

Specialist units

Purchasing

In 2022, purchasing was shaped by various uncertainties owing to the Ukraine conflict and its consequences, which led to major challenges on the purchasing markets. Shortages of raw materials, capacity bottlenecks in the manufacturing companies, energy shortages and uncertain supply chains resulted in an increase in purchasing prices and lower availability. Thanks to partnership-based supplier relationships, systematic negotiations and also to the currency effect, Coop was able to ensure availability generally without any interruptions and to keep price increases to a minimum.

Logistics

Integration of Jumbo distribution centres

By acquiring the 41 Jumbo sales outlets, Coop also acquired three logistical distribution centres in Dagmersellen, Oensingen and Oberbuchsiten, which previously organized the supply of goods for Jumbo stores. Jumbo's logistics processes were amalgamated with those of Coop in 2022. Among other things, this entailed drawing up new route plans, making adjustments to warehousing, harmonizing ordering and delivery cycles and arranging joint recycling and disposal. In 2022 and beyond, Coop processes are being gradually introduced at Jumbo, such as the WAMAS inventory management system.

Railcare gets its own new freight wagons for wagonload traffic

In 2022, Coop's own rail company, Railcare, began using 105 of its own flat wagons, with a total of 210 matching 45-foot containers. These are used for daily rail freight between Coop's national and regional distribution centres. This step eliminates the need for Railcare to hire conventional freight wagons. Like the road fleet, the white containers are instantly recognizable as Coop transport, with the Coop logo and fresh fruit and vegetables. Another plus for the containers is that they are insulated, can be chilled if needed and therefore satisfy the temperature requirements.

Maximizing customer benefit by overhauling the Service Level Agreement

To maximize customer benefit, the internal Service Level Agreement (SLA) has been thoroughly reviewed and overhauled. The SLA governs cooperation between Sales (Retail) and Logistics, with the goal of enabling Coop to display a sufficient quantity of top-quality goods to end customers. Achieving this relies on sophisticated, upstream logistics with the related IT processes. For example, ordering times have been aligned with customers' shopping behaviour and routes optimized to enable even fresher goods to be delivered before shops open. Narrower delivery windows are also being defined, so that they dovetail even better with processes in the sales outlets.

Coop supports "Cargo sous terrain" while still in the planning permission phase

The visionary "Cargo sous terrain" project continues to take shape. Along with ten other investors, Coop declared its willingness early on to be heavily involved in the planning permission phase, as long as the specified conditions are met. "Cargo sous terrain" is on track, and began the major planning permission milestone at the end of August. As a next step, preparations are now underway for construction to start in 2026 and the system design is being finalized.

IT

SAP S/4HANA migration

To be equipped for the challenges of digitalization and ensure maintenance safety for the next few years, the central IT retail systems have been migrated to the latest SAP S4/HANA product. After around 18 months of intensive project work, the migration of the two SAP systems was successfully completed over the Easter weekend in 2022. The new release boasts more streamlined data management coupled with enhanced performance.

Jumbo integration

The best of both worlds: Since the start of September Building & Hobby and Jumbo have been combined on the new website jumbo.ch. After intensive project work, the merger was successfully completed. Over the same period, all of Jumbo's existing e-shop processes were migrated to Coop's supply chain management processes and systems. From October, a successful start was made on the second step: the roll-out for all 41 Jumbo sales outlets. The switching process will continue until mid-February 2023.

Property

Real estate projects

In 2022, Coop started a total of nine real estate projects and completed 24, including two new builds, one extension and 21 modernizations/renovations.

New stores

After 13 months under construction, on *20 January 2022* the new *Fust* store in *St. Gallen* opened. The customer zone stretches from the ground floor (electrical goods) to the first floor (bathrooms and kitchens). There are also four apartments on the second floor and attic floor. With sustainability in mind, the building has a bivalent heat pump in combination with geothermal probes and a photovoltaic unit, in line with the Minergie standard. As well as being visually appealing, the planting around the building conserves microorganisms and wild bees.

In *Tenero*, the first floor of the *Centro shopping centre* was refurbished in 2020 and, in 2021, refurbishment of the ground floor got underway, including the terrace and the two parking levels. In parallel to the building work, Retail phased in the first megastore designed according to the 2025+ concept in Ticino. The Coop Restaurant and Coop Vitality underwent full renovation. The centre was opened on *31 March 2022*.

After 10 months of construction work, since *31 March 2022* the 53-year-old *residential building* at *Austrasse* ¹ in *Reinach (BL)* has been restored to its original 1960s' charm. Working closely with the urban development department of the municipality of Reinach, the entire original building shell, including roofs, was removed and the whole building was refurbished (structural elements, energy efficiency and fire prevention systems).

The *Ilfis Center shopping centre* in *Langnau im Emmental (BE)* is owned by Coop and was opened in 2010. Refurbishment commenced in the summer of 2021, and the entire interior was modernized. In the late summer, the existing domed roof was replaced with a large glass roof, and work was completed on *31 October 2022*.

The new *sales outlet* in *Courroux (JU)* opened on schedule, on *16 November 2022*. Customers will find an attractive range on offer across the 660 m² sales area. The new-build fulfils Coop's energy and design requirements, incorporating heating with heat recovery via an integrated system, a new building shell and a roof-mounted photovoltaic unit. The support structure and façade are made of wood, and wide window frontages let in plenty of daylight.

The newly-refurbished *Bärenmarkt shopping centre* in *Reinach (AG)* looks attractive and is customer-friendly. The building services have been optimized and brought into line with the new requirements. The original oil heating has been replaced with a pellet heating system and a photovoltaic unit installed on the roof. The mall has been upgraded with a large skylight creating a view to the outside and letting in daylight. It fully opened on *24 November 2022*.

The *Grüzemarkt* in *Winterthur*, which was built in the 1980s, underwent complete renovation in 2022, during which the building was re-insulated from the outside and clad in a contemporary wooden façade. In addition, all of the building services have been replaced and the roof has been completely rebuilt, with the addition of a photovoltaic unit. The 5 300 m² megastore and the Coop Restaurant have been modernized and additional rental space created for third-party tenants. It fully opened on *24 November 2022*.

The *Aarepark shopping centre* in *Würenlingen (AG)* has been modernized, creating an attractive and customer-friendly environment. The building services have been optimized and brought into line with the new requirements. A photovoltaic unit has been installed on the roof. The Coop sales outlet and Coop Restaurant have been remodelled. It fully opened on *24 November 2022*.

Under construction

Due to continuous growth in recent years, the *empties collection centre* at the *distribution centre in Bern* could not be adapted and optimized to meet current needs. To create a large and cohesive space, the existing building housing the empties collection centre will be extended with a two-storey addition and another five bays and the existing garage building will be demolished from the ground floor up. The new building is due to open in 2024.

Construction work got underway at the *Fribourg Sud shopping centre* in *Villars-sur-Glâne (FR)* at the end of November 2019, and a provisional arrangement became operational in 2020. Demolition work then commenced, making way for the shopping centre section, which opened to shoppers before Christmas 2021. Demolition work on the provisional arrangement started in 2022, followed by construction of the new specialist store section, which will open on *23 March 2023* with a Jumbo and a Livique, including Lumimart.

Owing to the buildings and developments on the neighbouring parcels of land, it made sense to relocate the catering facilities to the façade on the Robert-Walser-Platz side of the listed building, dating back to 1936, in which the *Centre Bahnhof shopping centre* in *Biel (BE)* is housed. The Coop Restaurant opened in December 2021. New sales areas have been created and updated for Interdiscount, Fust and Import Parfumerie and the whole frontage of the Livique store replaced, to optimize energy. The refurbishment of the centre also involved replacing all floor and ceiling coverings as well as the shop fronts, and creating new event and rest areas with lounges and plenty of daylight. The Megastore, Vitality pharmacy and take-away will be remodelled in 2023.

Work on the *Riviera Center shopping centre* in *Rennaz (VD)* is proceeding according to schedule, with the centre due to open on *8 March 2023*. This project will deliver a 3 700 m² megastore, complete with newsstand, a 500 m² Coop Restaurant and 3 000 m² of retail space for third-party tenants. Energy is generated by a waste heat utilization system, and some of the electricity requirements are met by a 1 850 m² roof-mounted photovoltaic unit.

Construction starting

Decommissioning work for the *replacement new store* in *Bachenbülach (ZH)* began at the end of January 2022. Meeting all the official requirements and obtaining permits took a long time, but this period was used to pre-manufacture many construction components, to make the actual delivery phase as efficient and swift as possible. The new store is due to open on *8 March 2024*.

Steinfels Swiss in *Winterthur (ZH)* has maintained its strong market position in recent years, steadily increasing both market shares and sales. However, the building and equipment were outdated, so some of the facilities had to be replaced to safeguard the future of production. Construction work started on *30 March 2022* and the project is on track to be completed in September 2023.

Meanwhile, on 19 April 2022 construction work started in *Allaman (VD)* for the refurbishment of the *Littoral Centre shopping centre*. During the first construction phase, the Building & Hobby store and Livique – which is now present in Etoy (VD) – were closed. The project will be delivered in phases, with businesses remaining open. There will be a steady influx of new tenants into the centre from March 2024 onwards, and the renovation work should be completed around the end of *October 2024*.

The refurbishment of the *Telli shopping centre* in *Aarau (AG)* involves replacing and repairing the now outdated building structure by 2026, with a particular focus on the building shell and building services so that the building is fit for purpose. The aim of this project is to conserve the property and enhance its appeal. It will be given a more modern look, both inside and out. Building work started on *22 August 2022*.

Nationwide shopping centres

Coop constantly surprises its customers in shopping centres, with over 400 national, local and regional events. In 2022, the national events “Harry Potter”, “Swiss Voice Tour”, “Selfie World” and “Viva Montagna” were held. Coop uses novel ideas to maintain the innovative feel of its shopping centres, such as the opportunity for customers to immerse themselves in a virtual world, various digital competitions, or exclusive partners. The focus is always on increasing footfall and customer satisfaction, as well as recognition of the shopping centres and their sales. By involving local clubs and organizations, engaging in unique storytelling or partnering with celebrities, Coop generated over 500 positive media reports.

Gas and electricity shortages

As a bulk consumer, Coop is ready to respond to the various measures in connection with the shortages. Its key supply mission for the population lies at the heart of the measures that will be taken. Voluntary energy-saving measures, such as not illuminating logos and display windows outside opening hours, have already been implemented throughout Switzerland. The Federal Council’s recommendation to switch from natural gas to heating oil has also been acted upon. Preparations have also been made for potential measures in the event of rationing.

As a member of various trade associations, when defining energy-saving measures Coop is committed to minimizing harm to the economy as a whole in the event of a shortage. The current situation is also being used as an opportunity to replace fossil-fuelled heating and industrial heating systems earlier than planned.

Quality management

Comprehensive quality assurance

Coop’s quality management is geared to the core processes of purchasing, production, logistics and sales. All employees do their bit in ensuring high quality standards are maintained. Ensuring conformity with statutory provisions and label requirements across the entire own-label range remained a quality management priority in 2022. One example of this is the implementation of labelling for items produced and packaged in-store, including disclosing nutritional values. 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 409 sales outlets were successfully audited in 2022. These audits were in addition to the 1 200 or so internal quality-control audits conducted by Coop. In its own laboratory, Coop tested around 40 000 random samples from the food and non-food segments for compliance with the requirements. This involved checking more than one million criteria. As more and more fresh products are now made at the sales outlets, the importance of hygiene monitoring continues to grow in this area as well.

To meet these higher demands, automation was stepped up in the laboratory to improve processes. We were able to demonstrate compliance with the most stringent standards. As part of its risk management in the area of product quality, Coop devoted a great deal of time in 2022 to issues surrounding the safeguarding of the supply chain for critical raw materials. A pioneering concept for value-based supply chain management was developed, and the organizational changes needed to implement have been made. Coop further clarified the requirements for critical product groups in the non-food segment and made these available to potential suppliers in automated form. Furthermore, the quality management systems and QM organizations of Jumbo and Coop Building & Hobby were combined. Employees had access to updated e-learning courses to hone their expertise in regard to quality processes in sales and purchasing.

Communication and advertising

Customer Service answers more than 640 000 enquiries

Customer Services for the Coop member press, Supercard and Coop as a whole answered more than 640 000 customer enquiries in 2022. The switch to digital till receipts in the spring met with positive feedback from customers, although a few were critical of the move. Customers now accept and support the decision to no longer print out till receipts. The conflict between Russia and Ukraine led to Customer Service handling lots of enquiries about the boycott decision and ways to donate. Throughout the year, gift cards, pricing and product range were once again our customers' main concerns.

Coop rolls out the new Supercard app

The new Supercard app was launched in October. The layout has been given a cosmetic makeover, and now gives a quicker overview of the functions. The overhauled app now also has direct access to the trading formats, customer clubs and the Supercard bonus gifts shop. In the areas devoted to the formats, customers will find current special offers, inspiration in the form of social media content and direct access to each format's online shop. Digital till receipts and guarantee certificates can now also be viewed in the app. As ever, the new version also contains digital coupons, collection passes and competitions.

Families benefit from loyalty programmes

Coop ran a total of four collection promotions to reward customer loyalty in 2022. The focus was on families with children, who enjoyed various free products. In the spring, the "All of a twitter" activity was all about the fascinating world of birds. The sloth in the "Let's chill" campaign encouraged people to enjoy a particularly laid-back and varied summer. In the autumn, the "Tree friends" campaign offered products appropriate to the season, while "Charly" the hedgehog helped everyone have a cosy festive period during the "Time to dream" Christmas promotion. Customer feedback on all the activities was positive.

Popular Trophy loyalty programme

During the year under review, Coop ran three attractive Trophy loyalty programmes which were a hit with customers. The Kuhn Rikon Trophy ran until the end of February, with pots and pans from the famous Swiss brand. This proved hugely popular, and ended up being the most successful Trophy for 15 years. From March to August, Coop surprised customers with an Outdoor Trophy. The 15 Rewind branded products, ranging from a head torch to a rubber dinghy, were designed especially for Coop. The share of online participants was 25% greater than ever before in the history of the Coop Trophy. In the autumn, together with Interdiscount and Fust, Coop launched the Sound Trophy, with headphones and speakers by JBL.

Coop member press publications increase readership and leadership

The Coop member press (G/F/I) which, with over 3.3 million readers (WEMF MACH Basic 2022-2), is Switzerland's most widely read weekly magazine, is expanding its leading position in all parts of the country. Together with the "Coopzeitung Weekend" member press, it is read by a total of 4.6 million readers (WEMF MACH Basic 2022-2). In a declining market for printed publications, readership increased by 60 000 compared with the previous year.

Coopzeitung Weekend now well-established

"Coopzeitung Weekend" (d/f/i), which has been published every Friday since August 2020 as a 16-page magazine-within-a-magazine in the Bundmitte section of "20 Minuten", is well-established on the reader and advertising market. It is read by 1.3 million commuters among whom, according to a representative study, it is very popular.

Sponsorship brings Coop close to its customers

Covid was no longer taking a toll on Coop's local sponsorship activities in 2022. Customers and their families appreciated Coop's sponsorship of Coop Openair Cinema, Coop Community Duel, Coop Andiamo, the Coop Kinderland open-air event, the Coop Children's Musical, Coop Fidibus Fairytale Theatre and the shows by Bliss, as well as other projects. As well as the family focus of sponsorship, many local projects were a priority in 2022. These were successfully implemented, including in-store. In 2022, the camp discount cards for children's and youth camps also became more popular.

Employee magazine Forte wins award

With a print run of over 75 000 copies, the magazine Forte is published quarterly and is sent directly to the home addresses of all employees and pensioners of the Coop Group. There are eight different editions containing content tailored to the relevant language and field of work, with background reports sharing information about the latest news, decisions and corporate goals. The modern and reader-friendly employee magazine was awarded the "Award of Excellence" prize at the International Creative Media Award (ICMA) in 2022.

Coop now on TikTok

In May 2022, digital magazine "scoop!" was launched, aimed squarely at the consumers of the future. Over 4.7 million young adults were reached on Instagram and TikTok in the first five months – more than half of whom (2.8 million) showed an interest in the content by regularly interacting with the posts. The concept is fresh, young, and bold, and relies heavily on collaborations with influencers. Topic-wise, "scoop!" is geared towards the interests of Gen Z and provides a direct, weekly link to the Coop Group. First and foremost, it is all about inspiration, storytelling and entertainment.

Social media

2022 again kicked off on social media with Veganuary. For the first time, the campaign was supported by a total of 8 influencers who, in turn, generated a reach of 2.1 million contacts with a total of 8.9 million impressions. In May 2022, Community Management switched from the Salesforce tool to Khoros. Each month, some 13 000 posts and mentions are collated here, of which just under 300 a month are Customer Service cases. On the growing TikTok platform, Coop topped 1 million likes, and followers grew from 60 000 the previous year to over 80 000. As this TikTok boom has had a knock-on effect on all other social media channels, since the start of 2022 Coop has focused more on moving image content.

Media Unit: Coop highly relevant among Swiss media

As one of Switzerland's most-contacted media offices, Coop's Media Unit further intensified dialogue with journalists in 2022, by stepping up personal contact and holding various media events. Consequently, heavy media coverage of Coop news continued in the year under review. The strong profit in 2021, the new digital magazine "scoop!", the "Day of good deeds" and the new sustainability strategy attracted the most media interest. Journalists also continued to focus on Chairman of the Executive Committee, Philipp Wyss, who featured prominently in external media with 22 interviews. As a result of this interest he came third in the Sonntagszeitung CEO image ranking, and also placed sixth in the "Handelszeitung" in the leader ranking of the 100 most successful managers of the year. With increased media coverage of critical issues relating to energy management, inflation and the war in Ukraine, the announcement of Transgourmet's withdrawal from Russia attracted a lot of media attention. The Covid pandemic continued to take more of a back seat, becoming an everyday topic in the media. During the year under view, Coop's Media Unit issued 25 media releases, published over 80 exclusive information pieces and exclusive articles and proactive topics, gave and attended 50 interviews and responded to 1 800 media enquiries.

Social commitment

Coop Cooperative's commitment to society is based on Coop's sustainability strategy. As well as the examples on page 16, the company expressed its commitment with numerous other projects which are summarized at www.actions-not-words.ch/en. Here is a selection of projects from the year under review:

Coop Aid for Mountain Regions: 80 years of solidarity with the mountain regions

In 1942, amidst the turmoil of World War II, the Verband Schweizerischer Konsumvereine, now Coop, established the Aid for Mountain regions programme. Driven by a cooperative spirit of solidarity, the objective is to help people living in the mountains. In 2022, the programme generated revenues of CHF 5.3 million, made up of numerous private donations, legacies and funds raised from the "1 August rolls" promotion and textile recycling at Coop. In its anniversary year, the programme also received CHF 1.25 million in contributions from the sale of Pro Montagna products. As Coop pays all the administrative costs, every centime goes to the mountain regions. In the year under review, 180 projects raised CHF 7.1 million in support for more than 1 000 people in the Swiss mountain regions.

With its "1 August rolls" promotion, Coop supports four aid projects in the Swiss mountains

During the year, Coop uses proceeds from the "1 August rolls" promotion to support, for the first time, four projects at once in Swiss mountain regions. Coop's donation of CHF 412 000 enables the urgently needed renovation work and new buildings at Alpage d'Onnaz in Valais, Wimmisalp in Bern, Alp Oberflüe in Obwalden and at a farm in Obersaxen in Graubünden. CHF 280 000 were raised from sales of both small and large 1 August rolls and Cervelat sausages and Coop's contribution. The Coop Aid for Mountain Regions programme tops up the funds to reach the total donation amount of CHF 412 000, ensuring a better future for people in the Swiss mountains and giving a boost to the mountain regions.

Coop supports people affected by the Ukraine crisis

In spring 2022, Coop reacted swiftly to supply essential goods to the many people caught up in the Ukraine crisis. Together with the Swiss Agency for Development and Cooperation (SDC) and Swiss railways (SBB), in March 2022 everyday items were sent to the Polish-Ukrainian border region. As part of the "Day of good deeds", a "donation roll" was used to raise a total of CHF 150 000 to support the SRC's efforts for the people affected, and our customers sent donated food packages online to people directly affected by the Ukraine crisis. Coop also provided shopping vouchers worth CHF 500 000.

Support for people in poverty with the "2xChristmas" campaign

Once again this year, Coop supported the "2xChristmas" campaign run by the Swiss Red Cross for people in poverty in Switzerland. Coop sold around 11 500 donated parcels worth CHF 230 000. Via Coop.ch, 1 124 parcels were sold, containing products worth CHF 65 080. In addition, Coop supported the campaign by donating products worth around CHF 350 000 (retail value).

Sustainable raw material procurement for coconut oil and palm oil

Two Coop purchasing projects were successfully implemented on the Côte d'Ivoire: one for Bio Suisse-certified palm oil, the other for Fairtrade and Bio Suisse-certified coconut oil. The projects make it possible for Coop's manufacturing companies to sustainably source raw materials from climate-friendly cultivation according to best practice, which involves things such as producing and using vegetable carbon to improve soil fertility. Activities include supporting Fairtrade and Bio Suisse certification and improving organic management, both at the small farms involved and along the value chain. As part of the coconut project, a project was initiated to promote dynamic agroforestry, i.e. mixed cultivation of coconut palms, fruit trees and hardwood trees. Thanks to the projects, small farmers benefit from longer-term, secure partnerships and sales channels, while Coop benefits from high-quality, sustainably produced raw materials.

Promoting organic agriculture with Transgourmet Germany

Anyone wanting to become an organic producer in Germany needs perseverance and strong partners. Sufficient funding and a strong network for distributing the organic products are the key to success. To meet the growing need for “homegrown” organic products, Transgourmet Germany set up the programme “Bio-Möglichmacher:innen” (Organic Enablers). Under the programme, selected agricultural businesses that are planning to switch from conventional to organic products can compete for financial support from Transgourmet. The aim is to create a win-win-win situation. On the one hand, the businesses making the switch receive firm support for their transitional phase, while for Transgourmet it is an opportunity to identify new and reliable partners for its supplier network and ensure it can meet the growing demand for organic products among Transgourmet customers.

Agrivoltaic raspberries in Spain and Switzerland

Two pilot projects are underway involving the use of solar panels on arable land to produce electricity while also growing fruit beneath the panels. In Switzerland, at Coop partner Beerenland, the fruits being grown are raspberries and strawberries. In Huelva in Spain, raspberries are being grown. This cultivation system, called agrivoltaics, is a complementary combination of energy production and food production. It makes dual use of limited space. The solar panels protect the berry crops from increasingly common extreme weather events, while agriculture can make an important contribution to supplying the population with electricity. By supporting the projects, Coop is fulfilling its responsibility to help protect the climate and, together with its suppliers, becoming a sustainability pioneer in a promising and innovative sphere of agriculture.