catering concept

New restaurant and hotel concept for Marché

Relaxation, freshness and enjoyment – all three can be found at the Marché Restaurants and the hotel at the service areas in Bellinzona. After two years of preparatory work and just eight months of renovation work, Marché's most modern restaurants opened for business in May 2018. Inside, guests will discover the proven and popular Marché marketplace reimagined. The generously-sized market area now boasts natural materials and friendly colours, with architecture reminiscent of a market hall. This visual impression is supplemented with a wide range of fresh and homemade dishes and beverages. The fully renovated Hotel Bellinzona Sud welcomes guests with bright, modern rooms, natural materials and large windows with countryside views and creates an oasis of relaxation. All the other Marché Restaurants will be modernized along the same lines over the next few years. Marché Restaurants Schweiz AG is thus strengthening its role as the leading provider of fresh food for people on the road.

New online deli counters at Coop@home

To make the diversity and freshness of offline sales outlets available to online customers, online supermarket Coop@home has expanded its range to around 18000 items. As well as the meat, fish and cheese counters introduced back in 2017, Coop@home now also sells oven-fresh baked goods, with a selection of over 30 different bakery products. The baked goods are freshly prepared for customers on the morning of the delivery date, at the Silbern and Crissier stores. Since autumn 2018, customers have also had the facility to design their own cakes online, with individual images, then collect them at a selected store. Coop@home has also offered the collection facility for catering platters since 2018.

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 40 000 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 lower consumer prices

Coop remained committed to low consumer prices in 2018. Among other things, efficiency gains were made in logistics and production and firm price negotiations with suppliers paid off, including in the shape of price cuts for numerous products. In 2018, Coop invested in excess of 40 million francs in lower sales prices. Furthermore, at the start of the year, 1 200 items were reduced in price due to the lowering of the standard rate of tax from 8.0 to 7.7%. Coop announced all of the price adjustments in the Coop Member Press.

Coop celebrates 25 years of Naturaplan

For 25 years, Coop's own-label brand Naturaplan has embodied the importance of nature to Coop. It was in 1993 that Coop began selling affordable, environmentally and animal-friendly foods of exceptional organic quality under the Naturaplan name, to the Bio Suisse bud standard. Coop is now the leading provider on the Swiss organic market: nearly half of all organic products in Switzerland are sold by Coop. Coop is thus celebrating the birthday of its key own-label sustainability brand with a host of projects: The "Naturaplay" roadshow, an interactive model landscape all about farming, visited 21 shopping centres across Switzerland; the "Abenteuer Bio Bauernhof" (Organic farm adventure) collection album proved extremely popular with customers and, more especially, their children. The green Naturaplan heart was ever-present during the anniversary year, as a key visual in the new advertising campaign with the claim "Natural. Right. Good." it popped up in the form of shelf stoppers or wooden dividers at the check-outs in sales outlets and adorned lots of advertising materials. In November, Coop said thank you to its customers for their longstanding loyalty to Naturaplan by handing out 1 million Naturaplan chocolate hearts in its branches. In support of Bio Suisse's "Provieh" animal welfare project, up to December Coop sold 500 000 shopping bags made from recycled PET, displaying the Naturaplan motif by painter and artist Rolf Knie. Around half a million francs of the proceeds from the bags were donated to the project and will be used for knowledge transfer between livestock farmers and experts in organic research. The Coop

OWN-LABEL SUSTAINABILITY BRANDS AND QUALITY LABELS



OWN-LABEL TARGET GROUP BRANDS



OWN-LABEL STANDARD BRANDS



→ This list is a selection of the key own-label brands and quality labels.
For more information about Coop own-label brands, visit www.coop.ch/labels

1.3
CHF billion
**in sales of Coop own-label
brand Naturaplan**

Member Press devoted three special editions to the anniversary, with regular reports on Naturaplan producers and products. On the social networks, Naturaplan reached several hundred thousand fans with videos by celebrity chef Fabian Zbinden on seasonal food, protecting resources and biodiversity. Coop launched around 300 new Naturaplan products under the banner of the anniversary year. This also impacted on sales: the own-label brand achieved sales growth of around 17.2%, reaching just under 1.3 billion francs.

On 10 April, more than 1 100 employees, including managers of the supermarkets and of the Coop own-label sustainability brands from all business units, celebrated the birthday of Coop Naturaplan at an organic farm. The event demonstrated the importance of this special own-label sustainability brand and provided an opportunity to thank everyone for their dedication.

The official Naturaplan celebration was held on 7 May, attended by 260 invited guests. Management representatives from Coop and its partners, as well as politicians, rubbed shoulders with a large number of Naturaplan producers and key people involved with the own-label brand. At this event, Coop awarded the “Natura Prize” to longstanding Coop business partner Andermatt Group, a producer of organic pesticides, and wine producer Le Domaine des Coccinelles for its commitment to Naturaplan.

Bio Campiuns: superfood with a home advantage

Since the spring of 2018, Coop has been selling superfoods originating from Switzerland under the “Bio Campiuns” name. “Campiun” is Romansh and means champion. Bio Campiuns products contain a high concentration of at least one particularly beneficial ingredient. The ingredients are clearly listed on the packaging of each Campiun, along with their health claims. All Bio Campiuns products originate from Switzerland and display the Bio Suisse bud. Therefore, as well as being exceptionally good for you, they are sustainably produced and the transport distances are short. The range initially comprised six products, including linseed and dried blackcurrants. By the end of 2018, it had grown to around 20 products, with more to come in 2019. The new product line has the expert backing of the Swiss Society for Nutrition Research (SGE).

Coop raises requirements for the production of conventional milk

In 2018, Coop introduced more stringent minimum requirements for the production of conventional milk, with a new milk programme which places the emphasis on sustainability and even greater animal welfare. Since August 2018, all pasteurized milk sold under the Qualité&Prix own-label brand in German-speaking Switzerland has satisfied the new production standard, while French-speaking Switzerland and Ticino made the switch at the end of the year. For 2019, Coop is planning to extend the standard to other large sections of the range, such as UHT milk, cream, butter and other dairy products. Swiss farmers also benefit from this switch, as the milk programme guarantees them a substantially higher income.

Coop launches own-label brand Heumilch

In April, Coop added new own-label brand Heumilch to its range. Hay milk is the most original form of milk; the cows graze lush meadows in the summer and are fed sun-dried hay in the winter. Absolutely no silage is used, ensuring that the Heumilch cows eat a natural diet which also benefits the quality of the products. The wide variety of grasses and herbs in Swiss meadows and fields impart a full-bodied texture with lots of flavour. The milk products under this Coop own-label brand are made exclusively from Swiss hay milk. Furthermore, the Heumilch farmers fulfil the “ROEL” requirements of the Federal Office for Agriculture. All products under the Coop Heumilch own-label brand have also been awarded the quality seal of the Verein Heumilch association, which ensures that compliance with the directives is regularly inspected by an independent testing body. In partnership with the Verein Heumilch, Coop’s goal is to promote hay milk as a quality Swiss product with improved animal welfare standards. The price paid to the dairy farmers for the milk is therefore higher than the guide price for conventional milk.

Switzerland's first fruit yoghurts with no added sugar

Sugar-free and reduced sugar products are hugely popular right now, driven by the desire for healthy yet tasty products. In 2018, Coop became the first retailer in Switzerland to sell another product innovation under the Naturaplan own-label brand: fruit yoghurts with zero added sugar. The yoghurts are free from artificial and alternative sweeteners, as organic fruits and lactose-free organic whole milk impart a natural sweetness. The new Naturaplan yoghurts are available in three flavours: plum & cinnamon, blueberry & banana and mango & passion fruit. They boast a high fruit content of 25%. Because they contain lactose-free whole milk, they can also be enjoyed by people who are lactose intolerant.

Own-label brand Saponi d'Italia brings Italian flair to sales outlets

Following the launch of the Saponi d'Italia store format in the spring, in 2018 Coop devoted an own-label brand to Switzerland's most popular cuisine: in August, Coop began selling the first products under the Saponi d'Italia label: Pizza Prosciutto, Verdura and Margherita. At the end of 2018, the own-label brand products were already available in nearly 450 branches. As with the eponymous store format, Saponi d'Italia as an own-label brand is all about authentic Italian flair, artisanal expertise and enjoyment. Coop's objective is to sell a comprehensive range under the own-label brand by 2025, including everything from pasta and antipasti, pizza and oils, charcuterie and cheese right through to coffee, sweet treats and desserts – all originating from Italy.

Coop expands range of vegetarian and vegan products

Coop also steadily expanded its range of tasty vegetarian and vegan foods in 2018. The Karma own-label brand now comprises over 250 items. Around 70% of Karma products are vegan. Furthermore, over a fifth of the products have already been certified with the organic bud label. The expansion of Karma was particularly focused on product lines including milk substitute products, beverages, iced desserts and snacks and new ranges were added, such as a line of Karma teas, porridge mixes and the trend drink "Bio Switchel", an organic lemonade containing lemon, ginger and apple cider vinegar. In September, the Coop supermarkets launched vegan burger patties and vegan mince under the Naturli brand. The vegan meat substitute products were initially introduced in 300 sales outlets

70 percent
of Karma products
are vegan

and their sales were much higher than expected in the first few weeks alone. They were followed by "steaks", "chicken-style schnitzels" and "fish fingers" under the Vivera brand. November saw the launch of cashew-based vegan cheese. Thun-based brand New Roots produces "Camembert", "Cream Cheese with Chives" and "Ricotta" style cheeses, which are proving very popular. In the autumn, the Karma shops launched "Hot Bowls", on the back of the great popularity of the salad and breakfast bowls. As a hot alternative to fresh salads and muesli during the cold season, the Hot Bowls are nutritious and starchy, vegetable-packed snacks and meals containing quinoa or linseed.

Coop launches solidarity quality label Solidarité

Coop has a long-standing commitment to working with social agencies such as workshops for the disabled and other charitable institutions in Switzerland and stocks their products in its range. Now, with the new quality label Solidarité, Coop is seeking to spotlight products which are independently handmade by people with a mental, physical or psychological impairment. By selling these products, Coop is expressing its solidarity and helping the people affected to take charge of their own lives. Some examples of the products from these partnerships are an insect bird house produced by the Bewo sheltered workshop, cheese by the Kartause foundation in Ittingen, and fabric and clothes rollers by the association for the blind. Coop attaches particular value to projects which benefit regional and national integration. The aim of Solidarité is to spearhead measures in the area of integration and reintegration. Coop is keen to further expand its cooperation with social institutions and workshops in future.

Coop acquires minority stake in Two Spice AG

On 28 March 2018, Coop acquired a minority stake in the companies of Two Spice AG, which is involved in catering. The Two Spice Group is an innovative catering and lifestyle company with a workforce of around 700. Founded in 1990, in Zurich, Two Spice currently operates 25 restaurants, including Yooji's Sushi restaurants, Nooba, Rice Up!, Jack & Jo and Yalda. Since the summer of 2018,

Coop has been purchasing sushi items, Japanese specialities and other selected commercial products from the Two Spice Group. Coop's intention, through its partnership with Two Spice, is to further broaden its expertise in fresh and healthy convenience products. Two Spice AG benefits from synergies with Coop when seeking out new locations.

Coop frontrunner in animal welfare for the 5th time

In the 2018 financial year, Coop yet again garnered top ratings for animal welfare in the international Benchmark on Farm Animal Welfare (BBFAW). Coop outclassed 110 companies from 18 countries. The jury particularly praised the consistent implementation of the guidelines. For example, a ban on critical delicacies and products from cage-reared animals, including foie gras, frogs' legs and eggs from battery hens, applies to the entire Coop range. The high percentage of Naturaplan and Naturafarm products was also singled out for praise. Coop is the only Swiss retailer to offer a wide range of pasture-raised beef, veal and chicken in addition to the organic range. The BBFAW is commissioned and funded by the international animal protection organizations "Compassion in World Farming" and "The World Society for the Protection of Animals" (WSPA).

Growth for Naturaline Swiss Cosmetics

Naturaline Swiss Cosmetics, Coop's own-label sustainability brand for cosmetics, broke the 14 million franc sales threshold for the first time in 2018. The new family concepts Men, Children and Baby were particularly instrumental in this growth. The Naturaline Cosmetics product highlight in 2018 was the first certified baby powder made from natural cosmetics. Together with the new Naturaline Baby nappies, this means that, for the first time, families now have access to a completely sustainable range of baby care, cleansing and hygiene products. Coop will be further expanding the Naturaline Swiss Cosmetics product range as part of the 20th anniversary in 2019.

CHF **14** million in sales

of Naturaline sustainable cosmetics

10 years of cooperation with Hochstamm Suisse

Coop has been supporting the Hochstamm Suisse tree preservation association for ten years. The partnership saves habitats for endangered species and preserves a traditional cultural landscape. Standard fruit trees have been a part of the Swiss cultural landscape for centuries. As a habitat for many rare insects, bats and birds, they help protect flora and fauna. However, due to intensive farming and changed consumer needs, their numbers have been severely eroded over the last 50 years. Of the more than 15 million trees that used to grow here, today fewer than 20 percent survive. Thanks to the joint efforts of Coop and Hochstamm Suisse, the number of these trees is now increasing. With Coop's support, almost 6000 trees have been planted over the last ten years. Coop's range now includes over 150 Hochstamm products. The Hochstamm Suisse quality seal guarantees that the product contains only fruit from standard fruit trees in Switzerland.

Organic products: unpackaged whenever possible

In 2018, Coop set itself the target of eliminating packaging by the autumn of 2019 for all the organic products it sells that do not require packaging. Where necessary and feasible, Coop intends to offer alternative environmentally-friendly packaging, made from materials such as cellulose and grass paper. Coop has already done away with packaging for certain fruits and vegetables in 2018, or introduced more environmentally-friendly alternatives, thus either saving more than 114 tonnes of plastic or replacing plastic with alternative materials. These moves are based on a study which Coop conducted in partnership with the Life Sciences department of the University of Applied Sciences and Arts Northwestern Switzerland (HLS FHNW), over a two-year period. The study looked at how well selected Coop organic fruits and vegetables cope with transport and storage if left unpackaged. It found that packaging is unnecessary for tubers and root vegetables in particular. However, more sensitive and smaller fruits and vegetables, such as berries and Brussels sprouts, do require protective packaging.




Purchasing companies Eurogroup and Alifresca develop well

The purchasing companies Eurogroup and Alifresca developed very well in 2018, thanks in part to the successful undertaking of Group-wide tenders. Eurogroup Far East Ltd. is a subsidiary of the Coop

Group through which the company handles its purchasing of food and non-food products. Eurogroup gained more third-party customers in Italy and Austria, and its sales of Coop sustainability labels also progressed very well. The highlights of the year include the launch of the online platform, via which Asian business partners can be directly connected to the online shops of the Coop Group. Alifresca, the purchasing company for fruit and vegetables, also generated exceptionally strong sales growth in 2018. This was attributable in part to the establishment of a platform for the loading and distribution of cheese from Italy in Melzo (Lombardy). The expansion of the frozen vegetables and third-party business areas and the decision to extend the grape business around the globe were other factors in the positive development. The global grape trade is one of the first joint tasks of the Eurogroup Far East and Alifresca companies.

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.

 <p>▼ Factsheet</p>	<p>The Coop supermarkets have the densest network of sales outlets in Switzerland</p>	<ul style="list-style-type: none"> • 25th anniversary of Coop Naturaplan with strong sales growth • 40 million francs invested in lower prices and extra freshness • First megastore in eastern Switzerland with the 2025+ store concept opens in Feuerthalen • New milk standard for Coop milk • Successful launch of Coop own-label brand Saponi d'Italia in nearly 450 Coop supermarkets • Karma expands range to 250 products; range of vegetarian and vegan products increased • Launch of new Bio Campiuns own-label sustainability brand • Own-label brand Heumilch launched • Switzerland's first fruit yoghurts with no added sugar added to the range • Own-label solidarity brand Solidarité arrives in store • Growth for Naturaline Swiss Cosmetics • 10 years of cooperation with Hochstamm Suisse • Successful Group-wide tenders by purchasing companies Eurogroup and Alifresca • Coop frontrunner in animal welfare for the 5th time
 <p>▼ Factsheet</p>	<p>The number one in the Swiss convenience market</p>	<ul style="list-style-type: none"> • Expansion: Pronto opens 11 new filling station shops • Reopening of 4 shops without a filling station following a major refurbishment • Opening of the 300th shop in Münchenstein; new, modern shop design introduced • Self-service hot dogs added to the range • Expansion of range of homemade sandwiches
 <p>▼ Factsheet</p>	<p>Coop to go offers exclusive take-away products not available in any other Coop format</p>	<ul style="list-style-type: none"> • Opening of a total of 4 sales outlets: Fribourg Gare, Vevey Gare and Geneva Pont d'Arve as well as on the site of the Zurich Federal Institute of Technology (ETH) Hönggerberg • Development and launch of more than 30 new products under the Coop to go brand • Plastic bags completely replaced with paper bags • Expansion of the network of stores to all sales regions and creation of store-specific ranges • Addition of "Egg Wraps", "Flatbreads" and muesli to the range



The online super-market with the biggest range and personal delivery to your front door

- Range increased from 12 000 to 18 000 items
- Introduction of bread counter in May 2018
- Cut flowers introduced in February 2018
- Cake ordering with customizable text and image upload
- Collection facility for pre-ordered, customized cakes and catering platters at stores
- Won the “Schweiz Digital Commerce Awards 2018” in Omnichannel & Innovation

▼ Factsheet



The trendy store format for vegetarian and vegan products

- Karma Store in Zug still very successful; sales grow year on year
- Homemade salad and muesli bowls very successful; launch of homemade “Hot Bowls” in the autumn and winter (warm for immediate consumption or chilled to take home)
- New ranges of basic foods and seasonal products: autumn range by Veganz (gingerbread, Spekulatius, marzipan) and vegan organic Christmas biscuits introduced
- Big expansion of vegan range of baked goods in response to demand for vegan sweet products; vegan chocolate croissants, blueberry-filled croissants, vegan cookies and mini Linzertorte now added to the range

▼ Factsheet



Coop's Italian delicatessen store

- Successful start for the Aarau station store
- Opening of new sales outlets in the Bern Wankdorf shopping centre on 14 June 2018 and at Fribourg station on 31 October 2018
- Launch of Sapori d'Italia own-label brand in almost 450 Coop supermarkets, derived from the Sapori d'Italia store format

▼ Factsheet



Culinary treats every day, at fair prices

- Accelerated implementation of the new “Vista” catering concept in 2018; 42 Coop restaurants and Coop Take-its already launched under the new concept
- Renewed gains in market share in a fiercely competitive market
- Takeover of Autogrill restaurant in the Letzipark shopping centre in Zurich
- Introduction and strategic management of a national product and pricing concept
- Overhaul of “JaMaDu birthday party” event concept

▼ Factsheet



The fresh host at busy locations

- Marché Restaurants opened in Bellinzona and overhauled Marché concepts introduced
- Introduction of new uniforms at Marché and Cindy's
- Opening of Hotel Bellinzona Sud (former Albergo BejamInn) and membership of Swiss Quality Hotel International
- Launch of “freshCARD” loyalty programme at all Marché Restaurants Schweiz AG concepts (excl. Burger King)
- Launch of Marché iced tea

▼ Factsheet



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

- Bern location remains very popular
- Successful opening of the two locations Zurich main station and Zurich Stadelhofen
- Other locations planned

▼ Factsheet

Betty Bossi	Switzerland's number one for cooking and indulgence	<ul style="list-style-type: none">• Strong sales growth in international sales of kitchen aids• Zopf & Zöpfli take away concept successfully extended to Zurich• Launch of Betty Bossi "Glutenfrei" magazine with seasonal gluten-free recipes and tips and tricks for everyday gluten-free living• Betty Bossi head office relocated to Zurich-Altstetten, with state-of-the-art kitchen infrastructures
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▼ Factsheet

Non-Food specialist formats

The specialist formats made use of the 2018 financial year to strategically refine their online shops. On top of this, they also continued to develop their brick-and-mortar stores, and their innovative sales concepts and optimized sites proved a hit with customers. The success of the Non-Food area is indicative of the strategic importance of these measures: with its specialist formats alone, the Coop Group generated net sales totalling 7.3 billion francs in 2018. The Coop Group succeeded in maintaining or further increasing its market shares. Coop remains a strong presence in home electronics. This segment includes the specialist formats Interdiscount, Microspot.ch, Dipl Ing. Fust and Nettoshop.ch. In 2018, the net sales of the four formats totalled around two billion francs, which is an increase of 30 million francs compared with the previous year. Consequently, the Coop Group was also able to maintain its market leadership in this area.

Siroop wholly taken over by Microspot

As of 1 May 2018 Coop acquired Swisscom's 50% holding in online marketplace Siroop. The Microspot sales channel and Siroop have thus joined forces and Coop is expanding Microsoft into a key non-food platform. Microspot is already a successful, very well-established online platform that is widely known throughout Switzerland. Now that the business operations of Siroop AG have been taken over, the online expertise has been funnelled directly into the Microspot platform, so that the latter can be expanded in terms of product ranges and for third-party providers. This will also yield synergies. At the end of 2018, there were 201 000 products on the platform. Besides home and consumer electronics, customers can choose from products including toys, stationery, lighting, garden and DIY products, beauty products, watches and jewellery. Microspot also offers speedy same-day delivery.

New lifestyle furniture store Livique

At the start of September, Coop opened a lifestyle furniture store, Livique, which is based on a cutting-edge concept and a new direction. Livique has emerged from Toptip and, in future, will focus even more squarely on customers' individuality. The Livique concept is all about personalization and digitalization, with more than 100 million customizable furniture options. New digital solutions have been added to the online shop, and the branches offer realistic visualizations of the furniture options. With around 20 000 items on display, the range is exceptionally wide. The boutique area, with living accessories, home textiles, tableware and much more, is a prominent feature. Livique is the only furniture retailer in Switzerland with its own, integrated specialist lighting store: as Switzerland's number 1 lighting expert, Lumimart offers an exceptionally wide range of over 4 500 products. Thanks to virtual reality, customers at Lumimart can experience the lighting virtually in living spaces.

Coop Vitality creates new store concept

At the Biel-Bahnhof shopping centre, Coop Vitality has opened its first branch based on the new store concept. After several weeks of upgrading work while the store remained open, the new-look branch opened in March. The lighting, flooring and furnishings have been redesigned and create an inviting atmosphere. A total of five pharmacies have now had a makeover. Two of the standout features of the new concept are the advice available on medications and alternative medicine, and the numerous services offered by Coop Vitality. In the year under review, Coop Vitality introduced the diabetes check as a service. Customers receive comprehensive advice in the pharmacies and can take a long-term blood glucose test to determine their levels.

Christ pushes forward with its repositioning

In 2018, Christ successfully implemented the new store concept in four upgrades and one new branch. Nine of its stores have now been revamped, and the feedback from customers is very positive. In tandem with the modernization of the brick-and-mortar stores, the omnichannel processes are also being continually optimized. More than 60% of online customers now use the Click & Collect and Click & Reserve options, combining their online shopping experience with the expert advice and professional service provided by in-store staff. The Christ product range, particularly jewellery, has also now been switched to the new concept, and attractive core ranges such as diamond jewellery, pearls and gold and silvery jewellery impress with their price, quality and design.

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.

 <p>Number one in the Swiss consumer electronics market</p> <p>▼ Factsheet</p>	<p>Number one in the Swiss consumer electronics market</p>	<ul style="list-style-type: none"> • Additional market shares gained • Strong growth of 41.9% in online orders • Opening of new logistics centre in Jegenstorf • Expansion of home electronics range to more than 110 000 items • New online shop launched • 3 new branches opened and 5 upgraded • Successful World Cup advertising campaign • 42.2% of online orders collected in-store • Positive customer evaluation based on mystery shopping and customer survey (Net Promoter Score)
 <p>Coop's non-food platform</p> <p>▼ Factsheet</p>	<p>Coop's non-food platform</p>	<ul style="list-style-type: none"> • Market position expanded • Increase of 14.4% in online sales • Opening of new logistics centre in Jegenstorf • Successful merger of Siroop and Microspot • Microspot developed into the Coop Group's non-food platform • Development of non-food ranges for "Office", "DIY & Garden", "Beauty & Perfume", "Home & Lighting", "Baby & Toys" and "Watches & Jewellery" • Range currently comprises over 201 000 items • New advertising presence with expanded ranges
 <p>The second-largest department store chain in Switzerland</p> <p>▼ Factsheet</p>	<p>The second-largest department store chain in Switzerland</p>	<ul style="list-style-type: none"> • Additional market shares gained • Implementation of new "Bellacasa" store concept in Aarau • Upgrading and expansion of the Zurich St. Annahof food department, including addition of a cheese humidor • Successful development of the first Coop to go in a Coop City in Winterthur • High level of customer acceptance of self-service checkouts for cosmetic and hygiene products in Zurich St. Annahof, Bellevue, Fribourg, Winterthur and Aarau • Successful implementation of the new shirt concept • New tableware concept rolled out • Positive customer evaluation of Coop City based on mystery shopping



Switzerland's leading building supplies store

- Market position consolidated as No. 1 in Swiss DIY stores
- Increase in sales
- New online shop launched
- Online shop expanded to over 61 000 products, and strong sales growth in the online segment of 22.1% compared with the previous year
- Rollout of new sales outlet design (new customer management and information system, info points and service communication); by the end of 2018, around 35 of 74 sales outlets had been upgraded
- Introduction of customer management in all sales outlets
- Creation of 2nd series of user videos (tutorials) with the claim "We help you get it done"
- Opening of modernized Rickenbach (TG) flagship store and Heimberg; opening of new Rümlang and Feuerthalen sales outlets
- Positive customer feedback on all relevant aspects based on a mystery shopping sales conversation

▾ Factsheet

LIVIQUE

The provider of customized furnishing solutions



The first choice for lighting

- Rebranding and repositioning: Toptip becomes Livique
- Redesign of Lumimart logo
- Sales growth and increased market share
- Strong sales growth of 53% at online shops
- Gains in sales of customizable products; more than 100 million customized furniture options
- Introduction of upholstered furniture configurator as a digital sales tool
- Introduction of virtual reality point at Lumimart
- New Lumimart Rickenbach (TG) and Lumimart Niederwangen (BE) stores opened
- Reopening of upgraded and modernized Livique Spreitenbach and Livique Egerkingen stores
- Customer satisfaction at Livique and Lumimart rated very positively

▾ Factsheet

IMPORT PARFUMERIE

The leading Swiss provider of prestige perfumes

- Market leader in perfume market with gain in market share
- Sales growth of 35.9% in the online shop
- Sales growth in bodycare and make-up: expansion of distribution of cosmetics brands (The Balm and Urban Decay)
- Launch of Steinfels Swiss own-label brand "In'touch"
- Strong growth in ordering in-store from online range ("Order on Behalf")
- 24.4% increase in range of items in online shop
- Total of 8 branches upgraded to the new look
- Import Parfumerie and Estée Lauder Group opened a shop-in-shop with the Mac cosmetics brand in Coop City Zug
- Customer survey reveals pleasing assessment, Import Parfumerie is seen as a price leader and "lifestyle" provider

▾ Factsheet



The prime destination for watches and jewellery

- 71.1% sales growth in online shop
- Successful expansion of omnichannel activities “Click & Collect”, “Click & Reserve” and “Order on Behalf”
- Upgrading of Spreitenbach, Emmenbrücke, Carouge and Steinhausen stores
- A total of 7 upgraded stores performed better on average than the previous year
- New store opened at the Glattzentrum in April
- Expansion and growth in own-label jewellery brand
- Modernization and build-up of expertise at Eternity, Solitär and Trauring
- Big growth in Swiss-made watches
- Positive customer feedback regarding identity, expertise and friendliness

▼ Factsheet



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

- Market share gains in electrical appliances
- Net sales again top the billion mark: 1.03 billion francs
- Sustained strong growth of 25% in online business
- Support for sales process with tablets in stores
- IT infrastructure redeveloped based on SAP
- Expansion of Oberbüren logistics centre: shell in place
- 10 more sales outlets modernized
- Positive customer evaluation based on mystery shopping, Google reports and own customer survey (Net Promoter Score)

▼ Factsheet



The biggest online shop for household appliances with personal advice and service

- Digitalization of route planning for home delivery service
- Relaunch of online shop with a responsive design
- Product range expanded by 10% to over 25 000 items
- Faster delivery speed
- Increased repurchase rates and customer satisfaction

▼ Factsheet



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

- Gains in market share
- Increase of 8.4% in net sales
- 228.9% sales growth in online business
- First influencer campaign completed
- Expansion of pharmacy network with 3 new locations in Oberwil, Ins and Matran
- Launch of new store concept at 5 locations: Biel, Matran, Rorschach, Feuerthalen and Flims
- Introduction of diabetes check service
- Expansion of own-label brands with launch of 3 new products

▼ Factsheet



The natural and sustainable cosmetics company

- Over 22.2% sales growth in online business
- The Body Shop Switzerland celebrates its 35th anniversary
- Click & Collect introduced in all branches
- Further modernization of sales outlets
- “Forever Against Animal Testing” petition for the enforcement of a worldwide ban on animal testing for cosmetic purposes, with 8 million signatures from around the world, submitted to the UN on 4 October

▼ Factsheet

 Factsheet	<p>The market leader in Switzerland, with a wide network of Coop filling stations</p>	<ul style="list-style-type: none"> • Additional market shares gained • Photovoltaic units now fitted at 6 filling stations • Reka Money introduced as payment for fuel • From 1 February 2018, filling station employees benefit from a national collective employment agreement
 Factsheet	<p>For warmth and well-being</p>	<ul style="list-style-type: none"> • Market shares increased in heating oil trade • New online shop: share of orders increased to 40% • The percentage of customers purchasing low-emission eco heating oil increases to 59% • Myclimate: option of CO₂ offsetting introduced
<p><i>BâleHotels</i></p> Factsheet	<p>Coop's hotel group</p>	<ul style="list-style-type: none"> • Hotel Victoria in Basel, Hotel Savoy in Bern and Hotel Pullmann Basel Europe reach 1st place in revenues per room compared with competition in the 4-star category • Reopening of Europe banqueting centre following renovation on 27.9.2018 • Complete renovation of BâleHotel Victoria (hotel and restaurant): construction work due to start in July 2019 • All Bâle hotels are ISO-certified for the next 3 years
 Factsheet	<p>The travel agent owned by Coop and Rewe – Switzerland's leading direct seller of beach holidays</p>	<ul style="list-style-type: none"> • Sharp rise in visitors with mobile devices due to launch of new website • Share of online sales increased to over 30% • More than 3 500 guests on cruises and tours
 Factsheet	<p>Leading fitness provider in German-speaking Switzerland</p>	<ul style="list-style-type: none"> • 9 further facilities opened • Expansion from 31 to 40 locations in 13 cantons; also in Lucerne, Solothurn and Bern cantons since 2018 • Further double-digit membership growth of 19%, to 38 000 • Range of own supplement products expanded; 21% increase in sales • Structures at Update Fitness aligned with strong growth: an additional 162 team members, bringing the total to 797 full or part-time employees
 Factsheet	<p>Tropical house with a restaurant</p>	<ul style="list-style-type: none"> • 86% increase in pikeperch production to 25 tonnes • Launch of "Osietra Caviar carat" and "Feuille de Caviar" • Exclusive supplier of Osietra Caviar to the Bürgenstock Resort • Wine list awarded Vinum Award • Dishwashing modules replaced; energy saving of over 20%

Logistics, IT and property

Construction of a fully automated logistics centre in Jegenstorf

After two and a half years of construction work, on 24 May Interdiscount and Microspot opened Switzerland's largest and most modern logistics centre for home electronics, located in Jegenstorf. The new, fully automated logistics centre has enabled Interdiscount and Microspot to massively increase their ranges and products. More than 180 Interdiscount branches are supplied each day from the Jegenstorf site. For customers, this means even better availability of goods in the sales outlets. The logistics centre boasts cutting-edge technology: nearly 65 700 containers travel 3.2 kilometres, transporting items around the 22 000 m² building. Thanks to the new logistics centre, more than 110 000 home electronics products are available in the stores and in the online shop. All in-stock items ordered by 8 p.m. are delivered to customers' homes the next day.

New logistics and admin centre for Suisse Romande in Aclens

The old La Chaux-de-Fonds distribution centre and the admin for the Suisse Romande sales region, which was previously located in Renens, are being combined at the Aclens site. Work to expand the empties collection centre for the Suisse Romande logistics region began here at the end of October 2018. The Aclens site will eventually house the region's distribution, empties collection and admin centre in two buildings. The upgrade involves extending the existing building by 1 600 m² and building a new logistics and admin complex of nearly 23 000 m². The new building will contain twelve truck loading ramps, a connection to the rail network, office space for the regional administration, an underground car park and the staff restaurant. The building is expected to become fully operational in 2022.

Digitalization and robotics in logistics

2018 was a year of digitalization and automation for Coop's logistics. At the Gwatt distribution centre, the task of unfolding cage retention units for pallets for deliveries to Coop Building & Hobby was automated at the start of 2018, with the introduction of a new robot. A robot also eases the workload of employees at the Schafisheim bakery, where collaborative robot Yumi by manufacturer ABB has been in use since April. The robot assists with the packaging process by neatly arranging packaged tarts on a conveyor belt for more efficient labelling. In transport, Coop Logistics continued to replace paper-based processes. At Coop@home, for example, digital delivery notes were introduced: customers now sign for receipt of their delivery on a handheld device. In addition, preparations were made to attach labels to all 3.3 million Coop containers which have both a barcode and an RFID tag, laying the foundation for further optimization of logistics processes. At the start of 2018, Coop Logistics also took over responsibility for the pick-up service, to drive forward the platform's cross-channel usage. In future, customers will be able to have other products from different Coop formats delivered to a pick-up point of their choice.

New locomotives for Railcare

In June 2018, Railcare received the last of seven of its own locomotives. The Siemens "Vectron" locomotives combine low energy consumption with improved performance. All the locomotives are of the same type and can therefore be used by Railcare in all scenarios. The locomotives meet the latest technical standards and cause less wear to the tracks at maximum speeds of up to 160 km/h. All the locomotives are also fitted with a diesel power module and radio remote control. Because of this, short journeys, to sidings for instance or when shunting, can be covered without overhead lines. Thanks to the diesel power module, Railcare will not require shunting locomotives in future and will be able to decommission old shunting engines.

Increasing use of self-checkout and Passabene

The self-checkout tills proved very popular with Coop customers. To continue meeting this need, self-checkout tills were installed in 89 sales outlets in 2018. These supplement the manned checkouts. As well as self-checkout, Coop's Passabene self-scanning solution makes for a convenient and time-saving shopping experience: as well as having full control over what they are spending, it also reduces queuing time for customers and enables them to pack their shopping faster. In some sales outlets with hand scanners, up to 15% of purchases were scanned and processed using Passabene in 2018. To make this service available to more and more Coop customers, in the year under review Coop equipped 58 sales outlets with additional Passabene facilities. Coop will continually invest in customer self-service needs over the next few years.

Coop broadens expertise in online business

Coop continued to consolidate its expertise in online trading in 2018, giving the new online shops of Coop Building & Hobby, Nettoshop and Interdiscount and the Coop gift cards website an appealing and modern new look. Coop Vitality expanded its online shop. The main purpose of the overhaul was to improve the customer journey and optimize display on mobile devices. At the same time, many omnichannel functions were enhanced so that customers have the most consistent shopping experience possible across all channels. Customer journey mapping, in which customer feedback was directly incorporated, has been used to continually optimize the customer journey. This also enabled significant improvements to the performance and stability of the sites.

Coop shopping centre of the future opens in Feuerthalen

On 23 August 2018, Coop opened the first Coop shopping centre in Switzerland based on the new concept. In just under 15 months of construction work, Coop completely modernized and extended Rhy Markt and aligned the entire infrastructure with customers' needs. The shopping centre, which used to be run as a combined Coop supermarket and Building & Hobby branch, has been reorganized: In Feuerthalen, customers will find the first megastore in eastern Switzerland based on the store concept 2025+ with 3 130 m² of sales area and a Building & Hobby store covering around 3 500 m² in a new building. The space freed up in the shopping centre has been given over to branches of Interdiscount, Fust, Update Fitness, Coop Vitality and a Coop Restaurant. Coop's partners in the Rhy Markt, ZKB and Gidor Coiffure, have also had a makeover. The Mall area at the heart of the shopping centre boasts a large skylight, which floods the mall with natural daylight right down to the entrance area of the parking deck on the lower ground floor. The choice of materials, the presence of real trees and a planted wall, combined with comfortable furniture, contribute to the positive shopping experience. The Rhy Markt also boasts impressive energy and sustainability credentials: Coop uses electricity-saving, energy-efficient LED lighting throughout the building and CO₂ cooling systems, from

6 600 m²

of sales area in the new Rhy Markt Coop shopping centre

which the waste heat is used for heating and hot water. Photovoltaic units with a total surface area of 3 400 m² and a total output of 510 000 kWh are mounted on the roof of the Rhy Markt and the new Coop Building & Hobby building. This equates to the annual energy requirements of around 150 Swiss households. The shopping centre can meet most of its energy requirements with the electricity generated. In all, Coop has invested almost 70 million francs in modernizing the Rhy Markt.

New food court concept makes its début in the Wankdorf Center

Last year, all Swiss shopping centres combined accounted for almost a fifth of the country's total retail sales. Coop alone operates 40 shopping centres throughout Switzerland, with a total surface area in excess of 3 000 m². To make the Coop shopping centres fit for the future, Coop undertook a number of upgrading measures in 2018. One example is the new food court concept, which encourages customers to linger a while with a diverse range of foods. The first redesigned food court opened on 31 October 2018, on the ground floor of the Wankdorf Center. Architecturally, the concept is noteworthy for its bright and friendly ambience, which is at once open and cosy. Within the food court, a lounge and new seating awaits customers. The infrastructure has been extended and the existing, prominent ceiling lighting, "Saturn's rings", has been given a contemporary makeover. A new restaurant terrace and a children's play area have also been added. In addition to the Coop Restaurant, which has been relocated from the lower ground to the ground floor, the food court offers a wide array of culinary specialities, from burgers to sushi.

Real estate projects

Coop completed no fewer than 14 real estate projects in 2018, including six new buildings, two extensions, two restructurings, two renovations and two modernizations. As part of the diversification of its property portfolio, Coop built a property of eleven attractive rental apartments in the Domat/Ems district, which satisfy the Minergie standard. The building replaced a property which used to house a Coop supermarket.

Coop's properties synonymous with sustainability and energy efficiency

Energy efficiency and the generation of sustainable energy are key considerations for Coop when planning and implementing its real estate projects and Coop was able to fulfil this objective again in 2018. It exceeded its target of installing photovoltaic systems over an area of at least 20 000 m²: the total area actually covered was around 25 000 m². To give one example, as part of the complete renovation of the Letzipark site in Zurich, Coop installed photovoltaic modules on balustrades on the façade and on the roof. As well the visual appeal of the modules, the electricity obtained provides the general areas and the parking garage with around 100 000 kWh/year. The latest Coop sales outlet in Etagnières (Vaud) has also had a photovoltaic unit mounted on its roof and boasts a unique feature: photovoltaic modules on the façade not only feed the electricity generated into the grid, but the surplus electricity is used to cool down coolant for the building's own cold reservoirs. Interdiscount's new logistics centre in Jegenstorf

25 000 m²
of photovoltaic units installed on Coop properties

was awarded the "Minergie P" certificate, which recognizes buildings with particularly low energy consumption and that satisfy the most stringent requirements for quality, comfort and energy. On top of this, the logistics centre also has an incredibly impressive building shell. Audits of various sustainability-related aspects of Coop properties and specific adjustments have resulted in further reductions in the energy consumption of Coop properties. Coop invested no less than 5 million francs in structural measures to optimize energy consumption.

Additional services

Comprehensive quality management: changes relating to Foodstuffs Ordinance a major focus

One quality management focus during 2018 was the implementation of the new foodstuffs ordinance, which necessitates changes to the labelling of all products by 2021. As the basis for implementation, the Coop Guideline on Labelling was revised. Among other things, the guideline stipulates how the origin of raw materials and nutritional information are to be disclosed on Coop own-label brands. Coop's disclosures regarding the origin of animal-derived raw materials voluntarily exceed the legal requirements and are transparently shown if they make up at least 10% of the food. Moreover, the new requirements on information about allergens for open-sale products and in Coop's catering and restaurants business were punctually implemented on 1 May 2018. To optimize the process for labelling own-label brands, Quality Management introduced a new system whereby, in future, product data can be electronically recorded by the supplier and used for the labelling of packaging or for online information.

Since 2012, all sales outlets offering counter service have been audited and certified by independent inspection body q.inspecta for compliance with quality requirements. A total of 411 sales outlets were successfully audited in 2018. These audits were in addition to the 2 500 or so internal quality-control audits conducted by Coop. In its own laboratory, Coop tested around 34 200 random samples from the food and non-food segments for compliance with the requirements. This involved checking more than 860 000 criteria. The quality assurance manuals for the sales outlets were thoroughly revised and now provide information to the outlets in a more targeted and audience-appropriate manner, as a basis for processes. Coop also stepped up its risk management in the area of product quality in 2018. In particular, Coop's Quality Management dealt with issues surrounding the safeguarding of the supply chain, packaging conformity and food fraud. Coop clarified the requirements for critical product groups in the non-food segment and also revised the guideline for suppliers on optimizing quality.

Social commitment

Supporting people in need

Coop again pursued its commitment to society in 2018 with numerous projects. Through the Coop Sustainability Fund alone, the retailer invested around 16.5 million francs in charitable projects, supporting initiatives including “Tischlein deck dich” (Table Be Set) and “Schweizer Tafel” (Swiss Table).

CHF **16.5** million

for charitable projects
through the Coop
Sustainability Fund

The mission of these social welfare organizations is to provide 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 on a weekly basis through 128 distribution points throughout Switzerland to around 19 100 people affected by poverty. During the financial year, a total of 4 198 tonnes of food were distributed to people in need. Underscoring its long-term commitment to supporting people affected by poverty, together with the Swiss retailers’ association (IG DHS) Coop renewed its cooperation agreement to 2021.

Coop supports planting initiative for schools for bees and biodiversity

Coop and Bio Suisse have jointly run the “Blühende Schulen” flower planting initiative for schools for the third time in succession. Under the campaign, since 2016 over 3 500 school classes with more than 50 000 children, young people and teachers have done their bit to preserve diversity in nature and create wonderful school gardens. Coop supports the campaign as part of the Coop Sustainability Fund. In 2018, the school classes received 1 200 planting kits, comprised of 20 organic herb seedlings and a packet of organic wild flower and organic radish seeds, with which they brought an estimated 19 000+ square metres into bloom. In addition, the classes were given teaching materials on the subject of “Bees and biodiversity”, produced in partnership with the Teacher Training department (PH) of the University of Applied Sciences and Arts Northwestern Switzerland (FHNW). The very successful campaign will be continued in 2019.

Further training for organic cotton farmers

The organic cotton used for Naturaline clothing and textiles originates from India and Tanzania. Coop applies the Biore standard to this cotton, which stipulates organic cultivation in harmony with people and nature. The organic cultivation of cotton is a modern system which brings financial and health benefits for the farmers. Training measures in 2018 enabled farmers in India and Tanzania to further increase their productivity and make greater use of organic cultivation methods. For example, the number of farmers who use row sowing, manure as a fertilizer and implement measures to combat problematic soil erosion has greatly increased. Another factor that is key to success is the first-time management of over 100 agricultural training areas in India. Thanks to its partnership with Biore, Coop has laid the foundations for more than 3 900 Indian farming families to produce their cotton organically using CO₂-neutral methods and sell it at fair prices.

Commitment to business education for young people

In 2018 Coop once again participated in the “Company Programme” by YES (formerly Young Enterprise Switzerland), awarding a sustainability prize. For the competition, groups of young people came up with an innovative project idea and, with the help of experts, developed it into an actual company, as a practical example through which to learn about the key interrelationships in the world of business. The sustainability award was presented for the fourth time in succession. In 2018 the “Retro Frames” project beat more than 190 competitors. For the project, the young people produced hand-made frames from recycled, regional waste wood.

Coop Aid for Mountain Regions invests in organic mountain cheesemaker Müstair

Its commitment through non-profit organization Coop Aid for Mountain Regions is also tremendously important to Coop. In 2018, Coop Aid for Mountain Regions supported 171 self-help projects with a total of around five million francs. The Swiss National Day “Weggen” campaign attracted a lot of attention this year. Each year, for every special Swiss National Day “Weggen” bread roll, cervelat sausage and, as of 2018, August organic Graubünden mountain cheese sold by Coop, a portion of the

sales proceeds has been donated to Coop Aid for Mountain Regions. These efforts raised a total of 260 000 francs in 2018. Coop Aid for Mountain Regions topped up the amount to 1 million francs. The total will be used for the much-needed rebuilding of the Münstair organic mountain cheese dairy in the canton of Graubünden, which will benefit the whole valley community.

Promoting the inclusion of handicapped people in the world of work

By awarding various contracts to sheltered workshops, Coop promotes the inclusion of handicapped people in the world of work. In 2018, Coop awarded contracts worth over 3.2 million francs to such institutions.

Partnership with SRC

Coop is a partner of the Swiss Red Cross (SRC). In the year under review Coop and the SRC created 10 000 gift parcels for the “2 x Christmas” project which were sold at Coop megastores, thus making a generous donation to promote solidarity with disadvantaged people. The Grittibänz fund-raising campaign was also conducted for the fourth time and collected over 100 000 francs for needy families in Switzerland. Moreover, Coop supports the SRC family platform and also provides regular insights into humanitarian projects in the Coop Member Press.

Supercard and Supercard credit card

Coop rewards its customers for their loyalty with a wide range of services and exclusive offers. The retailer’s Supercard is Switzerland’s biggest customer loyalty scheme. More than 3.2 million households across Switzerland used the card in 2018. The appeal of the programme to Supercard customers lies in part in the many different ways in which it can be redeemed: during Supercash promotions, customers can pay for all or some of their shopping with their Superpoints. Depending on the promotion, the points can be used for parts of, or even the entire range. Points can be converted to a loyalty gift card at any time or loaded onto the mobile app as digital credit. They can also be exchanged in the bonus gifts shop for high-quality bonus gifts and event tickets. 2018 was a year of digitalization, and nowhere was this more apparent than in the increased use of all the digital Supercard-related services. Cardholders can activate and automatically redeem their digital coupons via the Supercard app or at www.supercard.ch. They can also sign up for digital collector’s passes and take advantage of attractive rewards. On 1 November, Coop launched the new “Supercard credit card” in partnership with TopCard Service AG, a subsidiary of UBS Switzerland AG. The credit card replaces the old “Supercard Plus”. The “Supercard credit card” is still free and is available as a Mastercard or Visa card and, now, as a Visa Prepaid credit card.

3.2 million households
use the Supercard

Mondovino wine club

Coop’s wine club, Mondovino, remained very popular, with around 150 000 members at the end of 2017. This is an increase of 11 000 customers compared with the previous year. Mondovino is committed to an omnichannel strategy: wine lovers can experience the club online, at over 820 Coop sales outlets and at the annual Mondovino wine fairs. To enhance the shopping experience, in April Mondovino published its overhauled online shop and an app with an updated design. Mondovino’s range of wines now extends to over 2 000 wines, including nearly 180 rare wines. Furthermore, in 2018 Mondovino added new product formats to the range, such as the “Vino e Pasta” wine package, comprising wine, pasta and tomato sugo. Since 2018, customers who are not members of Mondovino have been able to receive the Mondovino newsletter.

Communication and advertising

With a new look, even more reading matter and a relaunched website, the Coop Member Press made itself fit for the future in 2018. Broader editorial content and new sections have been introduced to reflect Swiss everyday life. With its new, responsive website which adapts to the device on which it is displayed, the Coop Member Press creates an integrated and inspiring reading experience. Thanks to these measures and a poster campaign, the Coop Member Press further consolidated its position as Switzerland’s highest circulation and most-read newspaper. This was confirmed by the annual survey by independent Swiss media research agency Wemf AG. The three weekly newspapers Coopzeitung, Coopération and Cooperazione have a total print run of just under 2.6 million copies and a readership

3.4 million people

read the weekly newspapers
**Coopzeitung, Coop ration
and Cooperazione**

of around 3.4 million. To mark the anniversary of Naturaplan, the Coop Member Press was published as a one-off with the green Coop logo. Furthermore, three editions of the Member Press were regionalized in the year under review. The special editions on the subjects of honey, yoghurt and wine were published in 21 sub-regions with different cover themes in each region.

After almost six months in production at the Coop Content House and extensive filming in a number of countries, the first Coop corporate film was released in

February 2018. The 13-minute film takes viewers on a journey through the diverse world of Coop. Employees of the different formats and locations of the Coop Group take centre stage. In August, the jury of the international media prize "Best of Content Marketing 2018" awarded a silver medal to the film in the category "Video Non Fiction Employer Branding internal".

Family projects are a strategic focus of Coop's sponsorship. In 2018, in partnership with national hiking association Schweizer Wanderwege, Coop launched the Coop family hike in ten destinations: a fairytale walk for young and old packed with adventures and puzzles along the way. Furthermore, following a successful pilot in 2017, in the year under review Coop replicated the project Coop Famcool, the orienteering event for the whole family, at 48 events throughout Switzerland. In addition to a host of other family projects, Coop supported a multitude of cultural and exercise projects for all ages in 2018, in all regions of Switzerland.

Coop successfully broadened out its "Actions, not words" sustainability initiative in 2018. At the end of its fourth year, the comprehensive commitment to people, animals and nature encompassed more than 360 sustainability-related actions. The centrepiece of communication was the weekly "Actions, not words" column in the Coop member press and the eponymous Internet platform. www.actions-not-words.ch was given a new look at the end of October. The sustainability initiative also reached a wide audience through TV commercials, numerous printed advertisements and online advertising.

Culinary platform Fooby has been featured with a recipe on "20 Minuten Online" every day since 2018. In addition, on Fridays Fooby appears in the print edition of "20 Minuten", with recipes and food-related stories and insights. Fooby also contributed a cookbook and a recipe card box, which were placed in more than 400 000 thank you packages and sent to Coop's most loyal customers. For the second time, Fooby attended "Food Zurich" as a presenting partner in 2018, hosting a number of cooking events. Since 2018 Fooby has also been partnering with "Gault&Millau" and "Munchies", to bring lots of exciting content to customers.

With a total print run of 75 500 copies, in German, French and Italian, the Coop Forte magazine reaches all employees and pensioners of the Coop Group. It is published four times a year in six, fully regional editions for the sales regions Nordwestschweiz, Zentralschweiz-Z rich, Ostschweiz, Bern, Suisse Romande, the sub-region Ticino and in a special edition for employees of the trading companies. This enables the content to be tailored even more precisely to the readership and creates greater scope for regional topics. National topics are supplemented with specific examples from each region.

75 500

people receive the Coop Forte
employee magazine each quarter

Media Unit: Coop has strong presence in Swiss media

For the sake of transparent communication, Coop further intensified its dialogue with journalists in 2018, ensuring once again that a host of topical subjects relating to Coop were covered by the media. The opening of the new Interdiscount logistics centre in Jegenstorf and the launch event for the new Livique furniture store in Oberentfelden attracted particularly great media interest. Sustainability

topics were also frequently discussed: the reduction and optimization of packaging and plastic for organic fruit and vegetables received a lot of attention, and the Coop milk programme for sustainable milk made headlines. Following the successful launch of the new media corner the previous year, in 2018 a WhatsApp service was created for journalists. The Coop Media Unit issued a total of 30 media releases, sent invitations to 8 media conferences, dispatched 17 product mailings and answered 2 000 media enquiries in the year under review.

Social media reliance on video and networking platforms

Coop's social media presence was devoted entirely to the anniversary of Coop own-label brand Naturaplan in 2018. With a mix of entertaining posts, simple product placements and informative videos featuring top chef Fabian Zbinden, Coop's content all about 25 years of Naturaplan achieved a social media reach of several million users. Video was a particular focus in 2018: to give one example, Coop produced a series of short videos about barbecues, featuring Switzerland's most beautiful BBQ sites, as well as a series about meat, in which a Coop butcher shared his knowledge about the barbecue, game and Christmas season. Coop also began actively posting content on networking platforms LinkedIn and Xing in 2018 and met with extremely positive feedback on these platforms too.

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Wholesale / Production Business Area

The Transgourmet Group broadens its expertise in seafood and freshness and is committed to digital solutions in food service. The Bell Food Group extends its know-how in freshness and convenience and develops sustainable and pioneering products. With the addition of fresh dough, the Coop bakeries ensure even fresher breads in sales outlets. Cave produces its first own Spumante sparkling wine.

CHF **14.2** bn

net sales in wholesale and production

The Coop Group's Wholesale/Production business area generated net sales of 14.2 billion francs in 2018, which is a gain of 9%. Adjusted for acquisitions, the area grew by 4.5%.

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 2018, the Transgourmet Group generated net sales of 9.7 billion francs from 145 cash & carry stores and the wholesale supplies business, which equates to growth of 6.9% year on year. The company was thus able to further consolidate its position as the second-biggest in European wholesale. Transgourmet generated sales of 291 million francs from sustainable ranges in 2018. 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.

Growing expertise in seafood at Transgourmet

One of the focal areas for the development of the Transgourmet Group in 2018 was the broadening of expertise in seafood. On 2 January, Transgourmet Switzerland acquired the business activities of Polar Comestibles, based in Reinach/Basel-Landschaft. Polar Comestibles sells a selected range of fresh fish and food products for the catering sector. This was followed, on 5 April, by the takeover of Zurich-based Braschler's Comestibles Import AG, which specializes in the purchasing, production, processing and sale of fresh fish. In addition, Braschler's Comestibles Import AG distributes seafood, meat and food products. Both Polar Comestibles and Braschler's Comestibles Import AG continued operating independently as specialists within Transgourmet Switzerland Ltd and greatly expanded their ranges of fresh fish and seafood in 2018. Meanwhile, Transgourmet Germany consolidated its broad experience in fish and seafood in the year under review and acquired the company Hamburger Feinfrost, which specializes in frozen fish products, from its Frischeparadies Group.

More freshness at Transgourmet

The Transgourmet Group's efforts to broaden its freshness expertise were successful in key respects in 2018. In January, Transgourmet Germany acquired Niggemann Food Frischemarkt GmbH, based in Bochum. Niggemann enjoys an excellent reputation beyond the Rhine/Ruhr region and set new standards with its cash & carry store for catering customers, which was refurbished in 2010. Niggemann continues to operate independently, and its workforce and management are unchanged.

Transgourmet Switzerland particularly impressed with its freshness ranges in 2018. Now, the range of baked goods is now available not just in cash & carry stores but also on the wholesale supplies market, so Transgourmet Switzerland has established itself as a professional partner for bakeries. With its standardized order cut-off time of 4 p.m. for next-day delivery, it has further improved quality in the area of freshness. Swiss specialist Valentin Pontresina also focused on consolidating freshness expertise in 2018, expanding its ranges of meat and dairy produce as well as fruit and vegetables.

Continuing the focus on freshness, in 2018 Transgourmet France launched the "one-stop delivery" service, which enables customers to receive items such as meat, fish, fruit and vegetables and, in some cases, baked goods and all other foods in a single delivery. This eliminates the inconvenience of several different delivery dates for different product groups.

Bolstering expertise in beverages

In 2018, the business operations of wine retailer Zanini SA and wine producer Vinattieri Ticinesi SA were transferred to Zanini Vinattieri SA, which has been established as a subsidiary of Transgourmet Switzerland. The company is still managed by the entrepreneurial family, which is one of Switzerland's most renowned wine producers. Thanks to this new addition, Weinkeller Riegger AG – a specialist belonging to Transgourmet Switzerland – can enhance its range with Zanini Vinattieri wines. Since 2018, Weinkeller Riegger AG has also sold wines by Casa del Vino and has steadily expanded its existing range of French and Portuguese wines.

In the wholesale beverages business, the strategic focus is on meeting customer demand for genuinely valuable additional services and for shorter communication channels. The more effectively services and products from different players are bundled into a single offer, the greater the benefit to customers. Motivated by this strategic consideration, Transgourmet entered the beverages market with Team Beverage in 2017. In a further key step, Transgourmet Germany, the market leader in the food services sector, and the Oetker Group, one of the leading manufacturers of brand-name products, joined forces and entered into a joint venture along with their brewery group Radeberger, Germany's leading beer manufacturer, in the beverages segment of the catering market. Their goal is to work together to develop and systematically expand the catering and beverage wholesale platform Team Beverage. With Team Beverage and Gastivo, the joint enterprise, F&B – Food & Beverage Services GmbH, provides a 360-degree marketplace, which serves as a distribution, purchasing, marketing and service platform for beverage wholesalers, beverage retailers, convenience customers and caterers. All these customers can benefit from the knowledge provided on the platform in the areas of data management and category management, marketing and e-commerce, supply chain management and logistics, financial services and own-label and exclusive brands.

Transgourmet committed to digital 360-degree service

With the expansion of the 360-degree platform Gastivo, the Transgourmet Group also remained firmly committed to its digitalization offensive in 2018. The market platform open to suppliers and service providers provides caterers with a 24-hour one-stop shopping experience featuring a range of services and inspirations. Likewise, the Transgourmet subsidiary Gastronovi added more features to its end-to-end software solution for the catering sector: since mid-2018, users have been able to directly access the purchasing platforms of Transgourmet national subsidiaries in Germany, Austria and Switzerland via the Gastronovi purchasing system, which is also available to distribution partners who are not connected to Transgourmet's 360-degree market platform. In 2018, Gastronovi expanded its own network with new distribution partners in Germany, Austria and Switzerland.

Under the name "e-Quilibre Hygiène", in September Transgourmet France launched a new online solution for hygiene management. The digital platform supports caterers and food processing companies with implementing their hygiene management in accordance with the rigorous HACCP require-

ments (Hazard Analysis and Critical Control Points). As well as making it much easier to inspect standards at premises, the programme offers digital solutions for the preparation of cleaning schedules and the automated supply of hygiene products. In November, Transgourmet Solutions, the French counterpart to the Gastivo platform, launched a new retailer website on which customers can gain an overview of the Transgourmet France subsidiary's range of services and book the services directly, online, by taking out a subscription.

Expansion of Transgourmet ranges: sustainable, affordable and exclusive

Transgourmet also continued adding to its own-label brand ranges in 2018. With the launch of the high-profile brand Transgourmet Cook, Transgourmet added a line of fine products of exceptional quality to its product portfolio. The high-profile brand is derived from Transgourmet Österreich's special format Cook and is now also available at Transgourmet Switzerland. As well as products of unrivalled quality, Transgourmet Cook is distinguished by professional advice: since 2018, chefs from Transgourmet Cook's new Culinary Expertise team have brought their mobile kitchen to German-speaking Prodega/Growa markets, where they cook live and are on hand to offer tips to caterers and restaurant owners.

Approx. **200** items
from own-label sustainability brand Origine in Transgourmet Switzerland's range

Transgourmet Switzerland placed the focus squarely on expanding sustainable own-label brands. Since 2018, the national subsidiary's own-label sustainability brand Transgourmet Origine has comprised around 200 items. Besides meat, food and an assortment of dairy produce, the range of beverages in particular was expanded, with new products including wines, fruit juice, iced tea and syrup by Transgourmet Origine. In addition, Transgourmet Switzerland introduced 25 new Transgourmet Economy products, adding to its range of entry-level items.

Transgourmet Germany widened the range of own-label sustainability brand Ursprung in several Selgros stores as well as in the wholesale supplies market and increased its sales. Sump & Stammer, the specialist supplier to shipping companies, further expanded the range of Transgourmet own-label brands for delivery to the cruise industry. In Poland, meanwhile, Transgourmet and Selgros Cash&Carry continued to expand their organic range and more than 500 organic products are now available in Selgros Cash&Carry stores. Coop own-label brand Naturaline has also been added to the range. In 2018, the Selgros Cash&Carry stores in Russia began stocking Transgourmet own-label brands in the range, imported from Germany. The Russian national subsidiary launched the "po karmanu" brand, a range of low-priced, entry-level products. Selgros Cash&Carry also further expanded its line of own-label brands in Romania.

Transgourmet France added more than 600 premium products to its range in the year under review, including various spices, premium meat, mountain cheese, charcuterie products from the Basque country and artisanal Japanese specialities. In March, the national subsidiary launched an exclusive line of ice cream by master ice cream maker Gérard Cabiron, who has been named "Meilleur Ouvrier de France". The 50 or so exclusive Transgourmet flavours are made by hand by the 10 employees of the artisanal enterprise in the Hautes-Alpes region, using natural ingredients.

Foundations for growth: new locations with sustainable architecture

Transgourmet once again laid the foundations for further growth in 2018, with numerous real estate, logistics and sales outlet projects. In May 2018, Transgourmet Germany and Sump & Stammer jointly took up residence in a new location in Hamburg-Obergeorgswerder, complete with high-rise warehouse and logistics centre. At Selgros' sales outlets, the presence of the Frischeparadies branches was expanded. The Frischeparadies fish counter in Stuttgart was awarded the "Seafoods Star" accolade of "best fish counter in the cash & carry segment in 2018". Selgros Cash & Carry in Romania introduced fresh fish departments in all branches and switched the stores over entirely to LED lighting. Transgourmet Poland completed major milestones with the expansion of the Bytom hypermarket and the Poznan hypermarket: now that the civil engineering, road construction and paving for the two stores are complete, the national subsidiary has taken a big step closer to supplying its first national

customers in the food service sector. In Russia, Transgourmet opened more cash & carry stores in the Odintsovo district of Moscow and in the Moscow enclave Zelenograd, the latter being the first compact Selgros store. The newly opened stores are all equipped with environmentally friendly CO₂ cooling systems, heat recovery systems and LED lighting. The culinary institute in the Warsaw IV hypermarket, which opened in 2018, is Poland's most modern training centre, run in cooperation with Transgourmet and Selgros, and lays the foundation for improved training and advice for chefs as well as customers in Poland.

On 17 May 2018, Transgourmet Österreich opened its first store in western Austria, extending its presence to another key region. The location in Schwarzach (Vorarlberg) is Transgourmet's ninth in

5 000 m²

of warehouse and logistics
space at the new Transgourmet
site in Schwarzach

Austria. Covering around 4 000 m², the new store stocks the widest range in the region for Vorarlberg's caterers. The nearly 5 000 m² warehouse and logistics space serves as a platform for deliveries, which are made by the company's own fleet. Technology-wise, the new store is designed for sustainability: most of the roof is planted. LED lighting, the use of CO₂ cooling systems including heat recovery to produce hot water and to save on heating energy, as well as closed refrigerating units have been installed as standard. Large windows let in natural light.

At the start of October 2018, Transgourmet France opened a new distribution centre in Saint-Loubès for the Aquitaine region and the location began delivering products from as early as 8 October. The building was constructed according to the "BREEAM" sustainability standard (Building Research Establishment Environmental Assessment Method). It was fitted with enhanced insulation, LED lighting, a global energy management system and a plant for the use of rainwater. Compared with conventional systems, energy savings of up to 15% have been achieved, thanks to the use of sustainable coolants. Furthermore, the building has a heat pump system which regulates both the heating and cooling. The Transgourmet Centre Est, Méditerranée and Rhône Gap locations have also been certified to ISO 22000 standard since 2018.

Digitalization increases efficiency in supply chain management

Since October 2018, Transgourmet France has been using a new platform to manage data in its supply chain management activities. From now on, suppliers can electronically submit product documentation, technical documents, product sheets, certificates and approvals via the "Lansa" platform. Central data management makes it easier to access information, thus allowing for greater transparency in regard to quality and supply chain management. The monitoring of temperature data for deliveries was also made more efficient in 2018. In the Ile de France Wissous region and at Transgourmet West, for example, Transgourmet France introduced JRI temperature recorders. JRI is used to monitor the temperature data of transport containers in real time. If the limits are exceeded, the system automatically triggers an alert. The current temperature data are transmitted to the transport departments of the Transgourmet sites every 20 minutes. Transgourmet Switzerland introduced a new CRM (Customer Relationship Management) system in the year under review, enabling it to advise customers more efficiently, in a manner more appropriate to the target group. Now, the sales team has access at all times to important figures and evaluations relating to customers they are advising. In addition, Transgourmet Switzerland launched a new website in December. Frischeparadies, a subsidiary of Transgourmet Central and Eastern Europe, also introduced a new CRM system and completely revamped its online presence.

Award-winning sustainability at Transgourmet

The various awards garnered by the company in 2018 for sustainability are indicative that Transgourmet practises what it preaches. In Germany, Transgourmet was again singled out by the famous EcoVadis sustainability rating, which awarded Transgourmet Central and Eastern Europe a silver medal. The company also qualified for the German Sustainability Award. Transgourmet and Selgros Cash & Carry in Poland embarked upon a cooperative venture with the Albert-Schweitzer-Stiftung in 2018 in the area of animal welfare. Together, Transgourmet and the foundation intend to develop measures to replace eggs from battery hens with eggs from more humane conditions.

Transgourmet committed to sustainable cross-border logistics

The Transgourmet Group continued working towards sustainable logistics across national borders in 2018. Innovative mobility solutions were the most notable outcome of these efforts. For example, Transgourmet Germany commissioned eleven gas-powered trucks and two StreetScooters. EGV also commissioned a gas-powered truck and in February 2018 introduced the first StreetScooter with all-electric cooling in the German food service business. The vehicle was first used in Unna, in February, and has since been used for CO₂-free and fully electric delivery rounds in the local area. Transgourmet France became the first French food service company to begin using a diesel hybrid truck. The vehicle has a combined diesel and electric engine and is fitted with multi-temperature technology. Thanks to these technologies, the truck, which is based at Valenton, achieves fuel savings of up to 23% and is CO₂-neutral. Transgourmet is also committed to sustainable, low-emissions logistics in the Strasbourg region. Three trucks were fitted with a new "Pulsor"-type electric cooling system, which has enabled emissions per vehicle to be cut by around ten tonnes of CO₂ per annum. Two of these three trucks are run on natural gas (CNG). Thanks to vehicles with electric cooling, Transgourmet France is now able to save 50 tonnes of CO₂ per annum. Transgourmet Österreich introduced reusable covers for its 800 or so wheeled containers at the new Schwarzach (Vorarlberg) site, which eliminate the need to wrap picked goods in plastic film. The compaction and return of empties is also now simpler and more efficient. During the inaugural phase alone, 1 million metres of plastic film were saved. The reusable covers can be kept for up to seven years and will now be used throughout Transgourmet Österreich.

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



- Food & Beverage Service GmbH joint venture: collaboration with Oetker Group in beverage wholesale business
- Takeover of Bochum-based Niggemann Food Frischemarkt GmbH with retroactive effect to 01.01.2018: the Niggemann acquisition enables Transgourmet to strengthen its fresh food expertise in the B2B business in the delivery and cash & carry sector
- New logistics centre with high-rise warehouse in Hamburg, Obergeorgswerder
- Opening of new transshipment point in Straubing port in May, for food from the fresh and frozen segment
- Stuttgart-Feuerbach upgrade with big fresh fish counter (Frischeparadies)
- Launch of new high-profile brand Cook in Germany
- Range and sales of own-label sustainability brand Ursprung substantially increased; Ursprung range launched in Selgros stores
- Sustainable logistics: 11 gas-powered trucks and 2 StreetScooters acquired
- New E-commerce Specialist training introduced

Poland



- Opening of culinary institute in Warsaw IV hypermarket, Poland's most modern training centre for professional advice to chefs in the two distribution channels Transgourmet and Selgros
- Milestone achieved towards national logistics in food service: presence in Bytom hypermarket and establishment of hypermarket in Poznan, which for the first time enables national customers to be supplied in the food service sector
- Expansion of organic range (500 items) in cash & carry stores and launch of Naturaline own-label brand
- Introduction of top-selling own-label brand for price-conscious consumers, professionals and caterers in both distribution channels
- Cooperation with the Albert-Schweitzer-Stiftung in animal welfare, to replace eggs from battery hens with eggs from more humane conditions

Romania



- Broadening out of delivery activities for catering customers
- Fresh fish departments introduced in all Selgros stores
- Addition of Transgourmet own-label brands Economy, Quality and Premium to the range
- First fish sommelier at Selgros Cash & Carry in Romania
- All stores switched to LED lighting

Russia



- Opening of another cash & carry store in Odintsovo/Moscow area
 - Opening of the first compact-size Selgros store in Zelenograd/Moscow enclave, bringing the total to 11 cash & carry stores in Russia
 - Expansion of joint purchasing involving Selgros and Global Foods
 - Pilot sale of Transgourmet own-label brands (first imports from Germany)
 - Launch of entry-level price own-label brand for end customers "po karmanu"
 - 10-year anniversary on the Russian market
-

Specialists

- After 10 years in the ownership of the Frischeparadies Group, Hamburger Feinfrost is transferred to Transgourmet Germany
- Gastronovi expands and widens network of distribution partners, four new partners in Germany, Austria and Switzerland; release of interfaces with shopping platforms run by Transgourmet Germany, Österreich and Switzerland, which are thus directly connected to the Gastronovi shopping system
- Transgourmet and Gastronovi embark upon joint distribution activities; first customer projects successfully completed
- Team Beverage: Radeberger Group signs up with its beverage wholesale activities, geared towards the catering trade
- Gastivo – The 360° marketplace for the catering market goes online
- Sump&Stammer: expansion of Transgourmet own-label brand range in the cruise industry
- Introduction of a new CRM system and successful relaunch of frischeparadies.com website
- Team Beverage develops proprietary SAP cloud solution as integrated information and sales management platform for beverage wholesale and the beverage industry
- Frischeparadies: first-ever ASC certification for fish and seafood, expansion of QSFP, MSC, Friend of the Sea, Label Rouge etc.
- Seafood Star: Germany's best fish counter 2018 can be found in Frischeparadies Stuttgart
- EGV AG starts using StreetScooters with electric cooling for local deliveries, first CO₂-free, all-electric vehicle of its kind in Germany





Transgourmet France

▼ Factsheet

France



- Opening of new Transgourmet warehouse in Bordeaux in October 2018 with unrivalled sustainability credentials
- Use of new truck models with alternative fuels (fitted with hybrid drive or fuelled by 100% biodiesel made from rapeseed, CNG/biogas) and electric cargo bikes for urban use
- Transgourmet Premium distribution network extended to Marseilles and Lille
- Launch of an exclusive range of artisanal ice creams in March 2018 with Gérard Cabiron, who has been awarded the title “Meilleur Ouvrier de France”
- Launch of online solution “e-Quilibre Hygiène”
- Introduction of automated product data management
- Introduction of an e-learning platform for employees
- Implementation of a JRI solution for seamless recording of temperature data
- Transgourmet Centre Est, Méditerranée, Rhône Gap certified to ISO 22000
- 10-year anniversary of Transgourmet France in June and July 2018

Specialists

- Provision of one-stop delivery service throughout France (fruit and vegetables/ fish/seafood)
- Launch of Transgourmet Solutions retailer website in November 2018
- Restructuring of eastern region catchment area at Transgourmet
- Establishment of low-emissions logistics for Strasbourg city centre by Transgourmet Cash & Carry





Transgourmet Österreich

▼ Factsheet

Austria



- Gains in market share (catering) in cash & carry as well as wholesale supplies
- Opening of ninth Transgourmet multichannel location in Schwarzach/Vorarlberg
- First Transgourmet PUR (catering trade show) successfully held
- Sustainable wheeled container cladding introduced at Schwarzach location and in trial phase at second location
- Summer childcare at all locations
- Transgourmet Österreich certified as a “Great Place to Work”

Specialists

- Rebranding of mein c+c as Transgourmet Cash & Carry: prepared in 2018, for implementation in 2019





Transgourmet Switzerland

▼ Factsheet

Switzerland



- Expansion of range of own-label brands and own-label sustainability brand Origine
- Expansion of range of fresh fish (cash & carry and wholesale supplies)
- Expansion of baked range in wholesale supplies market
- Cook high-profile brand launches in Switzerland, with premium products and live cookery demonstrations in the stores
- Standardized order cut-off at 4 p.m. for fresh products, to simplify ordering for wholesale supplies customers
- Introduction of a CRM (Customer Relations Management) system to improve customer support and assist the field sales reps
- Launch of a new, more user-friendly website in December

Specialists

- Takeover of business activities of Polar Comestibles as of 02.01.2018
- As of 05.04.2018, takeover of Braschler's Comestibles Import AG, which specializes in the purchasing, production and process as well as sale of fresh fish
- Acquisition of business activities of Zanini SA and Vinattieri Ticinesi SA on 05.01.2018, which will be transferred to the newly established company Zanini Vinattieri SA (wine production and wine trading)
- Weinkeller Riegger AG expands range and adds wines from the Casa del Vino and Zanini Vinattieri ranges
- Further expansion of fish range at Valentin Pontresina



Production

The Coop Group also includes numerous manufacturing companies, chief among them the Bell Food Group, in which Coop is a majority shareholder. The Bell Food Group, which is one of the leading companies in meat processing and the production of convenience products in Europe, gives Coop a strong international presence.

15.7%
more sales from sustainable
products in Production

Net sales of the Coop Cooperative Production segment grew to CHF 802 million in 2018. Added to this are net sales for the Bell Food Group, which increased to CHF 4.1 billion. Total sales of sustainable ranges in Production came to 1.2 billion francs in 2018. Coop therefore increased its sales of sustainable products in the Production area by 15.7% year on year.

Bell Food Group

In the year under review, the Bell Food Group forged further ahead with the expansion of the Convenience business. As of January 2018, Bell acquired two companies, Hügli and Sylvain & Co. The Convenience business area now accounts for around a quarter of the Bell Food Group's consolidated sales. To finance the forward-looking strategy in the convenience segment, in June 2018 the Bell Food Group carried out a successful capital increase. This enabled the Group to generate fresh capital of more than 600 million francs, which is to be used for the acquisition of Hügli and other investment projects. Sales of goods of the Bell Food Group increased by 15.4 percent in 2018, to 4.1 billion francs. At 542.9 million kilograms, the sales volume is 89.1 million kilograms (+19.6%) higher than the previous year. The growth is attributable to the acquisitions, currency effects and organic growth.

Hügli develops, produces and markets soups, sauces, desserts and spices and employs around 1 500 staff. The company operates ten locations in all, in Switzerland, Germany, Italy, Spain, the Netherlands, the Czech Republic and the UK. Hügli's range, which is geared towards long-life convenience products, is the ideal complement to the Bell Food Group's existing range of ultra-fresh and fresh convenience products. The distribution channels are also complementary, in that they are geared to retail and catering. Moreover, Hügli strengthens the Bell Food Group's presence in key European markets.

Sylvain & Co. is one of Switzerland's biggest providers of ultra-fresh convenience products and is based in Essert-sous-Champvent, canton of Vaud. The company specializes in manufacturing fresh and ready-prepared salads, vegetables and fruit and employs a workforce of around 180. By acquiring Sylvain & Co, Eisberg is expanding its production capacity in Switzerland in this growing product group. The integration of the two companies is progressing according to schedule, and initial synergies have already been leveraged.

Bell Food Group invests in cultured meat

In July 2018, the Bell Food Group announced a stake in Dutch start-up Mosa Meat, the world's leading cultured beef company. The Maastricht-based company has developed a technology that can be used to manufacture cultured minced beef from animal cells. The goal is to make cultured beef commercially viable by 2021. According to estimates by the Food and Agriculture Organization of the United Nations, global demand for meat will rise by up to 70 percent by 2050. The Bell Food Group's intention, in investing in Mosa Meat, is to support the development of new production methods in the long term which offer a possible alternative to consumers who question their meat consumption for primarily ethical reasons.

Hilcona widens range of vegetarian products

In 2018, Hilcona responded to growing demand for vegetarian products in food retail and catering and also continued to broaden its expertise in vegetarian and vegan products. One example of this is the addition to Hilcona's range of "Ocean Sticks", which are tofu fish fingers. Hilcona relied heavily on innovation in other areas too: in the ultra-fresh segment, the convenience specialist began producing sandwiches on a new fresh convenience production line in Zurich/Orbe and launched the "Hilcona to go" product line.

Highlights from the Bell Food Group

The table below lists highlights from the year under review at 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

Bell



- Bell Germany Division and national subsidiaries of the Bell International Division in France, Poland and Hungary develop well and post positive rates of growth
- Growth in Switzerland in the first six months, most notably for lower-margin ranges and sales channels; immediately introduced counter-measures made good some of the decline in earnings in the second half of the year
- Roll-out of the Bell brand in France, Germany, Poland and Belgium
- Launch of product line “Samuel Bell 1869” in Switzerland in the autumn of 2018, which revisits charcuterie classics from Bell’s 150-year history
- Expansion of the range for the food service channel, with the launch of the Bell Professional line.
- Construction of the multi-storey car park in Basel as part of the construction and renovation project at the two biggest Swiss locations in Basel and Oensingen is the first project to be completed; freezer warehouse and multi-storey car park projects at Oensingen location ongoing

▾ Factsheet

Eisberg



- Construction of Europe’s most cutting-edge production facility for convenience products in Marchtrenk, Austria on track; due to open early 2019
- Sylvain & Co, in Champvent, western Switzerland, successfully integrated into the Eisberg Group
- Successful introduction of the first robot for removing cores from iceberg lettuce at Dänikon site in October 2018

▾ Factsheet

Hilcona



- Further development of customer segments thanks to active innovation management; “Hilcona to go” product line launched. “Hilcona to go” represents more freshness and health in national and international food retailing
- Broadening of ultra-fresh expertise, with launch of “Hilcona Water” and new fresh convenience production line for sandwiches in Zurich/Orbe
- Growing demand for vegetarian products in food retail and catering, further development of expertise in veggie segment with new products (e.g. “Ocean Sticks” tofu fish fingers)

▾ Factsheet

Hügli



- Successful completion of the acquisition of Hügli as of 1 January 2018; integration into Bell Food Group goes according to plan; initial synergies leveraged with sister companies of Coop and Bell Food Group
- Customer business in the food industry and the highly competitive private label business develop very well
- Positive development of food service in the Benelux countries and eastern Europe
- Opening of a new building in Werkendam, Netherlands, for the manufacture of “Bresc” brand fresh garlic and herb mixes
- Successful inauguration of new plant for the production of delicatessen specialities, sauces and meat stocks at the St. Gallen and Brivio (Italy) sites

▾ Factsheet

Coop's manufacturing companies

Great success with speciality wood-fired baked goods

Coop's first wood-fired oven was put into operation in Schafisheim at the end of 2017. The first items to be produced were the Coop baked specialities wood-fired "pane pugliese", wood-fired dark "Landweggen" bread and wood-fired white loaf. As early as February 2018, Coop was able to deliver nearly 2 million wood-fired loaves to the sales outlets and Pronto branches. At the end of June 2018, Coop launched the wood-fired seed bread, which also proved popular with customers. Throughout 2018, Coop delivered a total of 4.9 million wood-fired loaves to the sales outlets, 85% of them to Coop supermarkets and nearly 15% to the Pronto stores. Products from the wood-fired oven already account for 7.5% of net sales of large loaves. The artisanal baked specialities are very popular with customers, as evidenced by the steady growth in sales. Coop plans to start operating another wood-fired oven in Castione at the start of 2020.

Big investments in in-store bakeries and fresh dough

The range of fresh bread available in supermarkets was again greatly expanded in 2018. Coop now runs 40 in-store bakeries and 9 small bakeries, which produce oven-fresh bread and baked goods in the sales outlets. At the end of 2017, Coop began producing ready-to-bake fresh dough bread in sales outlets in the Nordwestschweiz Zentralschweiz-Zürich sales region. By the end of 2018, the fresh dough concept had been rolled out to 16 stores across Switzerland. The fresh dough products are pre-produced at Coop's Schafisheim bakery for the whole of Switzerland. Staff at the sales outlets finish off the fresh dough products in store, providing customers with products that are fresh from the oven and have a wonderful aroma. The employees have been specially trained to do this by the managers of the in-store bakeries, ensuring that the quality and flavour of the bread satisfy the highest expectations. Coop's goal is to supply more than 80 sales outlets with fresh dough in the future.

Cave begins producing Spumante sparkling wine

Since 2018, Spumante has been produced at the winery in Pratteln. Eight pressure tanks were procured for the manufacture of sparkling wine, each capable of fermenting 25 000 litres. This equates to a total capacity of 200 000 litres. The pressure tanks have cooling technology and can withstand extremely high pressure. In 2018, the new winery already produced nearly 50 000 litres of Spumante. At the end of the year, around 33 000 bottles were filled for the first time. These are marketed as Moscato Spumante in 0.75 litre bottles. Moscato is produced by classic tank fermentation. "Vini Bee" will in future be called Moscato Maestro. Cave plans to independently produce around 300 000 bottles of Moscato Maestro each year.

Approx. **4.9** million

wood-fired loaves delivered to sales outlets

Export sales of 60 million francs at Chocolats Halba/Sunray

2018 was a year of substantial gains for Chocolats Halba/Sunray. This growth was chiefly attributable to organic and fair trade products as well as CO₂-neutral specialities in the markets of the USA, Australia, Canada, France and Germany. Overall, Chocolats Halba/Sunray increased its export sales to 60 million francs. This performance is particularly pleasing given that, during the year under review, the remaining production facilities were relocated from Hinwil and Wallisellen to Pratteln. Back in 2017, Chocolats Halba/Sunray had already moved nearly 50 percent of its production facilities to the new Coop production centre in Pratteln, which is now fully operational. The Hinwil location was renovated in the reporting year and is now in use as a Transgourmet site. Dismantling work at Chocolats Halba at Wallisellen is now complete, and the building has been sold. After more than 60 years of chocolate-making history in Wallisellen, the company is now making a fresh start in Pratteln.

Highlights from Coop's 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/produktion.



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

- Growth in all core segments and expansion of market shares for grain processed in Switzerland for human consumption to over 33%
- 175th anniversary of the former Stadtmühle Zürich, now Swissmill
- Double-digit growth in organic products during Coop Naturaplan's 25th anniversary year
- Semolina cleaning plants at the durum wheat mill successfully replaced
- More investments made in innovations and process optimization in the specialities segment
- Refurbishment work starts on silo 1924

▼ Factsheet



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

- Sales growth of over 15% in chocolate exports
- Market share gains in Switzerland for sustainable products; project chocolates for Coop very successful
- Expansion of direct sourcing in countries of origin and increased quality, supply and value creation
- Winner of the "Swiss Ethics Awards" for the Ecuador project
- Chocolats Halba/Sunray merger successfully concluded
- Pratteln production and quality centre is operational and running without any restrictions



Dried fruit, 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

- Positive sales trend for cleaning products and cosmetics
- Development and manufacture of a new cosmetics range comprising 22 items for a Swiss perfume retailer
- Development and production of a range of natural cosmetics for the Spanish market
- Strong sales growth and further gains in market shares plus consolidation of market leadership with sustainable products in the Professional segment
- A fully automated filling machine is put into use for refill pouches of cleaning products and cosmetics




▼ Factsheet

Coop bakeries

Fresh bread products (loaves, rolls, braided bread), frozen bread products, cakes and biscuits, tarts and pastries, and commercial doughs

- 4.9 million wood-fired breads delivered to sales outlets; this equates to 7.5% of net sales of large loaves
- Production of 7 fresh dough products starts at the Coop Schafisheim bakery; by the end of 2018, 16 sales outlets are already being supplied with fresh dough.
- Traditional breads among the most popular fresh breads; steady sales growth
- "Yumi" robot successfully commissioned

▼ Factsheet

	<p>Organic and fair trade rice, rice specialities and rice mixes</p>	<ul style="list-style-type: none"> • Export growth: positive trend among large customers in Austria and Germany • Strong growth in organic and fair trade segment, both in Switzerland and for exports
	<p>Vinegar and vinegar specialities</p>	<ul style="list-style-type: none"> • Sustainable projects in India and Thailand involving structural adaptations; further professionalization of data capture • New organic raw materials partner in Italy and South Tyrol with sustainable projects • Three new Karma rice mixes with pulses for Coop • New vinegar products: Naturaplan orange vinegar and Graubünden Röteli vinegar • New fermenter with capacity of up to 3 million litres of vinegar put into service • Further digitalization of rice production: visual electronic analysis using system by manufacturer Totalsense in quality assurance for rice • Warehouse system switched to Wamas • Nutrex successfully integrated into Reismühle Brunnen
<p>▼ Factsheet</p>		
	<p>Mineral water and sugar-containing soft drinks</p>	<ul style="list-style-type: none"> • Start of production of a highly mineralized mineral water for Coop Vitality pharmacies in spring 2018 • Planning application submitted to Termen municipality for extension to Pearlwater warehouse; the application also covers a final expansion variant for the z'Matt location • New vegan and sugar-free organic flavoured water launched in the summer; positive customer feedback for the drink • Transgourmet Switzerland successfully launches the new mineral water brand Aquina, including soft drinks
<p>▼ Factsheet</p>		
<p>Cave</p>	<p>White wines, rosé wines, red wines, dessert wines, sparkling wines</p>	<ul style="list-style-type: none"> • 2018 grape harvest: volume for vinification using state-of-the-art fermentation control doubled year on year • Production of "Spumante Maestro" sparkling wine gets underway • Cave supplies Swiss International Air Lines Economy Class with red wine in "PET 187 ml" format • First Wine Trophy successfully run
<p>▼ Factsheet</p>		
<p>Banana ripening plant</p>	<p>Bananas, exotic fruit such as pineapple and kiwi, dried fruit</p>	<ul style="list-style-type: none"> • New ripening cell put into service with new technology
<p>▼ Factsheet</p>		

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Employees

The new Coop collective employment agreement sets out enhanced benefits, particularly for employees with family obligations. Paternity leave is increased from five to 15 days. Coop Campus opens as a new format brand for training.

In 2018, the Coop Group had a total of 89 579 employees in the Retail and Wholesale/Production business areas, including 3 447 apprentices. In the year under review, 62.8% of jobs were in Switzerland and the remainder abroad.

89 579

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 pursues the following strategic priorities: 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

New collective employment agreement with many improvements and pay increases

More than 37 000 Coop employees from all parts of Switzerland have benefited from a new collective employment agreement since 1 January 2018. The new agreement was negotiated in 2017 by Coop and the social partners Association of Salaried Employees of Coop (VdAC), Unia, the Swiss association of commercial employees KV Schweiz and the trade unions Syna/OCST, for the period 2018 to 2022. In the new collective agreement, Coop further and substantially enhances its benefits for employees with family obligations. Young fathers and mothers in particular benefit from the changes. Paternity leave has been increased from five to 15 days, on full pay, and is available to employees on a monthly salary and on an hourly wage. In addition, following the birth, fathers are entitled to two weeks' unpaid holiday. All female employees already receive 16 weeks of maternity leave from their third year of employment, instead of the statutory 14 weeks. By awarding maternity leave on full pay, Coop goes way beyond the statutory minimum. Since 1 February 2018, filling station employees of Coop Mineraloel AG have also had the benefit of a collective employment agreement.

Coop Child Care is also now enshrined in the collective employment agreement. Under this programme, Coop provides single-parent employees with financial support of up to 600 francs per month, per child. If there is more than one child receiving third-party childcare, the amount is up to 1 000 francs. In order to be eligible, employees must make use of external childcare and not exceed a specified pay threshold.

Moreover, as of 1 January 2018, the payroll of employees on an hourly wage and a monthly salary was increased by 1%.

Targeted measures following Veritas employee survey

Coop carried out an employee survey, which goes by the name Veritas, in 2017. Having evaluated the feedback, Coop began implementing measures during the reporting year. In Coop's Suisse Romande sales region, Coop launched the "Equilibre" project, the purpose of which is to reinforce a work-life balance as part of a positive corporate culture. The activities staged included a hiking day for all employees and their families, raising awareness among young Coop employees about tobacco consumption, preferential rates for gyms, a volleyball tournament and health coaching by experts. A Health Week also took place, accompanied by an app on which new topics and videos were shown each day.

Proactive measures ensure sustainable development of the pension fund

As at 31 December 2018, the CPV/CAP Coop Pension Fund had a coverage ratio of 108.4% (previous year 114.0%). However, the coverage ratio could not quite be maintained, due to the lack of investment returns and the costs of switching over the actuarial assumptions. Owing to developments on the financial markets, investment returns were also negative, at -1.9%. This result is below the strategic benchmark but above the tactical benchmark. Despite a difficult year, the old-age pension assets of active members accrued interest of 2.0% in 2018. Therefore, the interest was 1.0% above the BGV minimum interest rate of 1.0%. The provisional interest rate for 2019 is 2.0%. Pensions remained unchanged, and this will also be the case in 2019. At 37 181, the number of active members was slightly higher than the previous year (37 063 members). The number of pensioners rose by 362 people to 20 142 people at the end of 2018.

In light of persistently low interest rates, the Board of Trustees decided to once again lower the technical interest rate. Consequently, as of 1 January 2019 the conversion rate was revised and reduced to 5.15%. As a compensatory measure, a one-off contribution of 7.0% was made to the old-age pension assets. In addition, the annual old-age credits were increased by 2.1 percentage points. The statutory contributions to the insurance are borne one third by employees and two thirds by the company.

Coop receives employer award in Suisse Romande

Coop Suisse Romande was awarded the "Prix Bilan" by western Swiss financial publication "Bilan". Coop received the prize in the Large Corporations category for numerous measures which benefit employees, such as generous paternity leave, bonuses for employees celebrating anniversaries, its Pensioners Day and its free welfare service. Coop Suisse Romande is now planning further measures, including the "Equilibre" project, which involves initiatives aimed at employees on the subjects of health, well-being and family.

Transgourmet Österreich named a "Great Place to Work"

Since July 2018, Transgourmet Österreich has been entitled to display the claim "Certified by Great Place to Work". The certification was the culmination of an evaluation process lasting several months, as part of which employees of Transgourmet Österreich and mein c+c took part in a 63-question survey, among other things. In addition, Vienna-based Great Place to Work GmbH also evaluated the HR measures of Transgourmet Österreich and mein c+c. Transgourmet Österreich was evaluated in the overarching categories Credibility, Respect, Fairness, Pride and Team Spirit. The result speaks for itself: Transgourmet Österreich impressed the evaluation committee and more than satisfied the requirements of the "Great Place to Work" certification guidelines.

Holiday childcare at Transgourmet Österreich

In the summer of 2018, Transgourmet Österreich offered its employees summer childcare for the month of August at its locations in Traun, Graz, Spielberg and Brunn am Gebirge. For three weeks, children aged between three and ten years received care from three qualified teachers, 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 from the company restaurant tailored specifically to their needs. The programme, which was in its third year, was launched in partnership with Austrian family association OÖ-Familienbund. Since 2018, the service has been available to all Transgourmet locations in Austria and is run where there is demand.

Training and staff development

Coop Campus: new format for training

Since 2018, Coop has grouped together all training and development measures for Coop employees under the name and new brand Coop Campus. A range of specialist and management training courses are on offer at all career levels, for employees who have completed basic training. There was also a greater focus on overhauling the career development courses in 2018, and the qualifications are now geared towards the four levels Professional, Expert, Master and Leader. Furthermore, the content of career development courses is tailored to the new needs profile of future managers, and the courses are referred to as Management and Leadership (M+L) courses. The Certificate of Advanced Studies (CAS FH) in the area of Management and Leadership is a new qualification for leaders at Coop. Starting in 2019, the course programme enables participants to obtain 15 ECTS points and can be used to move on to Master of Advanced Studies (MAS). Now that the university of applied sciences course has been introduced, the training makes an important contribution to the further development of Coop's employees. Coop Campus thus bolsters Coop's leading position as a training centre in Swiss retail.

Coop apprentices successful at SwissSkills

The "SwissSkills" championship was held in Berne from 12 to 16 September 2018. As a Gold sponsor, Coop was supporting the event for the second time. Five trainees from various areas of specialization competed for Coop: two apprentices from "Garden" and "Consumer Electronics", an information scientist, a logistics technician and a meat specialist. Thanks to the extremely thorough preparations and the dedication of the graduates and of their trainers, the participants made it through the elimination rounds to the final round and, in the end, secured themselves a place on the leaderboard of the best in their respective occupational groups. In addition, on an indoor and outdoor stand covering 322 m², Coop presented its wide range of basic training and further development opportunities.

Pre-apprenticeship training gives refugees opportunities on the job market

In August 2018, 30 young people with refugee status began their pre-apprenticeship training at Coop. The programme covers positions in retail (Coop Supermarket and Building & Hobby) and in logistics. Coop will again be making 70 positions available across Switzerland for the pre-apprenticeship training for the start of the 2019 programme. The cooperative is therefore one of the first, and biggest providers of this training. For a whole year, the young people will have the opportunity to develop their potential within the company. The objective is for them to move on to further training, such as a federal vocational certificate or federal VET (vocational education and training) apprenticeship, at the end of the pre-apprenticeship training.

Coop graduate apprentices on tour

To enable Coop employees to get to know the four sales and language regions better after their training, since August 2018 Coop has offered a "Wanderjahr" (mobile experience year). This experience-gathering year involves selected graduate apprentices planning their individual route through Switzerland and choosing a Coop supermarket in which to work. The only requirement is that their tour must include all four sales and language regions. They spend between four and twelve weeks working at each location. The focus is very much on the graduates' personal and professional development: during their tour, they get to know different teams, cultures, languages and ways of working, making the "Wanderjahr" the ideal grounding for the young Coop talents for their first management role. Coop won the renowned "inHR award" for the initiative, in the "Talent Diversity and Inclusion" category.

Health-promoting leadership measures

To raise awareness among line managers of the early detection of health problems affecting their staff, specially devised workshops were run at two logistics locations for line managers of all levels. The “Veritas” employee survey carried out in 2017 clearly revealed the desire for this kind of training. In addition, line managers were offered support from the HR department with return to work interviews following extended, illness-related employee absence. The measure is intended to raise awareness among line managers of the need to request support early on, to ease the burden on employees who are ill and prevent extended or recurring absences.

Synergies from Shared Service Centre

To exploit synergies, in August 2018 Coop centralized the preparation of job references, job advertisements and pre-selection. The service deals mainly with functions in the collective employment agreement which arise very frequently in the four sales regions. One area of the Shared Service Centre is responsible for preparing interim references, references and confirmations of employment in German, French and Italian. Processes have been largely digitalized and centralized, enabling around 700 to 800 requests to be handled each month. Job advertisements and pre-selection for the most common vacancies in the four sales regions are dealt with by another area of the Shared Service Centre. As well as all regions being covered together, this procedure also enables candidate pools to be created, making it easier to quickly fill vacancies.

“Digital Recruiting” Centre of Excellence

Digitalization is now part and parcel of other Human Resources areas. Besides the online presence, social media and platforms such as Xing, LinkedIn and Kununu are increasingly important for HR marketing and from an employer branding perspective. The creation of the “Digital Recruiting” Centre of Excellence acknowledges this development. In 2018, the Centre of Excellence began setting up and actively managing the related presences on social media. The further development of digital recruiting centres on analysing use of advertising channels by specific target groups. This information will be helpful to Coop when directly targeting potential candidates for specialist or management roles.

New Meet & Eat learning format

Since 2018, Coop has been running a new further training format during the lunch break, called “Meet & Eat”. 75-minute talks on specific topics and discussion groups, panel discussions about the latest issues concerning Coop as well as management and leadership topics take place on selected dates in certain locations. As the name of the event suggests, eating sandwiches and snacks provided by Coop during the event is a permanent feature of the concept. The programme is attracting a great deal of interest: the 100 or so spaces are often fully booked just 30 minutes after they are announced.

Transgourmet France launches new e-learning platform

In 2018, Transgourmet France launched a new e-learning platform under the name “e-move”. The central idea is to improve employees’ professional development and expand the range of training measures. The new platform is paying dividends in the area of professional development in particular: in 2017, 81 positions were filled as a result of internal development measures whereas in the first half of 2018 alone, 83 people obtained a new qualification as a result of internal training courses. Transgourmet France is planning to extend the use of the e-learning platform to classroom training in the future.

Change management

Job Centre offers support when changing roles

The Job Centre continued to provide effective support to employees affected by the facility relocation in 2018. Support during the relocation of two Chocolats Halba production facilities from Wallisellen and Hinwil to Pratteln was a focal point. In addition, the Job Centre provides support for all temporary employees who work in Logistics and at selected manufacturing companies. This eases the burden on line managers as well as enabling efficient cooperation with the companies concerned.

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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 2018 the cooperative had over 2.5 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 114 and 115 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/organe

As at 31 December 2018, the Delegate Assembly consisted of the following delegates:

Suisse Romande Region	Bern Region	Nordwestschweiz Region	Zentralschweiz-Zürich Region	Ostschweiz Region (incl. Liechtenstein)	Ticino Region
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	Carlo Frigerio
Yvan Délèze	Chantal Gagnebin	Evelyn Borer	Beatrice Bertschinger	Fridolin Eberle	Fiorenzo Robbiani
Olivier Grangier	Sandra Ghisoni Schenk	André Dalla Vecchia	Kilian D'Alberto	Markus Eugster	Gabriella Rossetti
Doris Grobety	Fränzi Grunder	Sandra Nicole Engeler	Anna Maria Forlano	Christa Flückiger	Raffaele Sartori
Nicole Hosseini	Jürg Kradolfer	Adrian Fankhauser	Alexander Gossauer	Michael Fuhrer	
Nadine von Büren-Maier	Corinne Lehmann	Susanne Jäger	Ronald Hauser	Kurt Gansner	
Zohra Ottoz	Sibylle Miescher	Peter Jossi	Evelyn Hofer	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 95 of the Annual Report) and the corresponding notes (pages 98–115). 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 2018, 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
Susanne Giger	1970	Member, rep. of Zentralschweiz-Zürich Region	2018	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	2019
Roman Kuhn	1955	Member, representative of Nordwestschweiz Region	2010	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

(Reference date 31.12.2018)

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:

Swiss diploma in accounting and controlling, KV Zurich

Professional experience:

1982–1985 Controller, Dep. Director of Mövenpick 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



Peter Eisenhut

Swiss

Education:

Lic. oec. HSG, 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; Santis-Schwebbahn AG, Schwägalp

Other functions and offices:

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



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, Dubendorf; Helsana AG, Dubendorf; Helsana Unfall AG, Dubendorf; Helsana Versicherungen AG, Dubendorf; Helsana Zusatzversicherungen AG, Dubendorf; Progrès Versicherungen AG, Dubendorf; sansan Versicherungen AG, Dubendorf

Other functions and offices:

Board member, Fondation Sana



Susanne Giger

Swiss

Education:

Lic. oec. HSG, University of St. Gallen

Professional experience:

1995–1998 Project Manager B+R Event AG, Glattbrugg; 1998–2000 Head of Sponsorship and Events "Zürich" insurance company, Zurich; 2001–2007 Business Editor Schweizer Fernsehen und Schweizer Radio DRS, Zurich and Bern; 2008 author of books and freelance journalist; 2009–2017 Business Editor and presenter, Schweizer Radio und Fernsehen SRF, Bern and Zurich; since 2018 entrepreneur (Susanne Giger GmbH), Uetikon am See

Further directorships:

Board member, Kartause Ittingen, Warth-Weiningen



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 Bern



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 MobiliarGenossenschaft, 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:

Ethos Services SA, Geneva (Chairwoman); 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; 2000–2018, 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



Bernard Rüeger

Swiss

Education:

MBA, Lausanne

Professional experience:

since 1986 in various positions and 1992–2012 Managing Director, Rüeger SA, Crissier; since 2013, Chairman, Rüeger Holding SA, Paudex

Further directorships:

Alpsens Technologies SA, Crissier (Chairman); CSS Holding AG, Lucerne; Lyncée Tec SA, Ecublens; Fondation Banque Cantonale Vaudoise deuxième pilier, Lausanne; Precitherm SA, Paudex; Socorex Isba SA, Ecublens

Other functions and offices:

Economiesuisse (Vice-Chairman); Board member, Fondation de Beaulieu; Chamber of Commerce and Industry of Canton Vaud (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 Finance 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 2018.

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 2018, the Board of Directors convened for seven meetings lasting from one to two days. Furthermore, the Board of Directors spent four days visiting locations of subsidiaries in Switzerland and abroad. 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 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 2018), 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 the EBIT 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 compliance with guidelines and regulations, the appropriateness and effectiveness of the internal control system and other aspects. 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 maintains close contact with the statutory auditors for the purpose of sharing information. 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 2018, the Executive Committee of the Coop Group Cooperative comprised the following members:

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	Vice-Chairman of the Executive Committee	2009

Education / training, professional activities and vested interests

(Reference date 31.12.2018)

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. HSG, 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 Finance/Personnel at Import Parfümerien AG, Zurich; 1999–2005 various positions such as Head of Finance/Service and Head of Sales at Interdiscount, 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; Transgourmet Holding AG, Basel; Two Spice AG, Hergiswil (NW)

Other functions and offices:

President of IG DHS (Swiss retailers' organization)



Reto Conrad

Swiss

Education:

Lic. oec. HSG, 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 Finance/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); Coop Mineraloel AG, Allschwil; Panflor 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 Muttentz (Chairman); Board member, CPV/CAP Coop Pension Fund, Basel



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); Centre Commercial Moncor SA, Villars-sur-Glâne (Chairman); Robix AG, Baden (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 Bern; Swiss diploma in logistics management

Professional experience:

1997–2001 Consultant and Project Manager, Abegglen Management Consultants AG,

Volketswil; 2001–2005 Head of Service Interdiscount, Jegenstorf; 2005–2010 Head of Logistics, IT and Service Interdiscount; 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, Harkinggen (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, Bern; 1989–1992 Management consultant and Branch Manager Bern AF Consulting, Bern; 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 Finance/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, Bern (Chairman); Coop Vitality Health Care GmbH, Niederbipp (CEO); Coop Vitality Management AG, Bern (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 Finance Business Unit of the Coop Cooperative, Basel

Directorships:

Coop Vitality AG, Bern; Coop Vitality Health Care GmbH, Niederbipp; Coop Vitality Management AG, Bern; Dipl. Ing. Fust AG, Oberbüren; Marché Restaurants Schweiz AG, Dietlikon; nettoShop AG, St. Gallen; RS Vertriebs AG, St. Gallen; Railcare AG, Härkingen; Retail Marketing Switzerland AG, Basel (Chairman); 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-Zürich Region; since 2009, Member of Executive Committee of Coop Group Cooperative, Basel; 2009–2011 Head of Retail Business Unit and Head of Zentralschweiz-Zürich 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, Zurich (Chairman); Casa del Vino SA, Zurich; Eurogroup Far East Ltd., Hong Kong (Chairman); Hilcona AG, FL-Schaan; Marché Restaurants Schweiz AG, Dietlikon (Chairman); Peter Riegger Holding AG, Zug; Transgourmet Holding AG, Basel; Two Spice AG, Hergiswil (NW); Zanini Vinattieri SA, Mendrisio

Other functions and offices:

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

Management agreements

There are no management agreements with third parties.

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 2018 amounted to 1.3 million francs (2017: 1.3 million francs). The gross salaries of the Executive Committee totalled 4.1 million francs for 7 full-time equivalents in 2018 (2017: 4.4 million francs for 7.6 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 3.1 million francs for fulfilment of their statutory mandate for the 2018 financial year (2017: 3 million francs).

Other fees

For performing additional services over and above the statutory mandate, PwC billed a total of 0.3 million francs during the 2018 financial year (2017: 0.7 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 three meetings of the Audit Committee in 2018. 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.

Change of auditor

There will be a change of auditor in 2019: on 26 October 2018, the Delegate Assembly voted to appoint KPMG AG as the new auditors. KPMG AG will replace PricewaterhouseCoopers (PwC) as the auditors from the 2019 financial year onwards.

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 key sales figures for the previous year 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

Coop Cooperative

As at 1 April 2019

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 Finance Business Unit
Philipp Wyss, Head of Marketing/Purchasing Business Unit

CEO Business Unit

Joos Sutter, Chief Executive Officer
Frank Bertisch, Head of Internal Auditing
Luc Pillard, Head of Human Resources Coop
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
Roberto Villoria, Head of Total Store national

Suisse Romande Sales Region(SR)

Sissigno Murgia, Head of SR Sales Region
Stefan Silvestri, 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/FR
Franck Truchot, Head of Sales VS/VD
Laurent Voelin, Head of Sales NE/JU/BE
Philipp Ziörjen, Head of Sales VD/GE

Bern Sales Region (BE)

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

Nordwestschweiz-Zentralschweiz-Zürich Sales Region (NWZZ)

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
Christian Rüttimann, Head of Sales AG West/Olten
Marc Ellena, Head of Sales Lake Zurich South
Martin Fürst, Head of Sales AG Ost
Sandro Janko, Head of Sales BL and surrounding area
Herbert Müller, Head of Sales LU
Vacant, Head of Personnel/Training
Jean-Claude Prosdocimo, 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/AI/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
Antonella Catellani, Head of Total Store/Expansion

Coop City

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

Coop Building & Hobby

Andreas Siegmann, Head of Building & Hobby
Joe Wyss, Head of CM/Purchasing Building & Hobby
Marco Bertoli, CM Gardening/Plants
Marc Rheia, CM Leisure/Sport/Decorating (as of 01.05.2019)
Gabriele Vassena, CM DIY/Electrical
Dario Oemeroglu, CM Building/Interior Fittings (as of 01.05.2019)
Lukas Frey, CM Garden Hard Goods (as of 01.05.2019)

Interdiscount/Microspot

Pierre Wenger, Head of Interdiscount/Microspot Division
Vito Armetta, Head of Sales
Martin Koncilja, Head of Marketing
Peter Späni, Head of CM/Purchasing
Ingo Arnold, Head of CM Non Food
Georg Weinhofer, Head of Marketplace/Logistics/Services

Livique /Lumimart

Oliver Roth, Head of Livique /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, Head of Coop Vitality AG

Dipl. Ing. Fust AG

Daniel Stucker, Chairman of the Board of Directors
Thomas Giger, Head of Dipl. Ing. Fust AG, 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, Head of RS Vertriebs AG

The Body Shop Switzerland AG

Daniel Stucker, Chairman of the Board of Directors
Sonja Grapp, Head of The Body Shop Switzerland AG

Marketing/Purchasing Business Unit

Philipp Wyss, Head of Marketing/Purchasing Business Unit

Catering

Kaspar Wittwer, Head of Coop Catering

CM/Purchasing Fresh Food 1

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

Vladimir Cob, Managing Director Alifresca AG

CM/Purchasing Fresh Food 2

Marc Muntwyler, Head of CM/Purchasing/Fresh Food 2
Yves Grüniger, CM/Purchasing Dairy Produce/Eggs
Fabian Schneider, CM/Purchasing Meat
Matthias Hofer, 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
Pascal Seiler, CM/Purchasing Long-life Convenience/Garnishes

CM/Purchasing Beverages/Specialist Stores

Simon Grieder, Head of CM/Purchasing Beverages/
Specialist Stores
Sylvia Berger, CM/Purchasing Wines/Sparkling Wines
Lukas Frey, CM/Purchasing Pet Supplies
Laura Schmidt, 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

Rico Bossi, Head of SBO/SCM Sales Outlets
Mauro Manacchini, Head of Purchasing Services
Andreas Olloz, Head of CM/Purchasing Services

Marketing/Digital Services

Thomas Schwetje, Head 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
Raoul König, Chairman of the Executive Committee

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 and 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, Chairman of the Executive Committee

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 Centre 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

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
Andreas 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

As at 1 March 2019

Coop Mineraloel AG

Hansueli Loosli, Chairman of the Board of Directors
Roger Oser, Chief Executive Officer
Dominik Köppel, Head of Sales
Andreas Parpart, Head of Marketing & Purchasing
Jörg Biermann, Head of Supplies & Retail (as of 01.01.2019)
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 and Selgros, Germany
Frank Seipelt, Chief Executive Officer, Managing Director Transgourmet Germany
Xavier Buro, Managing Director Finance
Manfred Hofer, Managing Director Purchasing

Transgourmet Poland

Alexander Orłowski, Chief Executive Officer and Managing Director Cash & Carry
Piotr Kolodziejczak, Managing Director Finance/Controlling
Piotr Skłodowski, Managing Director Purchasing /Marketing
Christian Alberty, Managing Director Food Service

Selgros Romania

Robert Hellwagner, Chief Executive Officer
Herwig Arvay, Managing Director Finance/IT
Robert Hellwagner, Managing Director Purchasing/Marketing & Sales

Selgros Russia

Michael Zipfel, Chief Executive Officer
Jens Frerichs, Managing Director Purchasing
Maximilian von Blanquet, Managing Director Finance
Michael Zipfel, Managing Director Sales

Transgourmet France

Eric Decroix, Chief Executive Officer
Caroline Besselièvre, Head of HR
Yves Cebron, Commercial Manager and Head of Product Range
Edith Hertz, deputy Chief Executive Officer

Transgourmet Österreich

Manfred Hayböck, Chief Executive Officer and Managing Director Finance
Thomas Panholzer, Chief Executive Officer and Sales Manager
Manuel Hofer, Head of Purchasing/Goods
Jürgen Krizmanich, Managing Director Locations
Michael Steinmair, Head of Logistics

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 for 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
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

30 662 CHF million

Net sales Group

29 565 CHF million

of which

19 931 CHF million Switzerland

9 634 CHF million abroad

Net sales segments

17 743 CHF million Retail

14 170 CHF million Wholesale/Production

Net sales online trading

785 CHF million Retail

1 537 CHF million Wholesale/
Production

Employees at 31.12

47 195 Retail

42 384 Wholesale/Production

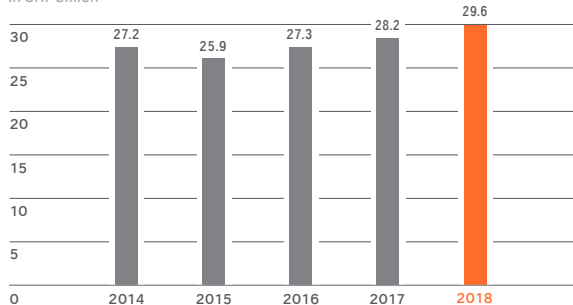
Trainees at 31.12

2 547 Retail

900 Wholesale/Production

Net sales

in CHF billion



Earnings

2 103 CHF million EBITDA

7.1% of net sales

772 CHF million EBIT

2.6% of net sales

Profit

473 CHF million

1.6% of net sales

Equity

9 754 CHF million

47.9% Equity ratio

Free cash flow

218 CHF million

Investments in tangible fixed assets

1 016 CHF million Switzerland

527 CHF million abroad

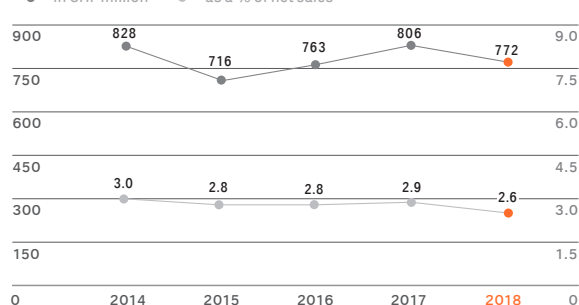
Sales outlets / markets

2 313 Retail

145 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales



Development of the Coop Group

in CHF million or as indicated	2014	2015	2016	2017	2018
Total sales	28 174	26 932	28 322	29 207	30 662
Retail	17 718	17 253	17 162	17 405	17 743
Wholesale / Production	11 193	10 611	12 248	13 006	14 170
Consolidation	-1 749	-1 969	-2 151	-2 259	-2 348
Net sales from goods and services	27 163	25 895	27 259	28 152	29 565
of which net sales Switzerland	19 822	19 252	19 251	19 476	19 931
as a % of net sales	73.0	74.3	70.6	69.2	67.4
of which net sales abroad	7 341	6 643	8 008	8 676	9 634
as a % of net sales	27.0	25.7	29.4	30.8	32.6
Earnings before interest, tax, depreciation and amortization (EBITDA)	2 038	1 933	2 044	1 994	2 103
as a % of net sales (EBITDA margin)	7.5	7.5	7.5	7.1	7.1
Operating result (EBIT)	828	716	763	806	772
as a % of net sales (EBIT margin)	3.0	2.8	2.8	2.9	2.6
Profit	470	416	475	485	473
as a % of net sales (profit margin)	1.7	1.6	1.7	1.7	1.6
Cash flow from operating activities	1 551	1 653	1 582	1 453	1 701
as a % of net sales (cash flow margin)	5.7	6.4	5.8	5.2	5.8
Cash flow from investing activities	-1 700	-1 477	-1 939	-1 473	-1 792
as a % of net sales	6.3	5.7	7.1	5.2	6.1
Cash flow from financing activities	-166	-301	238	-238	325
Free cash flow¹	327	234	61	99	218
Total assets	17 441	17 654	18 663	19 482	20 364
Equity incl. minority interests	8 089	8 401	8 928	9 339	9 754
Equity ratio incl. minority interests in %	Target value: > 40.0	46.4	47.6	47.8	47.9
Financial liabilities	4 753	4 700	5 043	5 096	5 781
Net financial liabilities	3 560	3 614	4 061	4 368	4 832
Debt coverage ratio	Target value: < 3.0	1.7	1.9	2.0	2.3
Interest coverage ratio²	Target value: > 8.0	22.6	25.4	33.8	40.2
FTE (incl. trainees) at 31.12	66 124	69 039	73 451	74 638	77 448
Employees (incl. trainees) at 31.12	77 087	79 954	85 001	86 424	89 579
Trainees at 31.12	3 271	3 410	3 505	3 486	3 447
Retail number of sales outlets / markets at 31.12	1 978	2 198	2 254	2 296	2 313
Retail sales area in m² at 31.12	1 798 081	1 814 469	1 852 653	1 869 362	1 882 557
Wholesale / Production number of sales outlets / markets at 31.12	212	214	226	142	145
Wholesale / Production sales area in m² at 31.12	938 283	938 768	1 004 472	1 007 100	1 014 532
Number of members	2 500 036	2 536 800	2 542 848	2 582 309	2 547 851

Prior-year figures restated

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

² Interest coverage ratio definition: EBITDA / Interest and other financial expenses

Net sales

in CHF million	2018	2017
Coop Supermarkets	10 408	10 326
Interdiscount	1 014	975
Coop City	769	773
Coop Building & Hobby	629	625
Livique / Lumimart	197	192
Import Parfumerie	146	145
Coop@home	151	142
Christ Watches & Jewellery	81	81
Coop Mineraloel AG	2 476	2 279
Dipl. Ing. Fust AG	1 031	1 040
Coop Vitality AG	202	186
Coop Restaurant	245	249
Marché Restaurants Schweiz AG	111	110
Betty Bossi AG	75	78
The Body Shop Switzerland AG	29	30
Other companies and effects from segment consolidation	179	174
Specialist formats	7 335	7 080
Retail	17 743	17 405
Transgourmet Central and Eastern Europe	6 124	5 668
Transgourmet France	1 375	1 335
Transgourmet Österreich	611	568
Transgourmet Switzerland	1 598	1 518
Transgourmet Group	9 710	9 087
Bell Food Group	4 059	3 537
Coop Cooperative Production	802	759
Other companies and effects from segment consolidation	-400	-377
Wholesale / Production	14 170	13 006
Consolidation Coop Group	-2 348	-2 259
Net sales	29 565	28 152
Other operating income	1 097	1 055
Total sales	30 662	29 207
of which net sales online trading	2 322	1 926
Online trading in home electronics	512	437
– Microspot.ch	242	212
– Nettoshop.ch	88	90
– Other	181	135
Coop@home	151	142
Other online trading Retail	122	102
Online trading Retail	785	680
Online trading Wholesale / Production	1 537	1 246
of which net sales Switzerland	19 931	19 476
of which net sales abroad	9 634	8 676

Prior-year figures restated

Sales outlets/markets

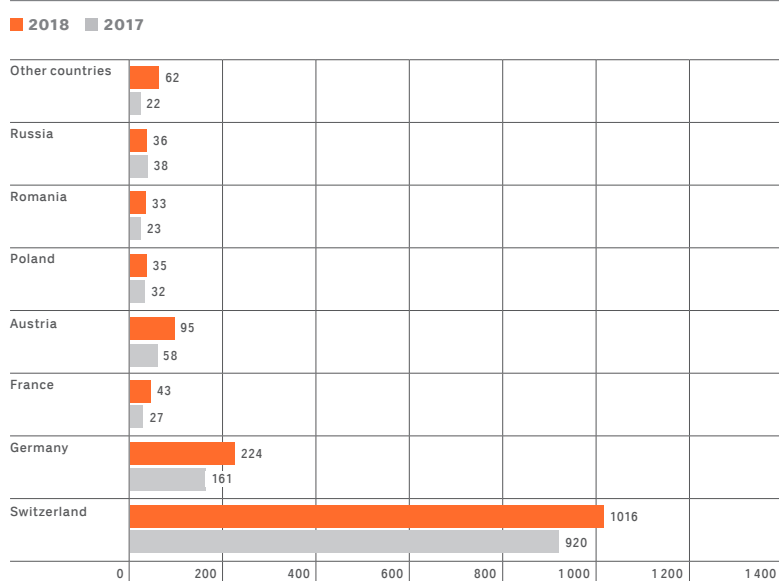
	Number at 31.12		Sales area m ² at 31.12	
	2018	2017	2018	2017
Coop Supermarkets	918	908	988 896	984 119
Interdiscount	186	188	62 467	64 318
Coop City	30	31	126 031	128 454
Coop Building & Hobby	74	74	309 920	307 087
Livique / Lumimart	46	44	123 965	122 650
Import Parfumerie	118	121	9 864	10 042
Christ Watches & Jewellery	65	69	5 395	5 549
Hotels	4	4		
Coop Mineraloel AG	318	306	37 329	35 659
Dipl. Ing. Fust AG	155	156	87 988	88 999
Coop Vitality AG	78	75	9 681	9 567
Coop Restaurant	201	205	59 510	59 965
Marché Restaurants Schweiz AG	33	33	15 481	15 481
The Body Shop Switzerland AG	45	49	2 659	2 881
update Fitness AG	40	31	43 372	34 591
Tropenhäuser	2	2		
Specialist formats	1 395	1 388	893 661	885 243
Retail	2 313	2 296	1 882 557	1 869 362
Transgourmet Central and Eastern Europe	102	100	835 632	831 766
Transgourmet Österreich	13	12	55 481	51 915
Transgourmet Switzerland	30	30	123 419	123 419
Transgourmet Group	145	142	1 014 532	1 007 100
Wholesale / Production	145	142	1 014 532	1 007 100
Coop Group	2 458	2 438	2 897 089	2 876 462

Prior-year figures restated

Investments (cash flow)

in CHF million	2014	2015	2016	2017	2018
Switzerland	975	1 202	992	920	1 016
Germany	119	94	160	161	224
France	51	34	27	27	43
Austria			191	58	95
Poland	38	74	36	32	35
Romania	12	17	40	23	33
Russia	12	13	47	38	36
Other countries	2	20	20	22	62
Abroad	233	253	517	361	527
Investments in tangible fixed assets	1 209	1 455	1 509	1 281	1 544
Disposals of tangible fixed assets	41	105	107	59	198
Net investments in tangible fixed assets	1 167	1 350	1 402	1 222	1 346
Other net investments	533	127	537	251	446
Net investments	1 700	1 477	1 939	1 473	1 792

Investments in tangible fixed assets by country in CHF million



Statement of added value

in CHF million	2018	2017	Index %
Net sales from goods and services	29 565	28 152	105.0
Other services rendered	1 139	1 097	103.9
Merchandise expenses and other upstream services	22 561	21 547	104.7
Gross added value	8 144	7 701	105.8
Depreciation and amortization / other	1 316	1 183	111.2
Company added value	6 829	6 518	104.8
Employees			
Wages and salaries	3 736	3 509	106.5
Social security contributions / other contributions	1 232	1 149	107.2
Public sector	1 213	1 194	101.5
Investors	49	50	99.3
Minority interests	126	131	96.2
Retained profits (self-financing)	473	485	97.4
Distribution of added value	6 829	6 518	104.8

Prior-year figures restated

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 72.8% (previous year: 71.5%), the largest proportion of the newly created value goes to the Coop Group's employees. The Coop Group employed 77 448 FTE (previous year: 74 638).

The public sector receives 17.8% (previous year: 18.3%) from taxes, customs duties and charges.

The 0.7% (previous year: 0.8%) 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

	2018	2017	Change	Index %
Coop Supermarkets	18 833	18 690	143	100.8
Interdiscount	1 658	1 626	32	102.0
Coop City	2 016	2 071	-54	97.4
Coop Building & Hobby	1 601	1 597	4	100.2
Livique / Lumimart	561	550	10	101.9
Import Parfumerie	503	507	-4	99.2
Coop@home	151	169	-18	89.3
Christ Watches & Jewellery	296	293	3	101.2
Coop Mineraloel AG	107	103	4	104.2
Dipl. Ing. Fust AG	2 129	2 153	-25	98.9
Coop Vitality AG	649	629	19	103.1
Coop Restaurant	1 581	1 626	-46	97.2
Marché Restaurants Schweiz AG	627	601	27	104.5
Betty Bossi AG	102	97	5	104.9
The Body Shop Switzerland AG	166	170	-4	97.6
Other companies	999	998	2	100.2
Logistics / Corporate services	5 517	5 435	82	101.5
Retail	37 497	37 315	181	100.5
Transgourmet Central and Eastern Europe	20 713	20 024	688	103.4
Transgourmet France	3 101	3 131	-30	99.0
Transgourmet Österreich	1 658	1 541	117	107.6
Transgourmet Switzerland	1 775	1 703	71	104.2
Transgourmet Group	27 246	26 400	846	103.2
Bell Switzerland	4 848	4 613	236	105.1
Bell abroad	6 007	4 459	1 547	134.7
Bell Food Group	10 855	9 072	1 783	119.7
Coop Cooperative Production	1 838	1 841	-3	99.8
Other companies	12	9	3	133.3
Wholesale / Production	39 952	37 322	2 629	107.0
FTE (incl. trainees) at 31.12	77 448	74 638	2 811	103.8

Prior-year figures restated

Employees

	2018	2017	Change	Index %
Coop Supermarkets	24 782	24 586	196	100.8
Interdiscount	1 792	1 730	62	103.6
Coop City	2 518	2 585	-67	97.4
Coop Building & Hobby	2 003	2 004	-1	100.0
Livique / Lumimart	640	632	8	101.3
Import Parfumerie	672	689	-17	97.5
Coop@home	155	173	-18	89.6
Christ Watches & Jewellery	401	391	10	102.6
Coop Mineraloel AG	110	106	4	103.8
Dipl. Ing. Fust AG	2 208	2 235	-27	98.8
Coop Vitality AG	893	869	24	102.8
Coop Restaurant	2 050	2 078	-28	98.7
Marché Restaurants Schweiz AG	898	849	49	105.8
Betty Bossi AG	127	122	5	104.1
The Body Shop Switzerland AG	220	216	4	101.9
Other companies	1 754	1 556	198	112.7
Logistics / Corporate services	5 972	5 893	79	101.3
Retail	47 195	46 714	481	101.0
Transgourmet Central and Eastern Europe	22 145	21 423	722	103.4
Transgourmet France	3 115	3 240	-125	96.1
Transgourmet Österreich	1 764	1 631	133	108.2
Transgourmet Switzerland	1 963	1 873	90	104.8
Transgourmet Group	28 987	28 167	820	102.9
Bell Switzerland	5 241	4 947	294	105.9
Bell abroad	6 224	4 649	1 575	133.9
Bell Food Group	11 465	9 596	1 869	119.5
Coop Cooperative Production	1 920	1 933	-13	99.3
Other companies	12	14	-2	85.7
Wholesale / Production	42 384	39 710	2 674	106.7
Employees (incl. trainees) at 31.12	89 579	86 424	3 155	103.7

Prior-year figures restated

Trainees

	2018	2017	Change	Index %
Coop Supermarkets	1 359	1 447	-88	93.9
Interdiscount	345	344	1	100.3
Coop City	155	174	-19	89.1
Coop Building & Hobby	117	116	1	100.9
Livique / Lumimart	35	37	-2	94.6
Import Parfumerie	42	43	-1	97.7
Coop@home		1	-1	..
Christ Watches & Jewellery	29	30	-1	96.7
Coop Mineraloel AG	4	4	0	100.0
Dipl. Ing. Fust AG	92	87	5	105.7
Coop Vitality AG	132	130	2	101.5
Coop Restaurant	22	24	-2	91.7
Marché Restaurants Schweiz AG	10	15	-5	66.7
The Body Shop Switzerland AG		1	-1	..
Other companies	40	32	8	125.0
Logistics / Corporate services	165	165	0	100.0
Retail	2 547	2 650	-103	96.1
Transgourmet Central and Eastern Europe	467	432	35	108.1
Transgourmet France	87	103	-16	84.5
Transgourmet Österreich	80	77	3	103.9
Transgourmet Switzerland	84	78	6	107.7
Transgourmet Group	718	690	28	104.1
Bell Switzerland	80	70	10	114.3
Bell abroad	75	48	27	156.3
Bell Food Group	155	118	37	131.4
Coop Cooperative Production	27	28	-1	96.4
Wholesale / Production	900	836	64	107.7
Trainees at 31.12	3 447	3 486	-39	98.9

Prior-year figures restated

Employee diversity

as %	2018	Retail 2017	Wholesale / Production 2018	2017	2018	Coop Group 2017
Type of employment						
Full-time employees	56.7	57.0	81.8	81.9	68.6	68.4
Part-time employees	43.3	43.0	18.2	18.1	31.4	31.6
Percentage of women	62.3	62.3	42.6	42.7	53.0	53.3
who are full-time employees	44.0	44.1	38.0	38.3	40.6	40.9
who are part-time employees	86.1	86.4	63.3	62.6	79.9	80.1
in management positions	41.4	41.3	25.6	25.1	35.3	35.3
on Board of Directors and Executive Committee of Coop Group Cooperative					29.4	26.3
Percentage of employees over 50 years of age	26.6	26.2	26.6	24.9	26.6	25.6
Trainees						
Sales	86.2	86.5	26.9	31.2	70.7	73.2
Commercial	5.1	4.7	42.1	38.0	14.7	12.7
Trades / Other	8.7	8.8	31.0	30.8	14.6	14.1
Country of work						
Switzerland	99.7	99.6	21.5	22.0	62.7	64.0
Germany			31.4	30.1	14.9	13.8
Poland			11.3	12.1	5.3	5.6
Romania			11.1	11.5	5.2	5.3
France			8.3	9.1	3.9	4.2
Austria			6.9	6.7	3.3	3.1
other	0.3	0.4	9.5	8.5	4.7	4.0
Nationality¹						
Switzerland	67.8	68.4	44.2	44.3	64.3	64.9
Abroad	32.2	31.6	55.8	55.7	35.7	35.1

Prior-year figures restated

¹ only from areas based in Switzerland

Sustainability

Sustainable products

	2014	2015	2016	2017	2018
Sales from sustainable products					
in CHF million					
Sales from sustainable products Coop Group		3 543	3 855	4 256	4 671
of which organic ¹	1 082	1 174	1 255	1 389	1 653
of which Fairtrade ¹	260	373	462	514	601

Prior-year figures restated

¹ 2014 only retail

Packaging

in tonnes

Packaging reduction and optimization, Retail	1 045	85	230	145	336
Packaging reduction and optimization, Wholesale / Production	1 306	145	334	287	605

Environmental and climate protection

	2014	2015	2016	2017	2018
Energy consumption					
in megawatt-hours					
Retail	1 116 389	1 127 499	1 134 156	1 167 296	1 153 084
Wholesale / Production ¹	1 255 910	1 441 986	1 527 834	1 602 460	1 647 842
Total energy consumption	2 372 299	2 569 485	2 661 990	2 769 756	2 800 926

¹ excl. Hügli Group

Renewable energy sources

as a %

Retail	66.6	66.8	68.0	68.5	67.5
Wholesale / Production ¹	33.2	37.0	36.3	39.6	38.4
Percentage of renewable energy sources	48.9	50.1	49.8	51.8	50.4

Prior-year figures restated

¹ excl. Hügli Group

Carbon dioxide emissions (CO₂)

in tonnes

Retail	106 356	107 135	103 849	105 751	101 697
Wholesale / Production ¹	338 992	350 062	367 049	309 806	335 170
Total carbon dioxide emissions (CO ₂)	445 348	457 197	470 898	415 557	436 868

¹ excl. Hügli Group

2014 2015 2016 2017 2018

Water consumption

in thousands of cubic metres

Retail	1 154	1 060	1 282	1 300	1 378
Wholesale / Production ¹	3 030	5 632	5 902	6 115	6 756
Total water consumption	4 184	6 692	7 184	7 415	8 134

¹ excl. Hügli Group

Waste

Recycling rate

as %

Retail	80.8	80.0	80.2	80.7	80.5
Wholesale / Production ¹	68.0	70.1	73.4	76.9	78.6

¹ excl. Hügli Group

Waste production

in tonnes

Retail	126 598	129 896	134 145	139 445	136 665
Wholesale / Production ¹	65 610	65 409	84 085	109 551	124 073
Total waste production	192 208	195 305	218 230	248 996	260 738

¹ excl. Hügli Group

Social commitment

2014 2015 2016 2017 2018

Social commitment

in CHF thousands

Coop Sustainability Fund	16 550	17 000	18 655	17 511	17 146
Coop Aid for Mountain Regions	939	860	827	700	606
Additional contributions for social projects	6 341	6 496	6 053	5 782	6 952

Report on 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 2018, it rose by 5.0% to a total of CHF 29 565 million (previous year: CHF 28 152 million). Total sales for the Coop Group amounted to CHF 30 662 million (previous year: CHF 29 207 million). Through its online shops, the Group generated net sales of CHF 2 322 million (previous year: CHF 1 926 million). This equates to a rise of 20.6%, to which both segments contributed with double-digit growth rates.

Operating result (EBIT)

Personnel expenses amounted to CHF 4 925 million and other operating expenses to CHF 3 010 million. Earnings before interest, tax, depreciation and amortization (EBITDA) came to CHF 2 103 million (previous year: CHF 1 994 million) with the EBITDA margin unchanged year on year at 7.1%. Depreciation and amortization of CHF 1 331 million comprises depreciation of land and buildings and installations of CHF 587 million, depreciation of other tangible fixed assets of CHF 422 million, amortization of goodwill of CHF 217 million and amortization of other intangible assets of CHF 105 million. The operating result (EBIT) was down on the prior-year figure of CHF 806 million to CHF 772 million and the EBIT margin down year on year to 2.6%.

Profit for the financial year

The result of associated organizations came to CHF 2 million (previous year: CHF 7 million). The result from foreign currencies and the financial result improved to stand at a loss of CHF 40 million (previous year: loss of CHF 54 million). Net of a non-operating result of CHF 4 million, income taxes of CHF 140 million and minority interests of CHF 126 million, profit was down by CHF 12 million year on year to CHF 473 million.

Segment report

Retail

Coop grew retail sales by 1.9%, generating net sales of CHF 17 743 million.

The Coop supermarkets increased footfall by 3.1% and achieved net sales of CHF 10 408 million, exceeding the prior-year figure by 0.8%.

The specialist formats lifted net sales by 3.6% to CHF 7 335 million. The consumer electronics business generated net sales of CHF 2 045 million, an increase of 1.5%. They thus consolidated their leading position in the consumer electronics market.

The reorganization enabled Livique/Lumimart to gain market share and increase net sales by 2.7% to CHF 197 million.

Coop Building & Hobby remains the leader in the DIY market. Net sales rose by 0.7% to CHF 629 million.

Net sales at Coop City department stores declined by 0.6% to stand at CHF 769 million. Market share was gained in a difficult market environment.

Coop Mineraloel AG remains the market leader. Net sales rose by 8.6% to CHF 2 476 million. The Pronto shops advanced by 3.7%.

Coop Vitality AG posted another very encouraging performance, lifting net sales by 8.4% to CHF 202 million.

Net retail sales in online business rose by 15.4% to CHF 785 million. Microspot.ch and Coop@home made a substantial contribution to this result. Online supermarket Coop@home posted growth of 6.7% and thus gained market share; net sales amounted to CHF 151 million.

The Retail segment's operating result (EBIT) decreased by CHF 35 million to CHF 462 million (previous year: CHF 497 million). The number of sales outlets in the segment (including restaurants) rose by 17 to 2 313. The Coop Group employed 47 195 people in retailing (previous year: 46 714).

Wholesale/Production

In the Wholesale/Production segment, net sales climbed to CHF 14170 million (previous year: CHF 13006 million). This equates to growth of 9.0%. Adjusted for acquisitions, the Wholesale/Production business area grew by 4.5%.

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 9710 million (previous year: CHF 9087 million). It thus advanced by 6.9% and further expanded its position as the second-largest company in the European cash & carry and wholesale supplies segment. Transgourmet operated a total of 145 cash & carry markets (previous year: 142) and employed 28987 people (previous year: 28167).

The Bell Food Group is one of Europe's leading meat and convenience food processors. With its brands Bell, Hilcona, Eisberg and Hügli, the group covers a whole variety of customer requirements. Its customers include retail, food service and the food industry. At CHF 4059 million, net sales were 14.8% up on the previous year (CHF 3537 million). The Bell Food Group employed 11465 people in 2018 (previous year: 9596).

The Wholesale/Production segment's operating result (EBIT) rose by CHF 2 million to CHF 311 million (previous year: CHF 309 million).

Financial position and cash flows

Balance sheet

The Coop Group's total assets increased by CHF 882 million year on year. On the assets side, where there was a rise in cash and cash equivalents, receivables from goods and services and inventories, current assets climbed by CHF 340 million to CHF 6398 million. Non-current assets rose by CHF 542 million to CHF 13966 million. Set against the depreciation and amortization expense here are higher investments and additions originating from the acquisitions. Liabilities increased by CHF 467 million year on year to CHF 10610 million. Short-term liabilities declined by CHF 19 million to CHF 4908 million, while long-term liabilities rose by CHF 486 million to CHF 5702 million. Within long-term liabilities, the Coop Group financed itself through bonds and deposits. Equity including minority interests rose to CHF 9754 million. At 47.9%, the equity ratio was therefore well above the strategic target of 40% as at 31 December 2018. It remained unchanged year on year.

Cash flow statement

The cash inflow from operating activities increased by CHF 248 million year on year to CHF 1701 million. The cash outflow from investing activities was CHF 318 million higher than in the previous year at CHF 1792 million. This was due to both increased expenditure on acquisitions and higher net investments in tangible fixed assets. A net amount of CHF 1483 million was invested in tangible and intangible fixed assets and a further CHF 296 million in acquisitions. In the case of financial assets/securities, a net amount of CHF 13 million was invested. This resulted in free cash flow of CHF 218 million.

The cash inflow from financing activities amounted to CHF 325 million. The Coop Group Cooperative issued a bond in the amount of CHF 300 million. The Bell Food Group issued two bonds totalling CHF 350 million and made a bond repayment of CHF 175 million. The Coop Group received an inflow of CHF 198 million from the Bell Food Group's capital increase. Short and long-term financial liabilities showed a net increase of CHF 129 million. Moreover, payments of CHF 389 million were made to acquire minority interests and dividends of CHF 88 million paid to minority interests.

Annual consolidated financial statements

Consolidated income statement

in CHF million	Notes	2018	2017
Net sales from goods and services	1	29 565	28 152
Other operating income	2	1 097	1 055
Merchandise expenses		20 623	19 740
Personnel expenses	3	4 925	4 616
Other operating expenses	4	3 010	2 857
Earnings before interest, tax, depreciation and amortization (EBITDA)		2 103	1 994
Depreciation on tangible fixed assets	5	1 009	885
Amortization on intangible assets	5	322	303
Operating result (EBIT)	1	772	806
Result of associated organizations		2	7
Result from foreign currencies		-17	5
Financial result	6	-22	-59
Ordinary result		735	758
Non-operating result	7	4	3
Result before income taxes (EBT)		739	762
Income taxes	8	140	145
Result after income taxes		599	616
Minority interests		126	131
Profit		473	485

Consolidated balance sheet

in CHF million	Notes	31.12.2018	31.12.2017
Cash and cash equivalents	9	945	722
Securities		4	5
Receivables from goods and services	10	1 282	1 236
Other short-term receivables	11	297	334
Prepayments and accrued income		535	523
Inventories	12	3 336	3 237
Current assets		6 398	6 058
Tangible fixed assets	13	12 675	12 163
Financial assets	14	158	120
Intangible assets	15	1 132	1 141
Non-current assets		13 966	13 424
Assets		20 364	19 482
Payables from goods and services		1 864	1 938
Short-term financial liabilities	16	1 126	937
Other short-term liabilities	17	356	549
Short-term provisions	18	255	304
Accrued liabilities and deferred income		1 306	1 200
Short-term liabilities		4 908	4 927
Long-term financial liabilities	16	4 655	4 159
Long-term provisions	18	1 047	1 056
Long-term liabilities		5 702	5 216
Liabilities		10 610	10 143
Retained earnings		8 916	8 572
Capital reserves		-241	-145
Profit		473	485
Equity excluding minority interests		9 148	8 912
Minority interests		606	427
Equity incl. minority interests		9 754	9 339
Liabilities and equity		20 364	19 482

Consolidated cash flow statement

in CHF million	2018	2017
Result after income taxes	599	616
Depreciation and amortization	1 286	1 167
Impairment loss	73	92
Reversal of impairment	-25	-36
Gains (-)/losses on disposal of fixed assets	-91	-14
Result from other non-cash items	48	-77
Result of associated organizations	-2	-7
Dividends received from associated organizations	0	1
Increase (-)/decrease in receivables from goods and services	0	-83
Increase (-)/decrease in other receivables, prepayments and accrued income	24	-101
Increase (-)/decrease in inventories	-44	-142
Increase/decrease (-) in payables from goods and services	-88	-45
Increase/decrease (-) in other short-term liabilities, accrued liabilities and deferred income	-22	122
Increase/decrease (-) in short-term provisions	-50	-30
Increase/decrease (-) in long-term provisions	-8	-10
Cash flow from operating activities	1 701	1 453
Investments in tangible fixed assets	-1 544	-1 281
Disposals of tangible fixed assets	198	59
Investments in financial assets/securities	-76	-40
Disposals of financial assets/securities	63	99
Payment for the acquisition of consolidated organizations	-296	-178
Receipts from the disposal of consolidated organizations	0	-1
Investments in intangible assets	-139	-132
Disposals of intangible assets	1	0
Cash flow from investing activities	-1 792	-1 473
Inflows from bonds issuance	650	200
Outflows for bonds repayments	-175	-250
Capital increase/reduction	198	0
Dividends to minority shareholders	-88	-86
Acquisition/disposal minority interests	-389	-167
Increase/decrease (-) in short-term financial liabilities	76	118
Increase/decrease (-) in long-term financial liabilities	53	-52
Cash flow from financing activities	325	-238
Cash flow	234	-259
Cash and cash equivalents at beginning of the reporting period	722	972
Cash flow	234	-259
Effect of exchange rate changes on cash and cash equivalents	-11	8
Cash and cash equivalents at end of the reporting period	945	722

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 1.1.2018	8 963	-391	-145	485	8 912	427	9 339
Capital increase / reduction			-6		-6	204	198
Changes to the scope of consolidation						85	85
Acquisition / disposal minority interests			-90		-90	-139	-229
Appropriation of prior-year profit	485			-485			
Profit				473	473	126	599
Dividends						-88	-88
Effect of exchange rate changes		-141			-141	-8	-148
Equity at 31.12.2018	9 448	-532	-241	473	9 148	606	9 754
Equity at 1.1.2017	8 488	-581		475	8 382	547	8 928
Capital increase / reduction							
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

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 2018, following the acquisition of a majority stake in the Hügli Group, the shareholding was gradually increased. In addition, the outstanding shares were acquired in Service 7000 AG. In the previous year, the interests in Hilcona AG and Service 7000 AG were increased.

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 2018 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	
		2018	2017	31.12.2018	31.12.2017
1	EUR	1.155	1.111	1.127	1.170
1	CZK	0.045	0.042	0.044	0.046
1	HKD	0.125	0.126	0.126	0.125
100	HUF	0.362	0.358	0.351	0.377
1	PLN	0.271	0.261	0.262	0.280
1	RON	0.248	0.243	0.242	0.251
1	RUB	0.016	0.017	0.014	0.017
1	USD	0.978	0.982	0.984	0.976

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

	2018		2017	
	Net sales from goods and services	Operating result (EBIT)	Net sales from goods and services	Operating result (EBIT)
Retail	17 743	462	17 405	497
Wholesale / Production	14 170	311	13 006	309
Consolidation	-2 348		-2 259	
Coop Group	29 565	772	28 152	806

“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.

Net sales from goods and services by geographic market

	2018	2017
Switzerland	19 931	19 476
Abroad	9 634	8 676
Coop Group	29 565	28 152

2 Other operating income

	2018	2017
Operating rental income	193	194
Gains on the disposal of fixed operating assets	72	6
Own work capitalized	27	22
Other income from services	805	834
Total	1 097	1 055

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

	2018	2017
Wages / salaries	3 736	3 509
Social security contributions	869	815
Social security contributions as a %	23.3	23.2
Other personnel expenses	320	292
Total	4 925	4 616

4 Other operating expenses

	2018	2017
Advertising expense	534	490
Rental expense	737	724
Office and administrative expense	279	269
Charges and insurance premiums (non-life)	91	87
Operations-related taxes	45	43
Maintenance and replacement costs	461	410
Energy and supplies	450	422
Transport costs	219	200
Miscellaneous expenses	195	212
Total	3 010	2 857

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	2018	2017
Goodwill, planned amortization	196	180
Goodwill, extraordinary amortization	21	0
Other intangible assets, planned amortization	105	92
Other intangible assets, extraordinary amortization		31
Amortization on intangible assets	322	303
Tangible fixed assets, planned depreciation	983	893
Tangible fixed assets, extraordinary depreciation	51	27
Reversals of depreciation charges on tangible fixed assets	-25	-35
Depreciation on tangible fixed assets	1 009	885
Total	1 331	1 188

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	2018	2017
Dividends and revaluation gains on securities	0	1
Other financial income	27	22
Financial income	27	23
Revaluation losses on securities	0	0
Interest and other financial expenses	49	50
Value adjustments to financial assets	0	33
Financial expenses	49	83
Total	-22	-59

7 Non-operating result	2018	2017
Rental income	1	1
Gains on the disposal of fixed non-operating assets	6	12
Non-operating income	7	13
Non-operating property expenses (incl. depreciation on non-operating fixed assets)	3	5
Other non-operating expenses	0	5
Non-operating expenses	3	9
Total	4	3

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	2018	2017
Current income taxes	145	120
Change in deferred taxes	-5	26
Total	140	145

	2018		2017	
	Tax rate as %	Tax amount in CHF million	Tax rate as %	Tax amount in CHF million
Average applicable tax rate / expected income taxes	19.4	143	18.7	142
Losses in the current year for which no deferred tax assets were recognized		15		13
Use of unrecognized loss carryforwards		-30		-26
Average applicable income tax rate after loss carryforwards	17.4	129	17.1	130
Other effects		11		15
Effective income tax rate / Effective income taxes	18.9	140	19.1	145

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 775 million (31.12.2017: CHF 827 million).

9 Cash and cash equivalents	31.12.2018	31.12.2017
Cash on hand, postal and bank account balances	910	666
Reka cheques / cheques / vouchers	23	27
Term deposits	11	29
Total	945	722

10 Receivables from goods and services	31.12.2018	31.12.2017
Receivables from goods and services	1 333	1 289
Value adjustment	-51	-53
Total	1 282	1 236

11 Other short-term receivables	31.12.2018	31.12.2017
Other receivables	290	326
Prepayments to suppliers	9	10
Value adjustment	-2	-2
Total	297	334

12 Inventories	31.12.2018	31.12.2017
Merchandise	2 746	2 721
Finished goods (production)	215	213
Unfinished goods, work in progress	177	183
Raw materials	187	146
Supplies and packaging materials	82	60
Prepayments to suppliers	68	50
Value adjustment	-139	-136
Total	3 336	3 237

in CHF million

14 Financial assets

	Employer contribution reserve	Associated organizations	Other financial assets	Total
Financial assets 2018				
Net carrying amount 1.1.2018	11	80	29	120
Changes to the scope of consolidation			0	0
Investments		44	39	83
Disposals	0	-36	-10	-46
Write-ups (+) / Value adjustments (-)	0	2	0	2
Effect of exchange rate changes		-1	0	-1
Net carrying amount 31.12.2018	11	90	58	158
of which goodwill associated organizations		18		18

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
of which goodwill associated organizations		0		0

Other financial assets

	31.12.2018	31.12.2017
Loans	55	95
Miscellaneous financial assets	10	9
Value adjustments to other financial assets	-7	-75
Total	58	29

in CHF million

15 Intangible assets	Goodwill	Trademarks / Patents / Licences	Software	Other intangible assets	Assets under development	Total
Intangible assets 2018						
Cost 1.1.2018	3 715	638	514	45	101	5 014
Changes to the scope of consolidation	149	5	38	1	1	195
Investments / Purchase price adjustments		2	80	4	53	139
Disposals		0	-48	-2	0	-50
Effect of exchange rate changes	-20	-1	-4	-1	0	-26
Reclassifications	-2	3	15	1	-16	0
Cost 31.12.2018	3 842	646	594	49	138	5 270
Accumulated amortization at 1.1.2018	3 082	349	376	36	30	3 873
Changes to the scope of consolidation	-34	0	36	1		4
Planned amortization	196	36	66	3		301
Extraordinary amortization	21					21
Disposals		0	-48	-1		-49
Effect of exchange rate changes	-7	-1	-4	0		-12
Reclassifications	-1	2	0	0		0
Accumulated amortization at 31.12.2018	3 256	387	426	39	30	4 138
Net carrying amount 31.12.2018	586	259	168	10	108	1 132
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 / Purchase price adjustments	-1	0	65	6	60	130
Disposals		-1	-4	-8		-12
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	0	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
Reclassifications		0	0	0		0
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

in CHF million

16 Financial liabilities	Interest rate as % (weighted)	31.12.2018	31.12.2017
Bank current accounts		1	3
Deposit accounts	0.56	1 754	1 755
Medium-term notes	0.92	238	211
Bonds		3 055	2 580
Bank loans	0.14	431	127
Mortgages	3.48	67	92
Finance leases		1	1
Other financial liabilities		233	327
Total		5 781	5 096
of which short-term financial liabilities		1 126	937
of which long-term financial liabilities		4 655	4 159
of which liabilities to pension funds	0.25	200	200

Bonds	Currency	Term	Interest rate as % (weighted)	31.12.2018	31.12.2017
Bell Food Group AG	CHF	May 2013–2018	1.000		175
Coop-Gruppe Genossenschaft	CHF	Jul 2012–2019	1.250	250	250
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2020	0.250	300	300
Coop-Gruppe Genossenschaft	CHF	Jun 2014–2021	0.875	200	200
Bell Food Group AG	CHF	May 2013–2022	1.750	175	175
Coop-Gruppe Genossenschaft	CHF	Sep 2016–2022	0.250	200	200
Coop-Gruppe Genossenschaft	CHF	Sep 2014–2023	1.000	200	200
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2024	0.880	200	200
Bell Food Group AG	CHF	Feb 2018–2024	0.375	200	
Bell Food Group AG	CHF	Mar 2016–2025	0.625	300	300
Coop-Gruppe Genossenschaft	CHF	May 2016–2026	0.500	380	380
Coop-Gruppe Genossenschaft	CHF	Sep 2017–2027	0.500	200	200
Bell Food Group AG	CHF	Jan 2018–2028	0.750	150	
Coop-Gruppe Genossenschaft	CHF	Jun 2018–2025	0.750	300	
Total				3 055	2 580

17 Other short-term liabilities	31.12.2018	31.12.2017
Vouchers in circulation	74	71
Prepayments from customers	145	146
Other taxes	86	82
Other short-term liabilities	51	251
Total	356	549

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	Pension benefits	Restructurings	Supercard	Deferred taxes	Other provisions	Total
Provisions 2018						
Carrying amounts 1.1.2018	111	33	180	798	238	1 360
Changes to the scope of consolidation	1			5	5	10
Creation of provisions	26	4	206		50	286
Use of provisions	-19	-17	-219		-48	-303
Reversal of provisions no longer required	-4	-7	-3		-13	-27
Change in deferred taxes				-5		-5
Effect of exchange rate changes	-2	0		-15	-2	-18
Reclassifications						0
Carrying amounts 31.12.2018	113	13	164	783	230	1 303
of which short-term provisions	20	9	164		62	255
of which long-term provisions	93	4		783	168	1 047
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

Other provisions mainly include provisions for personnel in the amount of CHF 102 million (31.12.2017: CHF 103 million) and sales outlets in the amount of CHF 25 million (31.12.2017: CHF 24 million).

in CHF million

19 Pension funds

Employer contribution reserve 2018	Nominal value	Waiver of use	Balance sheet value
Carrying amounts 1.1.2018	11		11
Changes to the scope of consolidation			
Use (Personnel expenses)	0		0
Carrying amounts 31.12.2018	11		11

Employer contribution reserve 2017

Carrying amounts 1.1.2017	10		10
Changes to the scope of consolidation	1		1
Use (Personnel expenses)	0		0
Carrying amounts 31.12.2017	11		11

Economic benefit / economic obligation	Non-committed funds / deficit		Economic share of the Coop Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Pension fund with non-committed funds	8	1		
Pension plans without own assets			-113	-111
Total	8	1	-113	-111

Pension benefit expenses	Change in balance sheet item 2018		Contributions concerning the business period 2018	Pension benefit expenses with- in personnel expenses 2018	Change in balance sheet item 2017		Contributions concerning the business period 2017	Pension benefit expenses with- in personnel expenses 2017
	without effect on profit or loss ¹	recognized in profit or loss			without effect on profit or loss ¹	recognized in profit or loss		
Pension fund without non-committed funds / deficit	0	0	252	252			262	262
Pension fund with non-committed funds			8	8			1	1
Pension plans without own assets	20	22		22	-23	22		22
Pension fund reinsured			11	11			1	1
Use of employer contribution reserve		0		0				
Total	20	22	271	293	-23	22	264	286

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

As at 31 December 2018, the CPV/CAP shows a funding ratio of 108.4% (prior year: 114.0%). In terms of Swiss GAAP FER 16 there is no surplus or deficit, as the target for the fluctuation reserve has not yet been reached.

in CHF million

20 Off-balance-sheet transactions	31.12.2018	31.12.2017
Guarantees, guarantee obligations	10	27
Other quantifiable commitments with a contingent character	10	6
Other non-recognizable commitments	65	127
Carrying amount of pledged assets	127	128

Obligations to minority interest shareholders from put options on the shares they hold in consolidated Group organizations are presented in "Other non-recognizable commitments". The same applies to obligations with regard to the acquisition of shares in associated organizations.

21 Obligations under off-balance sheet operating leases	31.12.2018	31.12.2017
Due within one year	766	750
Due in 1 to 5 years	2 562	2 549
Due in more than 5 years	3 366	3 602

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

22 Open derivative financial instruments

Derivative financial instruments 2018		Contract values	Recognized in balance sheet		Not recognized in balance sheet	
Underlying asset	Purpose		Assets	Liabilities	Assets	Liabilities
Foreign exchange	Hedging	1 791	16	2	0	1

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

23 Related-party transactions

Transactions with associated organizations	2018	2017
Net sales from goods and services	19	36
Other operating income	1	6
Merchandise expenses	8	7
Office and administrative expense	2	2
Rental expense	3	2
	31.12.2018	31.12.2017
Receivables from goods and services	1	6
Other short-term receivables	0	2
Prepayments and accrued income	0	2
Loans	37	76
Payables from goods and services	7	3
Short-term financial liabilities	0	6

In addition there are liabilities to pension funds in Switzerland which are presented as financial liabilities. Above and beyond this, there are no other significant transactions with other related parties.

24 Significant changes to the scope of consolidation

2018

Company		Change	Date	31.12.2018 as %	31.12.2017 as %
Hügli Group	CH-Steinach	Acquired	01/2018	66.29	
Der Milchbauer Gross- handels-gesellschaft mbH	DE-St. Gangloff	Merged into EGV Lebensmittel für Grossverbraucher AG	01/2018	100.00	100.00
Cher-Mignon SA	CH-Chermignon	Merged into Bell Schweiz AG	01/2018	100.00	100.00
Peter Riegger Holding AG	CH-Zug	Merged into Weinkeller Riegger AG	01/2018	100.00	100.00
update Beteiligungen AG	CH-Uzwil	Merged into update Fitness AG	01/2018	51.00	51.00
Niggemann Food Frischemarkt GmbH	DE-Bochum	Acquired	02/2018	100.00	
Two Spice AG	CH-Hergiswil	Acquired	03/2018	32.80	
Braschler's Comestibles Import AG	CH-Zürich	Acquired	04/2018	100.00	
Sylvain & CO SA	CH-Champvent	Acquired	05/2018	66.29	
Service 7000 AG	CH-Netstal	Interest increased	05/2018	100.00	75.00
siroop AG	CH-Zürich	Interest increased and merged into Coop Genossenschaft	05/2018	100.00	50.00
Bell Food Group AG	CH-Basel	Capital increased	06/2018	66.29	66.29
Palink UAB	LT-Vilnius	Sold	09/2018		20.00

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		66.29
HiCoPain AG	CH-Dagmersellen	Sold	04/2017		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	

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

2018	siroop AG	Hügli Group	Sylvain & CO SA	Niggemann Food	Other entities
Cash and cash equivalents	3	11	6	1	1
Receivables, prepayments and accrued income	3	61	9	7	6
Inventories	3	72	1	3	20
Tangible fixed assets	1	160	9	4	8
Financial assets		0		0	
Intangible assets (excl. goodwill)	1	2	0	5	
Liabilities, accrued liabilities and deferred income	12	45	6	8	3
Financial liabilities		84	5	1	0
Provisions	1	7	1	1	1

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

26 Most significant components at disposal of organizations

In 2018 no fully consolidated companies were sold.

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

27 Scope of consolidation (significant companies)

			Interest held ¹		Share capital	Method of inclusion
			31.12.2018 as %	31.12.2017 as %	31.12.2018 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	100.00	75.00	1.6 CHF	☐
Pearlwater Mineralquellen AG	CH-Termen	Mineral waters	100.00	100.00	22.4 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	3.1 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	☐
Salaision 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	☐
Centravo Holding AG ²	CH-Zürich	Processing of by-products	30.10	30.10		●
Geiser AG	CH-Schlieren	Charcuterie	100.00	100.00	0.5 CHF	☐
Hilcona AG	FL-Schaan	Convenience foods	100.00	100.00	1.0 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	100.00	1.5 CHF	☐
Dr. A. Stoffel Holding AG	CH-Steinach	Holding	100.00		1.0 CHF	☐
Hügli Holding AG	CH-Steinach	Holding	100.00		0.5 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		●
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	5.0 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	☐
Panflor AG	CH-Zürich	Cereals and ground products	100.00	100.00	0.1 CHF	☐

			Interest held ¹		Share capital	Method of inclusion
			31.12.2018 as %	31.12.2017 as %	31.12.2018 in million	
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	☐
Braschler's Comestibles Import AG	CH-Zürich	Fish merchant	100.00		0.1 CHF	☐
gastronovi GmbH	DE-Bremen	Software	51.00	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	100.00	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	☐
F&B - Food and Beverage Services GmbH	DE-Riedstadt	Sub-holding	100.00	100.00	0.1 EUR	☐
Team Beverage AG	DE-Bremen	Wholesale supplies	70.00	70.00	1.0 EUR	☐
FrischeParadies GmbH & Co. KG	DE-Frankfurt	Wholesale	100.00	100.00	0.0 EUR	☐
Niggemann Food Frischemarkt GmbH	DE-Bochum	Wholesale	100.00		1.0 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	☐
Weinkeller Riegger AG	CH-Mellingen	Beverage trade	100.00	100.00	0.5 CHF	☐
Two Spice AG	CH-Hergiswil	Restaurant	32.80			●
update Fitness AG	CH-Uzwil	Fitness centres	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 2019, the Transgourmet Group transferred a 49% stake in F&B – Food and Beverage Services GmbH to the Oetker Group.
- In February 2019, the Transgourmet Group took over Emmi Frisch-Service AG based in Schlieren. The company operates in the food retail and supplies business.

The Board of Directors approved the annual consolidated financial statements of the Coop Group on 13 February 2019. They have to be approved by the Delegate Assembly on 28 March 2019.



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 2018 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 94 to 115) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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

Overview



Overall materiality: CHF 140 million

We concluded full scope audit work for four reporting units in Switzerland and for the Bell Food Group. In addition, we conducted a full scope audit jointly with another audit firm at the Transgourmet Group.

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.

As key audit matters, the following areas of focus have been identified:

- Impairment of goodwill
- Impairment of inventories

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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 140 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 7 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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.

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 2018, the balance sheet includes goodwill of CHF 586 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 100) and Appendix 15 Intangible assets (page 107) 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 multi-year planning as approved by the Board of Directors 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. In particular, we focused on assessing the appropriateness of the valuation methods applied, the mathematical correctness of the underlying calculations 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 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 3.3 billion as of 31 December 2018.</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 99) and Appendix 12 Inventories (page 104) 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 2018.</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 skepticism 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 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 on a light-colored, textured background. To the right of the signature is a small red circular stamp with a white cross, a symbol of the Swiss Confederation.

Bruno Rossi
Audit expert
Auditor in charge

A blue ink signature of Pascal Bucheli on a light-colored, textured background. To the right of the signature is a small red circular stamp with a white cross, a symbol of the Swiss Confederation.

Pascal Bucheli
Audit expert

Basle, 13 February 2019

