

Coop Group
Annual Report 2014



Key figures →

Key figures

Total sales

28 174 CHF million

Net sales

27 163 CHF million

Net sales in Switzerland

19 821 CHF million

Net sales abroad

7 341 CHF million

Number of sales outlets

1 971 Retail

199 Wholesale/Production

Net sales from online shops

1 124 CHF million

+24.1%

Equity ratio

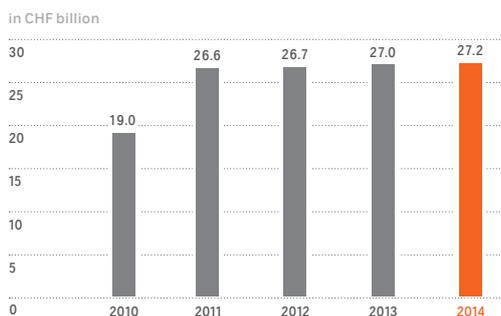
46.4%

Profit

470 CHF million

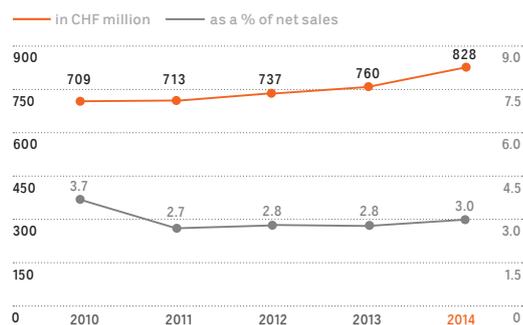
1.7% of net sales

Net sales



Earnings

before interest and tax (EBIT)



Coop Group business areas

As at 1 March 2015



Coop Group
Annual Report

2014

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Foreword

150 years of sustainable success

The Coop Group can look back on a history spanning 150 years. Its structure as a cooperative and the sustainable management of its operations stand the test of time down to the present day. As an internationally active retailer and wholesaler, the Coop Group generates total sales of 28.2 billion francs in 2014 – an increase of 1.4% over the previous year, adjusted for exchange rates.

The foundation stone of today's Coop was laid 150 years ago. In 1864, in Schwanden in the Canton of Glarus, the textile industrialist Jean Jenny-Ryffel founded the first Swiss consumer cooperative based on the seven principles of the "Rochdale Society of Equitable Pioneers". It was subsequently subsumed in the "Verband schweizerischer Konsumvereine" (VSK), an association of Swiss consumer societies set up in 1890. A long and eventful history of mergers, name changes and structural adjustments eventually led to the emergence of Coop as we know it today. What had begun as a small consumer cooperative had now grown into an internationally active retail and wholesale group.

But despite all these changes, one thing has always remained the same: our structure as a cooperative. Then as now, our maxim is that we belong to our members, i.e. our customers. We focus all our efforts on satisfying their needs. Rather than seeking to maximize our profits, we reinvest them – which also benefits our customers.

This form of sustainable management of our operations pays off – we were able to achieve further growth in 2014. With total sales of 28.2 billion francs, the Coop Group achieved exchange rate-adjusted growth of 1.4% in its Retail and Wholesale/ Production Business Areas, compared with the previous year. At 27.2 billion francs, net sales – adjusted for exchange rates – were 1.3% up on the 2013 figure. In the retail segment our net sales rose by 2.0% to 17.7 billion francs. This result is particularly gratifying given the challenging economic environment in 2014. We will continue to face major challenges in 2015 – not least due to the decision taken by the Swiss National Bank to abandon the exchange rate floor between the Swiss franc and the euro.

The online business is performing particularly well at present: in this field the Coop Group posted net sales in excess of one billion francs for the first time in 2014. Its online shops in the retail sector lifted sales by 52.4%, while online sales in the wholesale business grew by 10.4%.

We further strengthened the Coop Group in 2014 by making acquisitions that will enable it to achieve sustainable growth in the future as well. In retail, we consolidated our position in the catering/restaurant business by taking over Marché Restaurants Schweiz AG, Switzerland's leading concession gastronomy company. Dipl. Ing. Fust AG underpinned its leading position in the electrical household appliances segment by buying RS Vertriebs AG,

which owns the Nettoshop and Schubiger brands. In the wholesale sector, Transgourmet will acquire a majority stake in the German company Sump & Stammer, a leading specialist in the supply of food-stuffs to cruise ships and international hotel chains. This acquisition effectively demonstrates our determination to make our wholesale business more international and more diversified.

With a view to further strengthening the future market impact of the Transgourmet Group, all its companies were given a uniform corporate design in the year under review. This step also involved a name change for a number of sales brands. In order to meet the needs of the catering/restaurant sector even more effectively, collection and delivery are also becoming increasingly interconnected.

Besides marking "150 Years of Coop", we had two further anniversaries to celebrate. Firstly, we commemorated the introduction of Coop's own-label brand 100 years ago. It was entered in the Swiss Federal Brand Register in 1914, making it the first nationwide own-label brand in the Swiss retail sector. Secondly, we celebrated the 25th anniversary of Oecoplan, Coop's first own-label sustainability brand. As was again demonstrated in the year under review, sustainability works well as an attribute that sets us apart from the competition: starting at a high level, we achieved further growth with our own-label sustainability brands and quality labels, posting net sales of 2.3 billion francs.

The foundation stone for today's Coop Group was laid by people with a vision. Thanks to the work done by other committed people, many further milestones have been added to this foundation – hence the success story that is Coop. We should therefore like to express our particular gratitude to our approximately 77 000 employees for their untiring efforts on behalf of our customers.



Hansueli Loosli

Chairman of the Board of Directors



Joos Sutter

Chairman of the Executive Committee

Milestones in 2014

150 years of Coop

The Coop Group celebrates its 150th anniversary. The first Swiss cooperative society operating in accordance with the seven principles of the "Rochdale Society of Equitable Pioneers" was founded in 1864, in Schwanden in the Canton of Glarus. It joined the "Verband schweizerischer Konsumvereine" (VSK), an association of Swiss consumer societies that was set up in 1890 and renamed Coop Switzerland in 1969.

Nettoshop AG now part of Coop

This takeover strengthens Coop's expertise as an online retailer of electrical household appliances. Nettoshop.ch is the leading online store in Switzerland in this field.

New brand identity with Transgourmet

In Germany, the Transgourmet brand replaces the former Rewe-Foodservice sales brand. Transgourmet and Selgros Cash+Carry are now marketed as a joint enterprise under the Transgourmet Central and Eastern Europe umbrella brand.

Takeover of Fribourg-Sud shopping centre

Coop takes over Centre Commercial Moncor AG, to which the Fribourg-Sud shopping centre in Villars-sur-Glâne belongs. Coop already operates various sales formats in this centre.

Takeover of Marché Restaurants Schweiz AG

The Coop Group takes over Marché Restaurants Schweiz AG, Switzerland's leading concession gastronomy company, thereby expanding its expertise in the restaurant/catering sector.



Mondovino's new world of wine
In launching the Mondovino Wine Club, Coop further expands its offering and advisory skills as Switzerland's largest wine merchant.

Aid for flood victims
Coop donates half a million francs to the Swiss Red Cross to benefit flood victims in Bosnia-Herzegovina, Croatia and Serbia.

January

Core: new strategic alliance

Together with the European retailers Colruyt (Belgium), Conad (Italy) and Rewe Group (Germany), the Coop Group sets up the Brussels-domiciled Core purchasing alliance.

New quality label: "Miini Region"

Coop's historically wide range of regional and local products are now marketed uniformly under the "Miini Region" (My region) quality label. The launch is supported by a large-scale campaign involving a variety of activities.



February

March

From Howeg to Transgourmet

Howeg is now marketed under the Transgourmet label. The market leader in the Swiss wholesale supplies business now operates along with Prodega/Growa Cash+Carry under the Transgourmet Switzerland umbrella label.

April



Pilot project: dual-purpose chickens

In and around Zurich, Coop starts selling the first organic eggs from dual-purpose chickens. Unlike traditional breeds of chicken, the males of this layer breed are suitable for producing meat. Meat from dual-purpose chickens is already on the shelves in March.

May

June

250 000 francs for the Emmental

Coop Aid for Mountain Regions donates a quarter of a million Swiss francs for emergency aid to the parts of the Emmental affected by flooding.

New look for Coop member press

Switzerland's most widely read weekly newspaper is now published in a modern magazine format and has a stronger focus on young families.

Online shop for Building & Hobby

Switzerland's leading building supplies retailer enters the online business. Items ordered online can be delivered either to the home or to a store for collection.

Foundation stone laid in Pratteln

Coop lays the foundation stone for its new production and logistics site in Pratteln where, by 2018, Chocolats Halba, Sunray and Cave, together with Logistics, will be located under one roof.



Victory at Swiss Skills

At the first nation-wide vocational "Swiss Skills" championships, the top two places in the category "Meat Industry" go to two successful Coop apprentices.

Four prizes for electric trucks

Coop receives no fewer than four awards for its energy-efficient, emission-free 18-tonne electric trucks equipped with solar energy equipment: the Energy Globe Award Switzerland, the Swiss and the European Solar Prize, and the Zurich Climate Prize.



Carbon-fibre delivery van for Coop@home

Coop@home presents the world's first 3.5-tonne delivery van with a carbon-fibre structure. Its lower weight reduces energy requirements, CO₂ emissions and running costs. The project is awarded the "Logistics Future Prize" in Hamburg (Germany).

July

August

September

October

November

December

Over 1 000 new apprentices

In Switzerland, 1 162 young people start their basic training at Coop. At the end of 2014, Coop employed a total of 3 271 apprentices in retail, wholesale and production.

Nostalgic products on Coop shelves

To mark the Coop brand's 100th anniversary, eleven products in nostalgic packaging feature on Coop's supermarket shelves for a limited period.



Jewellery made with Fairtrade gold

Coop City and Christ Watches & Jewellery become the first Swiss retailers to market jewellery items made with gold from a Fairtrade-certified mine in Peru.

More pay for Coop employees

Coop makes a total of 1% of the entire payroll available for the 2015 round of pay increases and raises the reference wages. With this decision, the Coop Executive Committee wishes to thank its employees for their dedication in what continues to be a challenging economic environment for retailers.

Takeover of Eurogroup Far East

Effective on 1 January 2015, the Coop Group acquires a 100% stake in Eurogroup Far East Ltd., a company which offers great potential for sourcing high-quality ranges at attractive prices for all Coop Group formats.

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Operating environment and strategy

The Swiss retail sector performs well in 2014 in a challenging environment. The online business is still a growth market. The Coop Group Cooperative – with its Retail, Wholesale and Production Business Areas – is strategically well positioned.

Operating environment

Slowdown of growth worldwide and in the EU

The recovery of the global economy continued at a subdued pace in 2014. Economic growth in the euro zone was still muted and fell short of expectations in many emerging countries. Conflicts in Ukraine and the Middle East as well as the spread of the Ebola virus in West Africa created uncertainty and put a damper on the business climate. Many countries were still weighed down by heavy indebtedness and high unemployment in the aftermath of the financial crisis. Germany was unable to stimulate the flagging euro zone economy and even posted a downturn in growth for the second quarter. Growth was also very subdued in France, Italy and Spain, and unemployment levels rose. Positive stimuli for economic growth came from the USA, which posted rising domestic demand and falling unemployment.

Modest level of investment activity in Switzerland

Swiss economic growth was lower than expected in 2014. Above all, modest levels of investment in the corporate sector held back economic growth. There was also a slight decline in private consumption in 2014. In addition, the uncertainties surrounding the possible scenarios for implementing the mass immigration initiative approved by the electorate impacted on the economic situation. Positive factors included high employment and low unemployment. Consumer sentiment remained well above the historical mean until October 2014 but then deteriorated in the fourth quarter.

Subdued growth in the retail sector

After a subdued 2013, growth in the Swiss retail sector remained below-average. While actual sales growth in terms of volume were on a par with the previous year, the decline in retail prices continued. However, falling prices in 2014 were concentrated in the non-food sector, while food prices have again been rising slightly since 2013. Overall, though, retail prices fell in 2014 as well. In addition, changes in disposable income and the continuing growth of cross-border shopping had a negative effect on consumption. Positive factors for the retail trade in 2014 included rising inward migration and low unemployment. The online business – in Switzerland and abroad – is a strong growth market. In Switzerland, it advanced considerably in 2014.

Wholesale and production trend

Weighed down by the state of the global economy and the harsh economic climate in Europe, the wholesale market was unable to gain any momentum in 2014. The cash & carry business and food wholesale supplies are benefiting from the general trend towards an urban lifestyle with increased out-of-home consumption. In Poland and Romania, however, falling food prices impacted on the business performance. Out-of-home consumption was down slightly in France. By contrast, the cash & carry and wholesale supplies trend in Germany and Russia was encouraging. Supplies to catering customers in Germany performed well. Russia posted very dynamic growth which was, however, eroded to a nominal extent by the rouble's collapse. In Switzerland, results in the catering/restaurant trade were on a par with the previous year. Food production in 2014 benefited from a slight fall-off in the massive price pressures on foodstuffs.

Shopping tourism grows and grows

Cross-border shopping continues to be the strongest competitor of the Swiss retail sector. Contrary to forecasts, it did not stabilize at a high level in 2014 but continued to increase sharply. It totals more than ten billion francs a year, or over 10% of Switzerland's entire retail volume. At the same time, Swiss consumers purchased more goods abroad from foreign online shops (distance selling).

Green Economy sets exacting requirements

The draft policy proposals for the Green Economy and the revision of the Environmental Protection Act set exacting requirements for the Swiss retail sector to meet. On the one hand, effective action will continue to be taken to achieve a sustainable economy and to conserve natural resources. On the other hand, the legislative changes will have to take place gradually and in harmony with international developments. In line with the subsidiarity principle, new government regulations should be introduced only if voluntary measures in the private sector or tried-and-tested industry agreements prove to be insufficiently effective.

Shop opening times continue to be a major issue

The solution proposed by the Federal Council (Swiss government) to bring about partial harmonization of shop opening times regulated at the cantonal level is a very welcome one for retailers. More flexible opening times lessen the incentive to shop abroad and they secure jobs. In addition, the proposed law responds to changes occurring in consumers' needs and lifestyle habits.

Swissness law affects retail and production

Swiss products, particularly food items, are subject to exacting regulations and quality standards. Switzerland as the country of origin is therefore a strong selling point. The proposed law on Swissness will ensure better protection of Switzerland as the country of origin. The proposal envisages that Swiss products or products processed in Switzerland will be labelled with the Swiss cross. This requires at least 80% of the raw materials in food products to originate in Switzerland and at least 60% of the manufacturing costs for industrial goods to be incurred in Switzerland. Coop welcomes the greater transparency this brings for consumers, though it also involves a range of new requirements. For instance, a practical legal solution that is compatible with food law needs to be found. This calls for pragmatic approaches to products containing raw materials that are not available in Switzerland, such as the cocoa used in Swiss chocolate.

Outlook

Slow recovery in global economy

The pace of the global economy is not expected to pick up in 2015. Growth in the emerging countries will remain subdued. There are expectations of positive stimuli from the USA and a degree of economic recovery in the EU.

Swiss economy affected by euro decision

The strong Swiss franc will mean weak growth for the Swiss economy in 2015. Private consumption is set to remain strong, as the strong franc, combined with the low price of oil, will increase households' purchasing power, though purchasing abroad is likely to continue. Decisions regarding ways of implementing the mass immigration initiative could have a major impact on the Swiss economy in 2015. The trend in the Swiss franc exchange rate vis-à-vis the euro and the US dollar will also play a major role.

Swiss retail sector in transition

The Swiss retail sector will be affected in two ways by the Swiss National Bank's decision to abandon the minimum exchange rate for the euro. On the one hand, sales will remain under pressure from falling prices and an increase in cross-border shopping. On the other, the retail sector will also be hit by a downturn in tourism. Sales growth will remain strong for sustainable and regional product ranges and will offer Swiss farmers, in particular, major opportunities. The pace of growth for discounters in Switzerland is slowing, while the trend towards more convenience and filling station shops continues. Growth in online business will be strong in 2015 as well.

The prospects for the wholesale segment

The weak euro is likely to result in a slight acceleration in growth in the euro zone in 2015. The economic environment thus offers growth opportunities for the cash & carry and wholesale supplies segments. Positive stimuli are also coming from Germany, where strong consumer sentiment points to the economy picking up steam. Rising out-of-home consumption in Europe also offers opportunities for growth. The trend towards a steady shift from cash & carry to delivery services will continue.

Profile of the Coop Group

Active in retail, wholesale and production

The Coop Group is active in the retail, wholesale and production business areas. In retail, Coop operates various specialist formats as well as supermarkets in Switzerland. The specialist formats include department stores and DIY superstores, points of sale for consumer electronics and electrical household appliances, furniture and lighting, cosmetics and perfumes, and watches and jewellery, in addition to restaurants, filling stations and pharmacies. Coop also operates a large number of online shops. The Coop Group is the market leader in many of these formats. Retail accounts for about two thirds of the Coop Group's total sales. In the wholesale business, the Coop Group operates through Transgourmet Holding AG in Switzerland, France, Germany, Poland, Russia and Romania. The Transgourmet Group is Europe's second-largest cash & carry and food service company. It offers customers from the hotel, restaurant, corporate catering and social service segments both large cash & carry stores and wholesale supplies business. In the production sector, the Bell Group – one of Europe's largest meat producers – is the Coop Group's biggest company. It operates primarily in Switzerland, Germany and France, but is also represented in Eastern Europe and the Benelux countries. In addition, the Coop Group also operates Swiss-based manufacturing companies in the following segments: grain processing, chocolate, rice specialities, vinegar products, mineral water, raw-material processing, wine-bottling, cosmetics and cleaning agents.

The Coop Group is a cooperative

The Coop Group celebrated its 150th anniversary in 2014. The first Swiss cooperative society operating in accordance with the seven principles of the "Rochdale Society of Equitable Pioneers" was founded in 1864, in Schwanden in the Canton of Glarus. It joined the Verband schweizerischer Konsumvereine (VSK), an association of Swiss consumer societies that was set up in 1890 and later renamed Coop Switzerland in 1969. The Coop Group has therefore always been structured along cooperative lines. At the organizational level, it is divided into six regions and has 2.5 million cooperative members. Its legal form as a cooperative has stood the test of time down to the present day. For the Coop Group, the focus is on the customers – the members of the cooperative. The company gears all its efforts to their needs. As a cooperative, the Coop Group does not strive to maximize its profits – and can thus plan for the long term.



Cooperative members in millions

Sustainability as a brand positioner

The fact that management of the Coop Group is geared to long-term success is particularly evident in Coop's commitment to sustainability. Sustainability is an integral part of all its business activities and is therefore enshrined in its Articles of Association and Corporate Profile. With its Sustainability Strategy, the Group ensures that this dimension is integrated into all its corporate sub-strategies. The Sustainability Strategy is based on three pillars: "Sustainable products & services", "Resource efficiency & climate protection" and "Employees & society". Applying this comprehensive approach to sustainability, the Coop Group positions itself in the markets with a distinctive profile.

Strategies and success positions

Aligned to the Corporate Profile

The approximately 77 000 employees of the Coop Group all share the same values. The Group vision is: Together to the top. The Corporate Profile shows how the Coop Group perceives its work: close, diverse, distinctive, innovative and partnership-oriented. The Group's individual sub-strategies derived from each of these values are presented below.

Close to people

With its 1 971 outlets, the Coop Group operates the densest network of stores in Switzerland. With supermarkets at an altitude of almost 2 000 metres, megastores with a sales area of over 3 500 m², department stores at customer-friendly locations, Building & Hobby centres and many other sales formats, the Coop Group is close to the people it serves. Online shops in different segments offer customers a wide range of products and services round the clock. In the wholesale sector, Transgourmet cultivates proximity to its B2B (business-to-business) customers – restaurants, corporate caterers and social service facilities. The Transgourmet Group aims to drive its expansion forward and build on its wholesale supplies business over the coming years.

A diverse offering

Coop Cooperative offers the greatest diversity of Swiss and international manufacturer brands in the retail sector. It also stocks numerous Coop own-label brands to meet a wide variety of customer needs – in all price segments and with the best value for money. Own-label sustainability brands and quality labels are of particular strategic importance. Wholesale customers must also be able to benefit from attractive own-label ranges in all price segments. The Transgourmet Group guarantees this by implementing a transnational own-label brand strategy.

Distinctive market profile

A key attribute that distinguishes the Coop Group from the competition is sustainability. In this regard it pursues a very long-term approach and bases its numerous activities on its Sustainability Strategy. The Coop Group also uses quality as a profiling attribute. The Coop Quality Strategy sets high standards and enshrines quality as a key element of Coop's performance even more firmly in the Group's corporate culture and processes. All aspects of quality in the product range that are of relevance from the customer's perspective are defined and systematically developed in accordance with customer needs. The Coop Group's manufacturing companies pursue a strategy of increasingly enhancing their profiles on the international market. They manufacture not only Coop own-label brands but also products for third parties in Switzerland and abroad.

Innovative for the future

Coop's Logistics and Bakeries Strategy optimizes costs, improves the quality of baked goods and pursues ambitious sustainability goals. In compliance with this strategy, the Coop Group acquired Railcare AG in 2010. This transport company operates with the innovative system of unaccompanied combined transport and thus supports Coop's strategic goal of shifting more freight from road to rail. The core elements of the Logistics Strategy are to expand and add to the existing distribution centre at Schafisheim – the largest building project ever undertaken by the Coop Group – and to set up a new production and logistics site in Pratteln. Such projects position Coop as the most sustainable and most innovative logistics services provider in Europe.

In wholesale, the Transgourmet Group is gearing up for the future. Its multi-channel strategy combines the cash & carry and the wholesale supplies business in the different countries. This innovative approach is creating synergies and ensuring that customers' needs are more effectively met. The

strategic goals also include the development and application of innovative technical solutions that make shopping easier for customers – whether through the in-store use of smartphones or attractive online shops.

Partnership-oriented for mutual trust

Coop's Purchasing Strategy focuses on partnership-oriented cooperation with suppliers and producers in order to safeguard regular provision of high-quality products and further develop Coop's products and services for the benefit of customers. Purchasing cooperation agreements with major retailers in Europe are in place, while food and non-food purchasing is being bundled at the international level as well.

In retail, Coop is also committed to strategic partnerships in the field of product range development, for instance with Max Havelaar, Bio Suisse, the WWF, Switzerland Tourism and the Swiss Red Cross. In its human resources activities, the Coop Group is committed to constructive and open dialogue with its social partners. It is the only major employer in the Swiss retail sector to have concluded a collective employment agreement with five different social partners.

Goal-setting process

Strategies generate specific measures.

To ensure that long-term strategies give rise to effective measures each year, the Coop Group has, since 2001, implemented a uniform, top-down goal-setting process. Every year, it defines key goals that apply to the Group as a whole. The subsequent goal-setting process begins with the Executive Committee and then progresses, level by level, through the Group. The process ultimately results in specific measures being developed, at operational levels too.

In 2014, the Coop Group generated total sales of 28.2 billion francs with its Retail and Wholesale/Production Business Areas.





Total sales
in CHF bn

Sales formats

The launch of the “Miini Region” quality seal puts the focus in the supermarkets on regional sourcing. Coop’s diverse mix of specialist formats makes it a market leader. By taking over RS Vertriebs AG and Marché Restaurants Schweiz AG, Coop expands its expertise in the electrical household appliances and catering/restaurant businesses.

Supermarkets

Proximity to customers with 837 supermarkets

Coop was operating 837 supermarkets with a total sales area of 981 784 m² throughout Switzerland at the end of 2014. Net sales of the supermarkets amounted to 10.6 billion francs – 0.7% more than in the previous year. In the year under review, 14 sales outlets were closed and 23 new ones opened.

The most important new stores include the Coop supermarket in Kollbrunn (Canton of Zurich), which opened its doors at a new site in February. Customers benefit from almost double the previous sales area and a correspondingly wider range of products. The supermarket built at a new site in Versoix (Canton of Geneva) is three times as large as its predecessor. Since being inaugurated in March, it also offers longer opening times as well as a broader product range. A Fust store now occupies the previous site. Since June, Coop has operated a supermarket inside Zurich’s main railway station – a first for the Group. It is open daily from 6 a.m. to 10 p.m. and its express and self-checkout terminals are a boon to shoppers in a hurry. With the inauguration of the Coop supermarket (with a sales area of just under 1 000 m²) in the Eiger+ shopping centre in Grindelwald, Coop created 14 new jobs in the region.

New quality seal: “Miini Region”

Coop has a tradition of cultivating regional roots. It has, for instance, always stocked regional and local products on its shelves. Since the year under review, such items have been marketed under a uniform quality seal – “Miini Region” (My Region). The current offer comprises around 2 200 speciali-

ties that are produced in the region and of which the main ingredients are sourced locally wherever possible. In this way, Coop supports farmers and producers in the different regions of Switzerland. Besides staple food items, the “Miini Region” range includes locally grown cut flowers and other plants. Each of these products is available within circumscribed sales regions.

Specialist formats

Coop City: new approach to presentation of goods

The total of 32 Coop City department stores gained market share in 2014 and raised net sales by 0.7% to 896 million francs. The stores in Berne’s Marktgasse, Winterthur and St. Gallen underwent major remodelling in the year under review. In addition, a new approach to the presentation of fruit and vegetables was implemented in all Coop City food departments. Coop Naturaline textiles were given a new look in the stores following the relaunch of the Coop own-label brand. Test sales of the international fashion label F&F were successful, and marketing on a broad front is now planned for 2015. The new Department Store Strategy 2020+, which was approved in 2014, will also be implemented in 2015.

Building & Hobby enters the online business

In July 2014, Coop Building & Hobby launched an online shop offering home delivery and a collection service for over 12 000 articles – the first Swiss DIY store to do so. In collaboration with the German company Dehner, Building & Hobby converted six additional stores to the new garden concept;

it now has over 55 Garden Paradise outlets. Posting net sales of 642 million francs, Building & Hobby continues to be Switzerland's leading DIY store. Ecologically compatible products accounted for over 13% of its sales in 2014. In order to further strengthen its positioning as a "green DIY centre", Building & Hobby expanded its cooperation with local producers in the framework of the "Miini Region" project. In addition, to mark the 25th anniversary of the own-label sustainability brand, Coop Oecoplan, Building & Hobby for the first time stocked products from well-known brand manufacturers that also bear the Oecoplan logo.

Interdiscount: strong growth thanks to online sales

Interdiscount posted substantial gains in market share in 2014. Customers who order items from the extensive online range of over 25 000 articles particularly appreciate the option of picking up their orders at any of Interdiscount's 191 stores. In the year under review, Interdiscount posted a 128% increase in sales from online orders. This was due above all to rapid logistics: goods ordered from the online shop by 8 pm are delivered the very next day. In the newly created business customer segment, Interdiscount received its first large-scale orders and successfully launched the Partnercard. The consumer electronics provider and market leader generated total net sales of 984 million francs in 2014 – 6.7% more than in the previous year.

Toptip/Lumimart upgrade stores

Toptip/Lumimart continued to implement its new store design in the year under review. Three Toptip and two Lumimart stores were refurbished. The flagship store in Oberentfelden was re-opened in March 2015. With a sales area of 10 000 m², it is the largest of all the 50 stores. Toptip/Lumimart generated net sales of 205 million francs in 2014. The Toptip.ch online shop posted sales growth of 69%. Further work was done in the year under review on developing the visual design of the shop and on extending the product range.

Import Parfumerie continues to modernize

In 2014, Import Parfumerie adapted seven further stores to the new store design. By the end of the year, 21 of the 123 Import Parfumerie stores in Switzerland had been given the new look. Import Parfumerie's expanded offer generated a 14% increase in online sales. Overall net sales amounted to 158 million francs. Import Parfumerie gained additional market shares and strengthened its leading position among upscale Swiss perfumeries.

Christ: expansion of the shop-in-shop concept

In 2014, Christ Watches & Jewellery completely remodelled two of its 73 Swiss stores. Shop-in-shop concepts including the sale of top brands were implemented in a further 19 outlets. An approach unique in Switzerland and involving the installation of shops devoted to Longines, TAG Heuer, Rado, Tissot and Frédérique Constant was implemented at the Christ store on Zurich's Bahnhofstrasse. Net sales at Christ amounted to 97 million francs.

Fust modernizes online shop and stores

In 2014, Dipl. Ing. Fust AG strengthened its leading position in the electrical household appliances segment by buying RS Vertriebs AG, which owns the Nettoshop and Schubiger brands. As an autonomous subsidiary of Fust, RS Vertriebs AG operates three stores in eastern Switzerland under the Schubiger brand name. Schubiger also successfully provides property managers with professional services in the electrical household appliances field. Fust lifted its total net sales by 14.6% to 985 million francs in the year under review. Fust trebled the turnover of the online shop following the relaunch in 2014. As part of its modernization programme initiated in 2012, a further 17 stores were remodelled and in some cases expanded. Fust operates a total of 166 stores throughout Switzerland. Further sales growth was posted in the kitchen/bathroom remodelling and building management segments.

Betty Bossi expands B2B business

Betty Bossi AG markets cookery books, publishes the Betty Bossi newspaper, sells kitchen and household aids and provides cookery and household-related advice to customers online and by phone. It also has its own brand of fresh convenience products, which are available exclusively at Coop. In the year under review, Betty Bossi focused on expanding its B2B activities and developing further innovations such as the "Cooking in the oven" programme. It also launched two new cookery books and numerous items developed in-house in the kitchen aids segment. Betty Bossi AG posted net sales of 86 million francs in 2014, an increase of 4.5% over the previous year.

Coop Vitality pharmacies broaden their offer

Coop Vitality AG boosted its net sales by 6.1% to 151 million francs in 2014. The company further expanded its branch network in the year under review. After inaugurating six new stores, Coop Vitality was operating 61 pharmacies at the end of 2014. It further expanded its successful own-label line and its range of services. Since March, Coop Vitality has offered a quick allergy test in its pharmacies.

In addition, since October customers have had the option of having their old vaccination card converted into an electronic vaccination certificate.

The Body Shop opens its 50th store

After four new openings, The Body Shop Switzerland AG was operating 50 stores throughout Switzerland at the end of 2014. In the course of the year, four stores were upgraded in accordance with the new shop design being applied worldwide. New product launches in 2014 included the Argan Oil bodycare line and the Fidjan Water scent line. In addition, The Body Shop modernized its online shop and launched the “Love your Body” customer card at the beginning of 2015, a customer loyalty programme with its own app. Net sales of The Body Shop rose by 1.4% to 35 million francs.

Coop Mineraloel gains further market share

The increasing fuel economy of motor vehicles and the shift to the more economical diesel engine are having a growing impact on the fuel market. Coop Mineraloel AG maintained its leading position in the Swiss convenience shop and fuel market and posted a gain in market share for Coop's 226 filling stations. Together with the Coop Pronto Shops and heating oil business segments, Coop Mineraloel AG posted net sales of around 2.5 billion francs.

Coop Pronto enhances product range

All 269 Coop Pronto Shops together generated net sales of 776 million francs in 2014 – up 4.6% on the previous year's figure. Coop Pronto launched more than 300 new products in the year under review. Once again, the focus was on freshness. More space is now available for fresh products in both refrigerated and non-refrigerated areas. In addition, the coffee-to-go offering was extended to include a total of 218 stores. Coop Pronto's launch of a Midi bread line specifically targets customer demand for smaller loaves of bread. In 2014, Coop Pronto introduced the sale of ready-to-eat hot items such as chicken legs at a number of selected stores. These are prepared fresh in the shops in which they are sold.

Online formats

Coop puts its faith in a cross-channel approach

Online business is steadily growing in importance. Coop is increasingly combining in-store business with online (“cross-channel”) trading and systematically developing its online ranges. Almost all Coop's specialist formats now have their own online shops in addition to their bricks-and-mortar stores.

Five large-scale online operations belong to the Coop Group: Coop@home, Microspot.ch, Nettoshop.ch, Coop Mineraloel AG's online heating oil sales and ITS Coop Travel.

Coop@home again posts double-digit growth

The Coop@home online supermarket again achieved double-digit growth in 2014, lifting net sales by 10.8% to 114 million francs. Thanks to the new distribution centre in Bussigny, Coop@home is able to offer customers in western Switzerland the same order and delivery times as those from Spreitenbach. For instance, customers in Lausanne who place their order by 2.30 p.m. are promised delivery by 6 p.m. on the same day. In 2014, around 25% of orders were placed from a mobile phone. Coop@home won around 31 500 new customers, accounting for 6.6% of its customer base. Mondovino.ch, a wine club launched in spring 2014, is providing optimum presentation of the extensive range of wines offered by Coop and Coop@home.



Sales growth of Microspot.ch in %

Microspot.ch: best-value online shop in Switzerland

Microspot.ch again posted substantial growth in 2014, increasing net sales by 45.0% to 146 million francs. According to a current study carried out by Swiss consumer protection organizations, Microspot.ch is Switzerland's best-value online shop for electronic products. In the year under review, Microspot.ch made extensive use of TV commercials for the first time. The online format also expanded various product ranges and, since November, now offers a wide range of toys. Important projects in 2014 included the expansion of the business-customer department and the increase in pick-up points to a total of 16. Among the latter is the first pick-up point at a Coop filling station.

Nettoshop.ch now part of the Coop Group

Nettoshop.ch has been part of the Coop Group since the beginning of 2014. It is Switzerland's leading online provider of electrical household appliances. The online shop posted net sales of 69 million francs in 2014. In the year under review, Nettoshop.ch extended its delivery service to Western Switzerland and Ticino. Depending on their

needs, customers can choose between simple delivery by a forwarder to their front door or a complete home installation package, including instruction on use.

Heating oil: growing demand for “green” heating oil

Because of the mild winter and the rise in the CO₂ emission charge in January 2014, sales of heating oil were rather sluggish. Coop Mineraloel AG was able to maintain its share of the heating-oil market. In 2014, around 29% of its customers ordered their heating oil from Coop Mineraloel online at www.coop-heizoel.ch. The proportion of customers wanting to buy green (i.e. low-pollutant) heating oil rose to almost 50%.

Further growth at ITS Coop Travel

Both the number of travellers and the demand for high-quality travel packages at ITS Coop Travel increased in 2014. As a result, the travel operator owned jointly by Coop and the German Rewe Group increased net sales by 12.0% to 78 million francs. This gratifying result is also due to the further expansion of the travel deals on offer. High growth rates were posted for trips to Turkey and Greece. In November, ITS Coop Travel moved into new premises at the Volkiland shopping centre in Volketswil, also setting up a travel agency in which customers can be advised in a pleasant environment.

Catering / restaurant and hotel business

Coop restaurants gain market share

The 198 catering establishments of Coop’s catering / restaurants business together generated net sales of 243 million francs in 2014. Besides the 154 Coop restaurants, Coop’s catering / restaurants business comprises the “take it” shops at high footfall locations, the original Italian CremAmore gelaterias and the Ca’Puccini coffee bars. Coop restaurants are expanding the use of ingredients from sustainable production. Since 2014, they have been using only veal, beef and pork from Switzerland and chicken from Europe. Fish is obtained only from sustainable sources that are rated by the WWF as “recommended” or “acceptable”. The restaurants underwent an advertising revamp in the year under review. Thanks to intensive marketing, Coop restaurants posted a gain in market share in 2014.

Bâle Hotels: all three hotels now open again

In March 2014, the Mercure Hotel Europe Basel re-opened under the new name of Hotel Pullman Basel Europe after a complete 16-month refurbishment. This is the first time the international

Pullman premium brand belonging to the French Accor hotel group is represented in Switzerland. The new fittings and the extensively windowed facade create just the right ambience for the Pullman Basel Europe. Room occupancy has risen steadily since the reopening. The restaurant “Les Quatre Saisons” was again awarded 18 Gault-Millau points after its reopening and was again awarded a star by the Michelin Guide in December 2014. In 2014, the three Bâle Hotels Baslertor, Victoria and Pullman Basel Europe together posted net sales of 26 million francs – 40.6% up on the year-back figure.

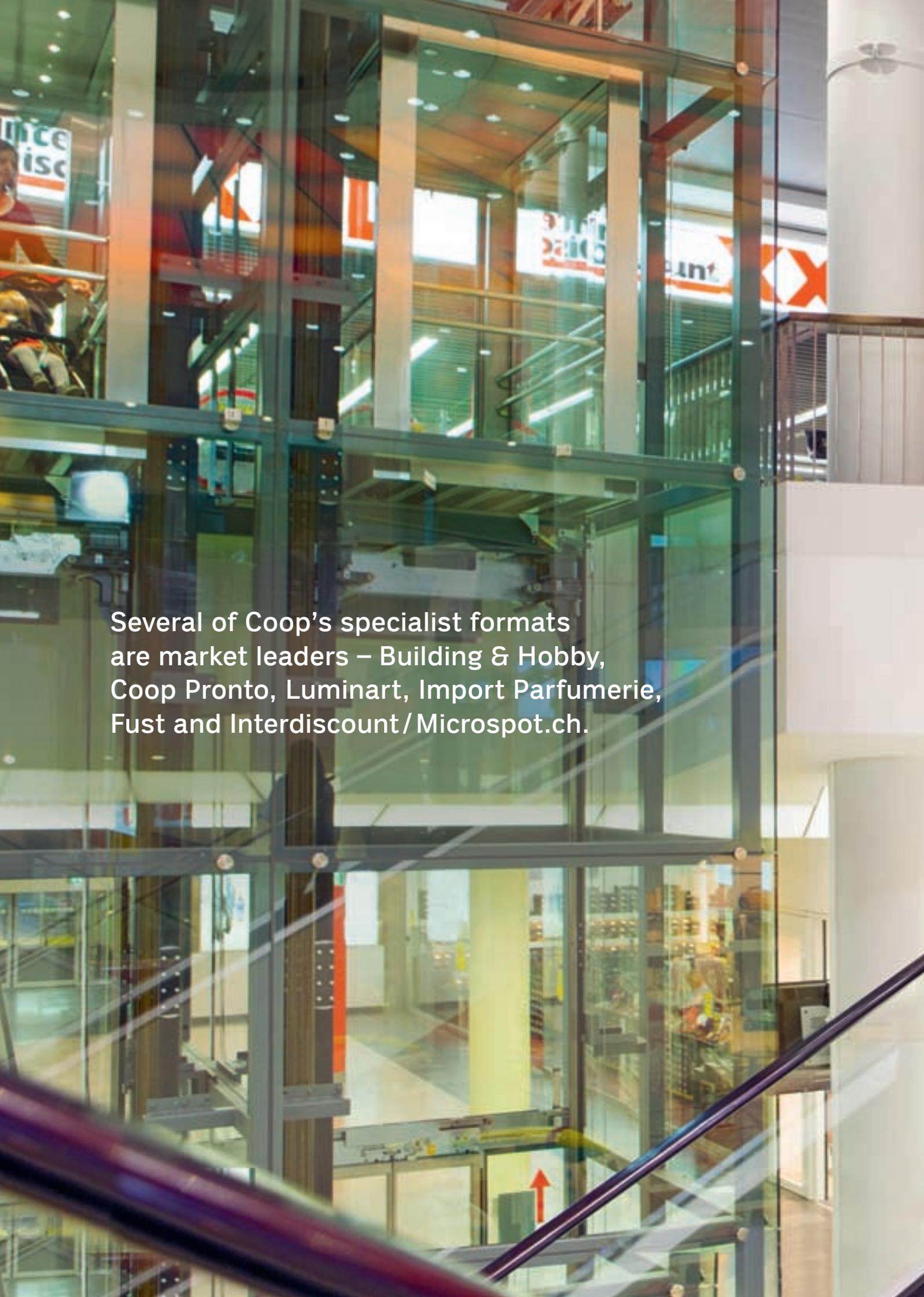
Marché: versatile range of catering

Marché Restaurants Schweiz AG has been wholly owned by the Coop Group since 2014. The company, which is the leader in Swiss concession gastronomy, operates restaurants at motorway service areas and Zurich Airport and has a total of 23 locations. With versatile formats such as Marché-Restaurant / Bistro / Natur-Bäckerei or Cindy’s Diner, Marché restaurants Schweiz AG offers high-quality catering with short waiting times – not just for travellers but also customers from the region. Net sales in 2014 amounted to 118 million francs, while the number of guests catered for totalled close to ten million.

Tropenhaus companies: Frutigen celebrates anniversary

The Oona and Mahoi Restaurants of Tropenhaus Frutigen and Tropenhaus Wolhusen respectively were again awarded 13 Gault-Millau points in 2014. In 2014, Tropenhaus Frutigen celebrated its fifth birthday with a big anniversary party. On account of the wet summer, it served on several occasions as a welcome bad-weather alternative programme. Visitors to Tropenhaus Frutigen in 2014 totalled around 70 000, while net sales amounted to 5.8 million francs.

The Mahoi Restaurant at Tropenhaus Wolhusen welcomed around 50 000 guests in 2014. Besides upgrading the permanent exhibition, Tropenhaus Wolhusen created the new focal exhibition on “Pflanzenkraft, die Hilfe schafft” (The power of plants to help), along with a supporting programme of events and workshops. Net sales of Tropenhaus Wolhusen amounted to 3.3 million francs in 2014.



Several of Coop's specialist formats are market leaders – Building & Hobby, Coop Pronto, Luminart, Import Parfumerie, Fust and Interdiscount / Microspot.ch.

Market position



Products and services

Coop celebrates the 25th anniversary of Oecoplan, its first own-label sustainability brand. With its unique mix of own-label brands in all price segments, attractive manufacturer brands and sustainable products, Coop offers ranges to suit all needs.

Product range diversity

Ranges to suit all customer needs

Stocking over 40 000 articles, Coop offers the greatest product range diversity in Swiss food retailing. Whether manufacturer brands, affordable own-label brands, sustainable products or articles for people with allergies or for vegetarians: Coop has the right range for every customer requirement. In 2014, Coop further expanded its long-standing wide selection of regional and local products, henceforth marketing them under its new “Miini Region” quality seal. Numerous sustainability ranges were also extended, for instance the own-label sustainability brand “Ünique”, which has already been copied throughout Europe. In cooperation with the Service Allergie Suisse certification body, Coop is offering more and more near-food products that bear the Swiss Allergy Label – among them the My Baby line and the bodycare line Coop Wel! pH 5.5 sensitive. In August, Coop launched the affordable Nespresso®-compatible coffee capsule, NexPod. To mark the 100th anniversary of the Coop brand, Coop offered eleven products sold in nostalgic packaging on an exclusive basis in the late summer. For a short time, chocolate, flour and sugar, for instance, looked as they used to a hundred years ago.

Own-label sustainability brands and quality labels

Naturaplan: moving forward with a green heart logo

After the 2013 jubilee year, Naturaplan also held its own in 2014 as Switzerland's largest organic brand by far. Sales of Naturaplan grew by 1.6% to 954 million francs. As in previous years, its range of over 1 700 products, almost all of them bearing the Bio

Suisse bud label, was enhanced by around 100 innovations. The “Dual-purpose Chicken” animal welfare project is a pioneering achievement. The hens of this new breed of chicken are suitable for laying eggs and the males for meat production. As a rule, about two million male chicks from layer breeds are slaughtered every year as they are unsuitable for the fattening process needed in meat production. This is not the case with dual-purpose chickens. In 2014, Coop continued Naturaplan's jubilee campaign with the focus on the green heart emblem. The new campaign “For the next 20 years” shows the next generation of Naturaplan farmers. For the TV commercial, the duo of Lennon & Maisy recorded an unplugged version of the successful song “Love”, about respect for Nature.

Naturafarm now also a quality label

The Naturafarm animal husbandry programmes are largely responsible for Coop being regarded, both globally, and in the Swiss retail sector, as offering the most effective animal protection. The farms working for the Naturafarm label apply production standards that are much more stringent than the minimum statutory regulations. Compliance is audited regularly and unannounced by Swiss Animal Protection (SAP). At the end of 2013, Coop also started using the Naturafarm own-label brand as a quality label. This means that brand suppliers complying with the strict animal welfare standard standards can now have their products marketed at Coop under the Naturafarm quality label. Sales of Coop Naturafarm amounted to 435 million francs in 2014. The label accounted for about 22% of Coop's entire sales of the corresponding products. Indeed, Naturafarm accounted for around 60% of Coop's beef and pork sales.

Oecoplan: the green alternative for the last 25 years

Marking Oecoplan's 25th birthday in 2014, Coop celebrated a quarter century of dedication to sustainability. Starting with potatoes from integrated crop management and environmentally friendly methylated spirits, Coop's first own-label sustainability brand now offers over 2 100 non-food and near-food products and services for the household and garden – all of them, of course, with minimum impact on the environment. Compliance is monitored by external bodies and independent organizations such as Bio Suisse or FSC. The Oecoplan range was substantially expanded in the jubilee year. In addition, Coop succeeded in convincing selected brand manufacturers such as Nespresso® of the benefits of dual branding. As a result, sales rose by 2.9% to 142 million francs in 2014.

Naturaline: brand overhaul

Environmentally friendly and fair working conditions: Naturaline textiles and cosmetics show that zest for life and sustainability are an ideal fit. To give the brand a more attractive look, the packaging design, the presentation of the goods on the shelves and also the entire textile range were overhauled in 2014. In addition, together with presenter and actress Melanie Winiger, Coop created the new line "Naturaline by Melanie Winiger". The complete revamp proved to be a success, enabling the Coop City chain of department stores to post 4.4% growth of Naturaline textiles. Overall, Naturaline generated sales of 59 million francs. In 2015, the own-label brand celebrates its 20th anniversary as "organic & fair". It guarantees high production standards, also looking forward: 100% fair working conditions, 100% organic cotton, 100% transparency in the supply chain and 100% CO₂ neutrality.

Pro Montagna: new Swiss mountain products

Under the own-label brand Pro Montagna, Coop markets authentic high-quality products that have been produced and processed in Swiss mountain regions. By purchasing a Pro Montagna product, customers make a contribution towards Coop Aid for Mountain Regions. Over one million francs were raised in this way in 2014. Sales of Pro Montagna products amounted to 38 million francs. In 2014, the range was extended to include such products as Urnerboden Alpraclette cheese and Berg-Magronen pasta from Goms. It now comprises around 230 products from Switzerland's mountains and alpine meadows.

Ünique: small individualists on the vegetable shelves

Qualitatively impeccable fruit and vegetables that look different from the norm have had a place on the shelves of Coop supermarkets since July 2013. This decision underpins Coop's view that entire harvests should be utilized and not just parts of them. After the successful launch, which attracted a lot of media attention, Ünique has been marketed since 2014 as an own-label sustainability brand. It comprises carrots, a vegetable mix and now cucumbers as well.

Pro Specie Rara: trendy parsnips

Coop has been working with the Pro Specie Rara Foundation since 1999 to maintain the biodiversity of Swiss farming. Although growing conditions were far from optimum in 2014, Coop lifted sales of Pro Specie Rara products by 23.4%. Among the vegetables, parsnips were extremely popular. In the second half of the year, Coop included the newly developed Pro Specie Rara bread made with einkorn wheat in its range for about four months.

Slow Food: keeping up traditions

Slow Food is a non-profit organization set up to promote considered consumption while preserving biodiversity and traditional production methods. Coop supports Slow Food by stocking around 50 of its articles and by helping establish new groups – "presidi" – that promote the products. The 24 former Swiss "presidi" groups were joined in 2014 by a presidio for traditional Graubünden air-dried meat.

Fairtrade Max Havelaar: new innovative projects

The Fairtrade quality label stands for socially and environmentally compatible production and for fair trading conditions. Coop accounts for over half the Fairtrade products sold in Switzerland. This is due to systematic expansion and to switching over entire product ranges to Fairtrade. At the beginning of 2014, for instance, Coop launched the Fairtrade cocoa programme, which guarantees higher sales for Fairtrade-certified cocoa producers. The first gold jewellery collection in Switzerland to receive Fairtrade certification was launched in collaboration with Coop City and Christ Watches & Jewellery. Sales rose 18.7% to 260 million francs.

Organic: continuing success

Coop is the market leader for organic products. One in two organic products sold in Switzerland is purchased at Coop. For its organic products, Coop put its trust in the bud emblem of Bio Suisse. The Bio Suisse guidelines and the bud label requirements are among the strictest in the world for organics. Coop has worked closely with Bio Suisse for over

20 years. Besides organic food products, most of which are marketed under the Naturaplan own-label brand, it also stocks bud-certified products for the organic garden under the Coop Oecoplan label. Coop was able to surpass Naturaplan's already extraordinarily good jubilee year result by posting sales of 1.1 billion francs for organic products in the year under review. This represents growth of 2.0%.

MSC: wider choice of sustainable fish

The MSC quality label stands for sustainably harvested fish and seafood. Besides protection of fish stocks, the Marine Stewardship Council (MSC) is committed to ensuring minimum impact on ecosystems and responsible management of fisheries. At Coop, 57% of the range of seafood from wild catch is MSC-certified. In 2014, Coop became the first retailer in Switzerland to switch its redfish range to MSC. Sales of MSC-certified fish and seafood rose by 25.1% to around 87 million francs.



increase in sales with sustainable products (%)

FSC: switchover of further wood ranges continues

The FSC (Forest Stewardship Council) promotes environmentally compatible, socially accountable and economically viable management of the world's forests. Coop has worked in close collaboration with the FSC for twelve years now and is endeavouring as far as possible to switch its wood ranges to FSC standards. In Coop supermarkets, Coop City department stores and Building & Hobby centres, around 67% of the timber range, now also including terrace decking boards, are already FSC-certified. Sales of FSC-certified products in the Coop Group amounted to 142 million francs in 2014, an increase of 5.5% over the previous year.

Hochstamm Suisse: preserving heritage fruit trees

Coop has worked closely with Hochstamm Suisse since 2008. This association is dedicated to maintaining and fostering standard fruit-tree orchards in Switzerland. These comprise a wide range of fruit varieties and provide habitats for animal species threatened with extinction. Coop currently stocks around 40 products made entirely from Swiss Hochstamm fruit. The entire apple-juice range of the Qualité & Prix own-label brand has been switched to the Hochstamm quality label. The year under review

also saw the switchover of organic pear-juice concentrate and the launch of the Fine Food Swiss Mix of dried fruit. This, among other things, resulted in a 44.1% rise in sales of Hochstamm Suisse products,

Swiss Parks: park products at Coop

The Swiss Parks Network currently consists of 16 parks, including a national park and a nature discovery park, that are designated as being "of national importance". They constitute the most authentic natural and cultural landscapes in Switzerland and are home to a rich array of flora and fauna. Coop has been a partner of the Swiss Parks Network since 2013. Coop is gradually selecting products that are made in the parks and bear the official "Swiss Parks" label, and adding them to the ranges of the corresponding sales regions. They include tea, flour, baking mixes, noodles and oils as well as a large number of meat and dairy products.

Topten: promoting low energy consumption

Coop applies the Topten quality label of the Swiss Agency for Efficient Energy Use to own-label brands that stand out for their particularly low energy consumption and components that are not harmful to health. Over 1 500 products in the Coop sales formats already meet the Topten criteria. Coop Group sales of Topten products amounted to 149 million francs in 2014.

Own-label target group brands

Prix Garantie: relaunch of value line

Prix Garantie is targeting families with its campaign "Kostet zwischen kein Geld und Kleingeld" (Costs between nothing and small change) and its new packaging design. Coop's value line offers good quality at the lowest prices and thus tangibly relieves pressure on family budgets. The range of 420 articles is regularly tested and adapted to the needs of families. New dairy and hygiene products have been available since 2014. Sales of Prix Garantie amounted to just under 303 million francs. The slight fall on the previous year's figure was due to numerous price cuts.

Fine Food: unique quality and culinary enjoyment

Gourmet delicacies at affordable prices – this is what the Coop Fine Food line of speciality products stands for. The food range comprises around 300 articles and was enhanced with 30 new items in the year under review. Sales were on a par with the previous year, amounting to 85 million francs. The Fine Food own-label brand will celebrate its tenth anniversary in 2015.

Betty Bossi: home cooking made easier

In 2014, Coop launched around 150 new products from Betty Bossi, the most successful fresh convenience food range in Switzerland, for the first time including items to consume warm while “on the go”. In autumn, a new line was launched under the name “let’s cook”: it comprises already prepared vegetables, ready-made sauces and pre-cooked side dishes such as noodles, which can be purchased as individual components and thus make healthy home cooking easy and without any need to chop and peel. In May, Coop launched four types of Betty Bossi lasagna produced in Switzerland using meat of Swiss origin. Coop generated sales of 470 million francs with Betty Bossi products in 2014, 2.2% more than in 2013.

Primagusto: first-class fruit and vegetables

The Primagusto own-label brand stands for fruit and vegetables with a particularly intense flavour. In the year under review, ten items were added to the range, which now comprises 42 seasonal products. They are all to the customers’ taste: posting sales of 21 million francs and growth of 26.9%, the brand again clearly surpassed the previous year’s figures.

Weight Watchers: the lighter side of enjoyment

Coop enables consumers to follow a light, balanced diet with its Weight Watchers range, which it markets in Switzerland on an exclusive basis and is steadily developing. In 2014, Coop improved the recipes of existing articles, launched new flavours and further developed the fresh convenience food offering. The range now comprises 125 articles, including dairy products, beverages, baked goods, desserts and meat products.

Jamadu: balanced lifestyle for children

The Coop own-label brand Jamadu encompasses around 100 products in the food, non-food and near-food sectors; they are geared to as balanced a diet as possible and to physical activity and fun for children. In 2014, the range was enhanced by new products which as always, were tested by the Jamadu Kids Experts Jury. The offering is rounded out by numerous activities relating to Jamadu and his friends, e.g. the Jamadu birthday parties. Sales amounted to 17 million francs.

Karma: culinary world tour vegetarian-style

The Karma vegetarian product line, which was launched in 2013, is aimed not only at vegetarians but also at all customers who want to eat meat-free meals from time to time. It extends from tofu variants, ready meals and snacks to hummus, and caters for all needs. In the year under review,

Coop added a further 25 products to the range, which now comprises around 60 items, including 29 vegan products and 15 articles with Bio Suisse bud certification. In 2014, Karma Pasta alla Norma, which Coop added to the range after holding an online vote, proved to be particularly popular. Karma posted sales of 23 million francs in 2014.

Délicorn: for meat-free barbecues

There is a conscious trend towards a meat-free lifestyle. Among Coop’s tasty alternatives to meat is its Délicorn vegetarian line. Its products are made from natural basic ingredients such as vegetables, soya, wheat or milk proteins. Coop is constantly expanding the label, for instance with the grill skewers added in summer 2014.

Free From logo now also on Schär products

People with allergies and forms of food intolerance find a wide range of around 80 products free from allergens such as lactose and gluten in Coop’s Free From label. In addition, Coop is labelling more and more gluten and lactose-free own-label brands with the official emblem of IG Zöliakie (Swiss Celiac Association) or with the Coop symbol for lactose-free products. The gluten-free products made by Schär are also now being labelled with the Free-From logo. These measures enable Coop customers to see at first glance which articles are allergen-free. The revamped Free From website offers plenty of scientific information on food intolerance, gluten-free recipes and tips on safe shopping. Coop posted sales of 25 million francs with Free From in the year under review, up 15.7% on the previous year.

Own-label standard brands

Coop Qualité & Prix: 100 years as Coop’s own-label brand

Good quality at low prices: this is what Coop Qualité & Prix has been offering for the last hundred years. Featuring more than 5 500 articles and sales of over two billion francs, the first national own-label brand in the Swiss retailing sector constitutes the core of Coop’s offering. To celebrate the historic anniversary, Coop offered products sold in nostalgic packaging for a short period and on an exclusive basis, for instance Nuss-Stängeli biscuits in an antique-style tin box.

Coop has a tradition of regional focus. With its new “Miini Region” quality seal, Coop stocks a large number of regional and local products, including over 450 wines.





regional wines

Manufacturer brands

New products enhance the range

Coop offers customers the greatest choice of brands in the Swiss retail sector. It guarantees price parity with the main competition on manufacturer brands. What is more, it sells the most popular articles at discount prices. In the year under review, the range was expanded to include such new items as Thomy barbecue sauces, pasta from Rummo, elderberry-flavoured Fanta Shokata, Emmi Chai Latte and the fashionable drink, Sommersby. For lovers of chocolate, Coop added the Cailler Les Recettes line to the range, and it now offers “My Muesli to go” as a snack between meals.

Pricing

Commitment to affordable consumer prices

Coop attaches importance to offering optimum value for money and is an advocate of affordable consumer prices across the board. It again lowered prices in the year under review on a total of over 1 000 articles in the own-label and manufacturer brand ranges. Coop implemented three major price-cutting rounds in addition to regular price cuts across all product groups, and advertised them in the Coop member press. The marked fluctuations in raw material prices posed a challenge in 2014. Commodities such as rice, coffee and potatoes became more expensive. This was due to a shortage of raw materials, growing demand in some cases, and rising production costs. On the other hand, there were also product groups in which Coop was able to adjust prices downward on account of falling raw-material prices, for instance pork and sugar. The supermarket channel posted an overall price rise of 0.7%. Since there was no let-up in the downward price trend in the non-food sector, Coop's retail prices fell by 0.5% overall.

Price monitor: Coop prices are competitive

Since 2008, a globally active, independent market research institute has, on behalf of Coop, conducted surveys of the Coop price monitor and ensured correct selection of items and product comparability. The Coop price monitor regularly compares more than 2 000 everyday articles from the ranges of Coop and its main competitor that are available throughout Switzerland. Products from four categories are compared: low-price articles, own-label brands, manufacturer brands and discounted manufacturer brands. This enables Coop to keep a constant check on its price parity with the main competition. As 2014 again showed, prices at Coop

are competitive. On average, Coop's prices were as low as those of its main competitor in all price segments. Coop regularly publishes the findings of its price monitor in the Coop member press.

Additional services

Coop launches the Mondovino Wine Club and expands its product range and advisory skills as Switzerland's largest wine merchant. Coop's own laboratory carries out over 550 000 quality checks. The Coop member press is now published in a magazine format and appeals increasingly to families.

Services

Consumer Service: two become one

In order to provide Coop's customers and Supercard users with more efficient support, Coop merged the Supercard Consumer Service and the Coop Consumer Service, enabling around 530 000 queries to be handled in 2014, of which just under 200 000 were dealt with online. Most queries concerned products and ranges, promotions and other marketing activities, quality issues, the Supercard, Hello Family, Mondovino and digital couponing. All customer issues are fed into a reporting system and influence future corporate decisions.

Media Unit: many queries about new technologies

The Coop Media Unit issued a total of 46 media releases, sent invitations to five media conferences, dispatched 13 product mailings and answered around 1 974 media queries in the year under review. Besides sustainability and quality-related topics, media interest in 2014 focused primarily on online offers, new technologies and IT solutions. There was an increase in inquiries about contactless payment options and self-scanning options.

Hello Family Club on tour with "Schwiizergoofe"

With around 1.3 million registered members, including over 410 000 families, at the end of 2014, the Hello Family Club posted further growth. Coop is constantly expanding the offering. For instance, members benefited from exclusive digital coupons or were able to collect a play kitchen made of wood. Members with children aged between three and 13 received by post a free album for collecting Disney cookery and baking picture cards. To mark the new school year, the Hello Family Club organized a

draw for 20 000 school bags filled with Jamadu products, among other items. For the Schwiizergoofe (singing children) Hello Family Tour in 2014, club members received tickets at preferential prices and a discount of 25% on advance orders for the new CDs.

Mondovino: Coop's new Wine Club

Coop enjoys great expertise in the wine sector and offers a full range of wines. In order to provide current and potential customers with an even better service, Coop is concentrating all information, offerings and activities relating to wine in its new Mondovino Wine Club. Members of the Wine Club receive individual recommendations, benefit from exclusive special offers and promotions and from Coop's all-round wine knowledge and expert know-how. They also have an overview of Coop's wine range at any time and the purchases they have made. Information releases can be accessed online or via the Mondovino app. On registering, all members receive an updated Supercard in the Mondovino design.

Supercard: new payment option at Ticketshop

Coop Supercard is the most successful customer loyalty programme in Switzerland. 3.2 million households actively collected Coop loyalty points in 2014. In the year under review, customers were again able to collect points at new partner businesses, for instance at Tropenhaus Frutigen and Tropenhaus Wolhusen. Coop also expanded the option of paying for purchases with points. Besides non-food products in Coop City department stores and selected Supercash promotions in the supermarkets and other sales formats, customers have also been able to buy event tickets with Superpoints since 2014.

Contactless payment with Supercardplus

The Supercardplus free credit card, which is available either as MasterCard or Visa, enables customers to collect Superpoints automatically each time it is used. Over 400 000 customers used a Supercardplus card in 2014. Near field communication (NFC) was introduced for MasterCard in the year under review. The card only needs to be held close to the payment terminal, and no PIN code is required for sums up to 40 francs.



Hello Family members in millions

Coop Mobile: marked growth of customer base

Coop Mobile again acquired many new customers in 2014: there were just under 15 000 new subscribers, while 60 000 opted for a prepaid arrangement. There was no letup in the demand for data volume, and Coop Mobile responded with new offers, for instance Data Surf Plus, a data plan for frequent surfers that gives them a volume of 1.5 GB a month. Prepaid customers can also benefit from the new data volume options, for instance by signing up to a one-year data plan. Since spring of 2014, the mobile radio offering from Coop Mobile has also been available from the independent telecommunications specialist Mobilezone.

Gift cards: now also as an app

Since mid-2014, customers have been able to top up their reloadable prepaid (physical) gift card "For cashless payment" and use it in conjunction with the gift card app downloaded to their mobile phone. To pay at checkout, they only need to present the bar code. For the first time, customers can now top up the Christmas gift card with an amount of their own choosing.

Coop Depositenkasse: best euro exchange rate

A survey conducted by the business magazine "cash.ch" showed that in 2014 customers again received the best euro exchange rate when changing money charge-free at branches of Coop Depositenkasse. The number of currency exchange transactions rose to a new record level. There was also a steady rise in customer deposits. Coop Depositenkasse's network comprised 27 branches in 2014.

Quality management

Quality along the entire product chain

Coop regards quality assurance as a process that applies to the entire product chain – from the production of raw materials right through to the consumer. The core processes of purchasing, production, logistics and sales are the cornerstones of Quality Management, which coordinates all such activities. Risks are assessed along the entire value chain and managed with corresponding measures, with Coop's own experts working closely with the authorities and the scientific community. Coop performs analyses in its own laboratories and audits its suppliers. Quality Management is also responsible for supervising the cold chain and carrying out regular unannounced checks at the sales outlets. Coop conducted over 550 000 tests on a total of over 24 000 samples in 2014. Coop also requires its business partners to have a quality management system in place and to satisfy social, ethical, ecological and quality standards. Neutral monitoring organizations check and guarantee compliance by suppliers with the official Global Food Safety Initiative (GFSI) standards. In the case of goods purchased in the Far East, the purchasing company Eurogroup Far East Ltd. supports quality control activities on a local basis. To ensure that the highest quality standards apply across the chain, including transport of the goods to Coop's shelves, sales and restaurant staff receive regular training in workplace, staff and product hygiene. Regular, unannounced checks are made to monitor correct implementation of the standards. Since 2012, all sales outlets offering counter service have been checked and certified for compliance with quality requirements by q.inspecta, an independent monitoring body. A total of 430 sales outlets passed the audit in the year under review.

New Quality Centre in Pratteln

Implementation of the new Quality Strategy continued in the year under review. In order to meet both current and future challenges in the area of product controls, it was decided in the context of the Logistics and Bakery Strategy 2015+ to integrate national Quality Management at the production site being built in Pratteln. This means that the experts of the Central Laboratory, the quality assurance units for purchasing, logistics and sales and the Coop Labelling/Nutrition Unit will receive the most modern lab facilities in Switzerland.

Advertising / communication

Reaching a wide range of target groups

In February 2014, Coop initiated the next 20 years of Naturaplan with a new organic-themed song. Performed by the Canadian sister duo of Lennon and Maisy, the song – like its predecessor – achieved gold status and scored over 3.4 million clicks on YouTube. In the same month, the campaign to promote presenter and actress Melanie Winiger's first Naturaline collection was launched. In May, Coop – Switzerland's biggest wine merchant – launched the Mondovino Wine Club. The world of experience it opens up extends from the stores to the website and the app. In October, in collaboration with Disney and under the motto "The fun of cooking and baking", Coop distributed over 50 million picture card sets and more than seven million Stikeez – small figures with a suction cup base – with the aim of motivating families to cook together. As an ongoing measure, Coop keeps its supermarkets supplied with new imagery displays that further enhance the market ambience of the outlets.

Coop member press: now in magazine format

The annual survey conducted by the independent Swiss media research company Wemf AG confirmed that the three weekly newspapers Coopzeitung, Coopération and Cooperazione further strengthened the Coop member press's position as the most widely read newspaper in Switzerland in 2014. With a total circulation of 2 550 290, the three newspapers cater for over 3.5 million readers. Since September 2014, they have been published in a modern magazine format. The newspapers target families in particular by offering a high level of content relevant to their needs. The Coop member press publishes weekly reports on topics related to the new "Miini Region" campaign on an additional page in the regional section. It also produced a special issue for each of the six Coop "experience" promotions, focusing on topics such as Switzerland and the family. In partnership with Switzerland Tourism, the Coop member press again launched two supplements containing exclusive leisure-time offers in 2014. Besides the three newspapers, the Coop member press is responsible for publishing the "Coop Forte" and "Transgourmet" staff magazines.

Internet: increase in mobile access

Coop's web pages were very popular in 2014. User numbers continued to rise as more people used smartphones and tablets. Coop is systematically improving all new web pages to meet the needs of mobile devices. Services such as digital coupons are being widely used.

Sponsorship: a year focusing on regional appeal

Coop's sponsorship commitments aim to provide its customers with intense emotional experiences that arouse their enthusiasm. In 2014, the Federal Yodelling Festival in Davos was undoubtedly the highlight of Coop's sponsorship activities. Approximately 125 000 visitors and over 9 000 active participants experienced three days full of song, alp horn melodies, flag-waving and traditional costumes. "Cyclope", with its spectacular artistry freely adapted after sculptor Jean Tinguely and with Coop as presenting sponsor, delighted audiences totaling over 53 000 in Winterthur and Basel. The Coop Municipality Duel run by schweiz.bewegt (Swiss-wide programme for the promotion of physical activity), one of Switzerland's biggest sporting events at the grass-roots level, achieved record numbers of participants to mark its ten-year anniversary in 2014. For the first time in its 42-year stage history, the Mummenschanz company, the virtuosi of silence, went on an extended Swiss tour with a family programme entitled "Mummenschanz 4families". Another first was the Schwiizergoofe Hello Family Tour 2014, of which Coop was the presenting sponsor. The tour was completely sold out in eight cities. In 2014, the "Miini Region Bus" criss-crossed the whole of Switzerland with its range of games and tastings of regional products. In addition, an engine of the Swiss Federal Railways, embellished with the "Miini Region" cloverleaf emblem, has been traveling the country since 2014.

Logistics, IT and property

Coop lays the foundation stone for its new production and logistics site in Pratteln. Coop shifts additional freight shipments from road to rail through its Railcare subsidiary. IT equips more supermarkets with self checkout terminals. Immobilien AG pursues a sustainable approach to building.

Logistics

Building work at Schafisheim is on course

The key component of Coop's Logistics and Bakery Strategy 2015+ (LoBOS), which was approved in 2010, is the enlargement of the distribution centre in Schafisheim (Canton of Aargau). Coop is expanding the existing facility to 73 000 m² and adding a new building with floorspace of around 164 000 m². Regional logistics will be housed in the extended existing building. The new building will comprise a national deep-freeze warehouse and the largest bakery/confectionery in Switzerland. Schafisheim is the biggest-ever building project in Coop's history. Construction work has proceeded apace since the foundation stone was laid in 2013. The extension to the existing logistics building, in which cool cargo and fresh food logistics will eventually be accommodated, posed a challenge. This part of the building was remodelled while operations continued, which necessitated careful planning of construction activities and coordination with the operational management. For instance, it was necessary at all times to ensure that, despite the remodelling work, deliveries of goods to the sales outlets were effected punctually and that the integrity of the cold chain was maintained systematically. The aim is to complete the logistics facilities of the Schafisheim distribution centre by the end of 2015 and bring them on-stream in 2016. The industrial bakery and the confectionery unit will start production on a staggered basis in the spring of 2016 and be working to full capacity round about mid-2017. By concentrating on the Schafisheim site, shifting additional freight shipments from road to rail and building a biomass centre of its own for its heating requirements, Coop can reduce its CO₂ emissions by more than 10 000 tonnes a year.

Foundation stone laid for major project in Pratteln

Coop's Logistics and Bakery Strategy 2015+ also involves a second major project – the construction of a new production and logistics site in Pratteln (Canton of Basel-Landschaft). By September 2018, three Swiss manufacturing companies Chocolats Halba (chocolate production), Sunray (sourcing of raw materials) and Cave (wine-bottling), together with Logistics, will be operating under one roof at a 78 000 m² site located in the Salina Raurica district of Pratteln. Following an intensive planning phase and the go-ahead from the authorities, the foundation stone was ceremonially laid on 17 September 2014. A new, ultramodern quality laboratory is also envisaged for the new building in Pratteln. The Pratteln building project is a further demonstration of Coop's commitment to Switzerland as a production location. The concentration of facilities at the Pratteln site will generate not only recurring cost savings of 10 million francs a year but also significant CO₂ savings.

Emergency scenarios for Coop distribution centres

If key plants or, for that matter, all plants were to break down at a regional distribution centre, deliveries to the sales outlets affected would have to be taken over by another distribution centre. To ensure a smooth transition, countless processes would have to be adapted rapidly and automatically. In 2014, Coop performed the necessary programming tasks and defined precisely which regional distribution centre would, in the event of an emergency, step in and supply the stores affected. Coop carried out several test runs. Each one involved a store being supplied, for test purposes, by a different distribution centre than usual.



**tonnes less CO₂ emissions per year
from Schafisheim**

Railcare and Coop grow closer

2014 was a year of consolidation for the freight company Railcare AG, following the rapid growth of the last few years and the replacement of three Swiss Post terminals by Railcare hubs. The focus was on streamlining and strengthening its structures and on further training for the workforce. This means, for instance, that truck drivers can be deployed as shunting-engine drivers in future. Coop and its Railcare subsidiary also synchronized their structures. In the year under review, all divisions of Railcare were integrated into Coop's time-sheet and time management system, and the IT systems were improved and expanded to meet the needs of Railcare. The new safety management system, which is certified to Rail Reform 2.2 standards, has been in operation since 2014. Railcare is one of the first rail-freight companies to receive authorization in accordance with the new guidelines. Starting in August 2014, Railcare now also transports all imports from Italy in the basic foods category from the Italian frontier at Chiasso (Ticino) to Coop's distribution centres using unaccompanied combined transport (UCT). These shipments primarily supply the national distribution centres. A new hub was set up in Chiasso for this purpose. In the year under review, Railcare AG shifted freight by UCT on a total of 860 000 train path-kilometres, which is 8.1% more than in the previous year. The daily volume of freight transported by all of Railcare's five locomotives corresponds to about 140 truckloads. By making increasing use of UCT with Railcare AG, Coop was able to reduce CO₂ emissions by a further 1 600 tonnes in 2014. Railcare AG was able to lift its net sales again in 2014; they increased by 32.8%.

IT

Digital coupons now also for online shopping

In 2014, Coop launched digital couponing in additional sales formats such as Coop restaurants and Fust, thus further integrating digital couponing within the Coop Group. Having been introduced at the Mondovino Wine Club in May 2014, digital coupons can now also be used for purchases online

as well as in-store. Their integration in additional online shops is in the planning stage. With this step, Coop has for the first time made coupons available that can be used on a cross-channel basis and deployed in line with individual customer needs.

New websites for Mondovino and Building & Hobby

Coop IT set up the Mondovino Wine Club in 2014. This new "world of wine" supplements Coop's online wine shop by providing both all-round information on the subject of wine and personal recommendations. Users can access it via the website or by smartphone app. The challenges to implementation included the technical incorporation of Coop's wine stocks in the sales outlets and integration of the Supercard and digital couponing programmes. The Building & Hobby online shop is also new. Building & Hobby is the first Swiss DIY store to enable its customers to order items online that can be delivered to their homes or collected by them at the sales outlet of their choice. The online shop also features an extensive service and advice section that provides information and tips on all sorts of topics relating to home and garden, leisure activities, hobbies and sport. To make this service possible, the Building & Hobby centres were gradually switched over to real-time inventories.

Self-checkout terminals popular

Following the successful pilot project in 2013, Coop installed a further 309 self checkout terminals in a total of 53 sales outlets in 2014. Customer acceptance continues to be positive: depending on the store, between 15% and 45% of customers used the self checkout terminals to pay for their purchases. Around 50% of those customers used the cash payment option. Further Coop outlets will install self checkout terminals in 2015.

Property

Numerous major projects implemented

The Property Business Unit is responsible for overall management of Coop's property portfolio in the retail sector. The organization comprises divisions for portfolio, building, asset, facility and shopping centre management. At the end of 2014, the Property Business Unit managed and ran a total of 37 shopping centres throughout Switzerland. The building management division extends from project development to the completion and remodelling of buildings. A number of projects were implemented in the year under review. In March, the renovation of the residential top floor of Freie Strasse 69 in

over



The Coop Group tops the 1 billion franc mark in online sales. Of the total 1.1 billion francs, retail accounts for around 40%. Coop generates the remainder with B2B customers in wholesale and production.



net sales with online business
in CHF

Basel was completed. The modernized Hotel Europe in Basel opened its doors on 1 March, as did the remodelled shopping centre in Schönbühl on 26 March. In Berne, work on extending the distribution centre was completed on 28 March. The inhabitants of Tramelan have been enjoying the benefits of a refurbished store since 1 April. The remodelled and modernized Coop stores in Dietlikon and Heerbrugg were reopened on 28 and 31 August respectively. In autumn, the modernized store in Martigny reopened on 4 September and the renovated Couvet store on 30 September. On 31 December, Coop completed the “Replacement of heat generation system” project at the Wangen distribution centre.

Further construction projects

At the end of the year under review, many projects were still in the planning, development and realization phases. These include the extension of the shopping centre and the newly built premises of the Building & Hobby centre in Feuerthalen, the new building for the Pratteln distribution centre, the expansion of Toptip in Oberentfelden, a new building in Aarberg, the expansion of the shopping centre in Kaiseraugst, the extension and new building at the distribution centre in Schafisheim, the new building for the block of flats at Letzipark and the upward extension of the Swissmill grain silo in Zurich. In 2014, the Property Business Unit began building the first supermarket planned to comply with “Swiss Sustainable Construction Standards” (SNBS) in Fully (Canton of Vaud). In addition, existing buildings were, and are being, analysed for sustainability, and short, medium and long-term measures have been taken to improve energy efficiency and costs. For instance, 21 Coop properties have already been fitted with photovoltaic systems on their roofs.

Transgourmet Group

The companies in the Transgourmet Group are given a uniform corporate design that demonstrates their shared international identity. Collection and delivery draw closer to each other. Transgourmet's multi-channel strategy meets a key customer need.

Group development

Transgourmet underpins its market position

Transgourmet Holding AG is Europe's second-largest cash & carry and wholesale supplies business. It serves customers from the catering and industrial sectors and is active in Switzerland, France, Germany, Poland, Romania and Russia. The Group includes the Transgourmet Central and Eastern Europe, Transgourmet Switzerland and Transgourmet France umbrella brands. In 2014, the Transgourmet Group employed 22 800 people throughout Europe and generated net sales of around 8.2 billion francs. Given the challenging economic environment in a number of countries, this exchange rate-adjusted growth of 0.7% compared with the previous year's figure is very gratifying.

Uniform brand identity for all Transgourmet companies

For Transgourmet, 2014 was shaped by the new brand strategy. It involves a change of name for individual companies and the launch of a uniform corporate design for all companies in the Transgourmet Group. In Germany, for instance, the previous sales brand Rewe-Foodservice was replaced by the Transgourmet label on 1 January 2014. Also in Germany, Fegro/Selgros Cash+Carry was renamed Selgros Cash+Carry. Now all the Group's stores operate under the name of Selgros Cash+Carry in Germany, Poland, Romania and Russia. Since the start of 2014, Transgourmet and Selgros Cash+Carry operate as a joint company under the Transgourmet Central and Eastern Europe umbrella brand. As a result of this merger, the company is able to expand its already strong market position. In Switzerland, the Howeg brand was changed to Transgourmet on 1 April 2014.

The market leader in the Swiss wholesale supplies business now operates along with Prodega/Growa Cash+Carry under the Transgourmet Switzerland umbrella label. The new structures create a closer connection between collection and delivery. Thanks to this multi-channel strategy, Transgourmet is increasingly able to cover all catering-sector needs under one roof. Since spring 2014, all companies in the Transgourmet Group have been standardizing their corporate design. The switchover should be complete by the end of 2016 – then all units will be marketed under the red knife and fork logo. The shared brand identity demonstrates the international bonds uniting the different companies of the Transgourmet Group and further enhances recognition of the Group's overall range of products and services.

Transgourmet Switzerland

Strong through its multi-channel strategy

Prodega/Growa/Transgourmet is the leader in the Swiss cash & carry and wholesale supplies sector. After many years of cooperation, Transgourmet Switzerland acquired the Engadine-based catering supplies company "Valentin Pontresina AG" on 1 January 2014. Prodega/Growa/Transgourmet employed a total workforce of 1 800 in the year under review. Its 97 000-plus customers include hotels, restaurants, retirement and nursing homes, hospitals, canteens, schools, chain stores plus retail and industrial operations. In Switzerland, Transgourmet is the wholesaler with the broadest range of products. Its offering includes not only many low-priced own-label brands but also regional specialities, a wide range of fresh products, a large selection of beverages and spirits, non-food and frozen products and an attractive selection of

wines. The overall range comprises over 30 000 articles, which customers can purchase in one of the 28 Prodega/Growa stores with a total sales area of 116 114 m². Customers can also order home delivery of more than 20 000 of these items by Transgourmet anywhere in Switzerland. After inaugurating the warehouses in Chur and Quartino in the year under review, Transgourmet Switzerland opened two further regional warehouses in Neuendorf and Satigny, which combine collection and delivery. Thus, Transgourmet Switzerland is pushing ahead with its multi-channel strategy in all regions. Three further regional warehouses will follow in 2015.

Transgourmet Central and Eastern Europe

Delivery and collection specialist for professional kitchens

Multi-channel provider Transgourmet Central and Eastern Europe is the delivery and collection specialist for professional catering kitchens in Central and Eastern Europe. The company is active in Germany as a delivery company under the Transgourmet sales brand and operates cash & carry stores in Germany, Poland, Russia and Romania under the Selgros sales brand.

Transgourmet is taking over the majority in Sump & Stammer International Food Supply as of 2015. The Hamburg-based company specializes in supplying cruise ships and international hotel chains. With this acquisition, Transgourmet is clearly indicating its intent to become more international and to diversify.

Germany: range of modernization projects

From 15 locations, Transgourmet Germany supplies bulk customers in hotels, restaurants, corporate catering and social service facilities with foodstuffs, consumer goods and industrial kitchen equipment. For its approximately 40 000 customers, Transgourmet Germany stocks a range of 39 000 articles in a storage area of 203 880 m². The company employed a workforce of 3 621 in the year under review.

Transgourmet Germany operates two freshness centres for production of its own meat and sausage-meat products, two Transgourmet contact centres in Wildeshausen and Berlin and the Transgourmet Immobilien GmbH and Transgourmet Seafood GmbH subsidiaries in Bremerhaven. The latter is one of the leading logistics hubs for fresh fish, seafood and other maritime food products. In addition, under the name of Transgourmet Cash+Carry, Transgourmet operates a regional delivery format, including collection, in Germany at the five sites in Mainz, Koblenz,

Bremen, Saarlouis and now also Münster. With 44 operations, Selgros Cash+Carry is one of Germany's leading cash & carry specialists. Its approximately 1.6 million customers include caterers/restaurants, newsstands, retailers and other businesses. The cash & carry hypermarkets comprise a total area of 411 511 m² and offer customers over 25 000 food and 28 000 non-food articles at wholesale prices. In 2014, the hypermarket in Wiefelstede near Oldenburg was modernized and the delivery area extended. The hypermarkets at Berlin-Lichtenberg, Neu Isenburg and Oldenburg were also upgraded. Selgros Cash+Carry Germany employed a total workforce of 4 433 at the end of the year. In Germany, Transgourmet customers can already purchase around 1 600 articles from the new Group-wide own-label line. This means that the relaunch of the own-label brands in Germany has been largely completed. The three Transgourmet Premium, Transgourmet Quality and Transgourmet Economy labels cover all price segments.

Poland: new Selgros hypermarket in Lublin

In October, Selgros Cash+Carry Poland opened a further hypermarket in Lublin. The company now operates 16 hypermarkets with an overall sales area of 156 015 m² in the country's 13 largest cities. Further sites are currently in the planning stage. The hypermarket in Katowice was remodelled in 2014. Selgros offers its million or so customers in Poland a range of over 45 000 articles and employed a workforce of 3 882 in the year under review.

Romania: deliveries round out the offer

In each of its hyperstores, Selgros Cash+Carry Romania offers its over 950 000 customers a range of around 42 000 food and non-food products sourced primarily from Romanian producers and suppliers. In Romania, Selgros operates 19 hypermarkets with an overall sales area of 179 448 m² and 3 805 employees as at the end of the year. Selgros also went ahead with further store upgrades in Romania, refurbishing two hypermarkets in Bucharest. The company is increasingly offering delivery of goods, and it has further expanded the cross-docking logistics platform, which means that products now reach their customers without the need for interim storage. The cross-docking strategy also involves the purchase and extension of a warehouse for deliveries in the greater Bucharest region, which is scheduled to come on stream in 2015.

Russia: first hypermarkets with new design

In Russia, Selgros Cash+Carry opened a hypermarket in Volgograd, the first to be given the new design, in the year under review. The hypermarket

in the Vnukovo district of Moscow has been remodelled and now also complies with the new design. In Russia, Selgros Cash+Carry operates eight wholesale markets with an overall sales area of 70078 m² and carries a range of around 45 000 food and non-food articles. The customer base is around 1.2 million. The company employed a workforce of 1 593 in the year under review. By the end of 2014, it had switched to the cross-docking logistics system for supplying the hypermarkets with goods.

Transgourmet France

New headquarters in Valenton

Transgourmet France comprises several companies: Transgourmet Opérations, All Fresh Logistique, Transgourmet Seafood, Transgourmet Export, Eurocash and, until the end of 2014, Pro Hygiène Service. In France, Transgourmet is the main supplier of food and hygiene articles to around 60 000 catering/restaurant operations, bakeries, confectioners and social facilities, and offers a range of around 40 000 articles. In 2014, Transgourmet France and its subsidiaries together employed a total workforce of 3 666 in the supplies sector at 35 locations with an overall storage area of 333 700 m². In October, Transgourmet France moved into its new headquarters at Valenton, to the south of Paris, where a new distribution centre for the greater Paris area and Île de France region also came on stream. The two new buildings replace the Orly site. The headquarters of Transgourmet France were certified to ISO 22000. In 2014, the wholesale supplier Transgourmet Opérations extended its range of products from the three new Transgourmet own-label brands and invested in new e-commerce solutions and online services. All Fresh Logistique is number one in the greater Paris area for the supply of fruit and vegetables. It also owns Transgourmet Seafood, a company that specializes in processing and distributing fish and seafood. The standard range of Transgourmet Seafood comprises 2 250 products, which will gradually become available throughout the country. All Fresh Logistique is increasingly offering sustainable as well as organic and local products. The subsidiary Transgourmet Export is based in Rungis. It is responsible for exporting catering and bakery/pastry products to the Middle East, Asia, Africa and French overseas territories (Départements et Territoires d'outre-mer). Eurocash, which is domiciled at Schiltigheim in Alsace, supplies customers in the catering/restaurants sector and operates a cash & carry business in Schiltigheim. Eurocash offers a diverse range of local products and will be launching numerous articles from the

three new Transgourmet own-label brands in 2015. Pro Hygiène Service offers a full range of hygiene and care products for various sectors. Transgourmet France sold this company in January 2015 and will in future focus systematically on its wholesale food business.

The brand identity of Transgourmet will also be standardized in France in 2015. All Fresh Logistique is to be renamed Transgourmet Fruits et Légumes, while Eurocash will be called Transgourmet Cash+Carry. In addition, under the name of Transgourmet Solutions, Transgourmet will in future be offering additional services such as specialist advice.



Net earnings of Transgourmet in CHF billion



wholesale stores

The Transgourmet Group is active in the cash & carry and wholesale supplies sector in Switzerland, France, Germany, Poland, Russia and Romania. It operates 115 wholesale stores across Europe.



Production

Bell Group earnings grow despite the challenging economic environment. The Coop manufacturing companies expand their range of organic and Fairtrade products and increase sales to third-party customers in Switzerland and abroad.

Bell Group

Positive development under difficult market conditions

In a difficult environment with markets shrinking throughout Europe, the Bell Group, one of Europe's largest meat producers, posted a further good performance in the year under review. Group earnings amounted to 87.7 million francs, which was more than in the previous year. However, sales volume fell to 215 600 tonnes, 1.1% down on the prior-year figure. Because of the decline in volume and lower average prices, sales in terms of value fell 0.9% to 2.6 billion francs. Bell supplies both the retail and the wholesale trade, caterers/restaurants and the food industry with meat, poultry, charcuterie, seafood and convenience food products. The Group covers the diverse needs of its customers with the Bell, Abraham, Hoppe, Zimbo and M^ossieur Polette brands. Bell employed a total workforce of 6 299 at the end of 2014, 2 847 of them outside Switzerland.

Stable earnings at Bell Switzerland

Sales volume at Bell Switzerland declined to around 121 100 tonnes in 2014. This was due in large part to bad weather and the poor barbecue season. Thanks to the growth in ranges with higher added value, sales rose by 0.8% to around 1.9 billion francs in 2014. The seafood, poultry and charcuterie segments were the growth drivers in 2014. In order to further boost productivity, Bell Switzerland is implementing a programme designed to improve efficiency and reduce operating costs. The first effects are expected to be felt in 2015. The construction of the new production plant for charcuterie specialities in Cheseaux and the expansion of the poultry abattoir in Zell are proceeding according to plan. The new plant in Cheseaux is expected to come on stream in 2015, while the expansion work in Zell should be completed by spring 2016.

Bell Germany improves its market position

Bell Germany, including the production plants in Spain and Belgium, performed better in 2014 than the market as a whole, which declined by 1.2% in terms of volume. Sales volume was 62 600 tonnes, on a par with the previous year's figure. Sales in terms of value came to 470 million francs, down 2.8%. Innovative added-value concepts boosted demand in the raw ham segment, enabling the company to perform well in terms of distribution. After a few difficult years, the sausage and convenience segments turned in a strong performance – not least thanks to the streamlined product range, focus on higher-margin products and the successful launch of new products. Bell Germany also launched programmes designed to lower operating costs; these are expected to take effect in 2015. In cartel proceedings on account of unauthorized price coordination, the German Federal Cartel Office imposed a large fine on Bell Germany in summer 2014. Bell categorically denies the charges and has lodged an appeal.

Progress at Bell International

Since 1 January 2015 the international activities of the Bell Group have, with the exception of those in Germany, been grouped under Bell International in organizational terms. After posting strong growth in recent years, sometimes at the expense of the margin, Bell France saw its sales volume decline in 2014. At 11 900 tonnes it was 7.3% down on the previous year. Sales at Bell France also fell by 7.0% to around 99 million francs. The fall in volume was the result of discontinuing particularly weak-margin product ranges. By contrast, gross profit was in line with the previous year. In 2015, Bell France is planning to simplify its organization – the various units will be grouped under a single roof.

Bell's development in eastern Europe and the Benelux countries presents a varied picture. In Poland, sales volume again rose by 4.2% to 8 800 tonnes in the year under review. Since the production plant in Poland is working to full capacity, any further increase in volume with the existing infrastructure is unlikely. Bell therefore decided to expand production capacity in Poland. In Hungary, Bell ended the year under review on a par with the previous year. Thanks to important new listings which took effect in the second half of the year, Bell was able to make up for the sluggish growth of the first six months. The branch business conducted under the Novak brand performed well in the Czech republic, despite weak consumer sentiment, while progress in Slovakia was unsatisfactory. This resulted in the decision to exit Slovakia at the end of 2014. At Bell Benelux, sales volume fell by 400 to 5 600 tonnes. Because of the optimized product range mix, however, there was an increase in added value.

Coop manufacturing companies

Swissmill

Products: flours, flour mixtures, durum wheat semolina, polenta, oat flakes, extruder products
In 2014, Switzerland's leading grain mill processed a total of 203 000 tonnes of grain. In its core business, Swissmill posted sales growth that was due in part to new products and an improved product mix. In view of the exceptional harvest situation in Switzerland, this is a gratifying outcome. Owing to bad weather, the harvest in the year under review was the worst for 30 years in terms of quality. Nevertheless, Swissmill was able to produce a sufficiently large volume of high-quality wheat flour for bread-making. The construction of the new grain store ("Kornhaus") in Zurich is on course. Swissmill was already able to use the first silo cells in the lower section of the grain store at the end of 2014. The finished building will be 118 metres in height and is scheduled for completion in winter 2015/16.

Chocolats Halba

Products: chocolate bars, confectionery, festive assortments, chocolate for industrial purposes
Chocolats Halba continued its growth trajectory in 2014 and increased its sales to third parties. The chocolate producer lifted sales from exports by 13.9% in terms of value. Swiss chocolate also remained popular on the domestic market: direct sales in Switzerland grew by 10.7%. Products with a sustainability label such as that of Fairtrade Max Havelaar or which are produced by CO₂-neutral methods were in high demand. With sales up by

53.8%, growth in this segment was disproportionately high, due in part to the three varieties of organic Fairtrade chocolate from Honduras that was launched in 2013. In the year under review, Chocolats Halba largely completed the planning phase of the new building being erected at the future production site in Pratteln. The foundation stone was laid on 17 September 2014.

Pasta Gala

Products: pasta, semi-finished products for ready-made meals and soups

At the end of 2014, Pasta Gala closed down its production plant in Morges. The Board of Directors of the Coop Group had decided to take this step the previous year. Coop is now concentrating on pioneering production facilities. As planned, Pasta Gala produced a total of 9 100 tonnes of pasta by the end of September and delivered them to customers by the end of the year under review. Thanks to the exemplary dedication of the staff, no problems were encountered in the closure of the plant. All employees of Pasta Gala were offered a job within the Coop Group.

Steinfels Swiss

Products: cosmetics, bodycare products, detergents and cleaning products for households; detergents, cleaning products and services for industrial customers

Steinfels Swiss produces cleaning, hygiene and cosmetic products for industrial and retail customers. Output rose by 3.4% in 2014, and sales with commercial customers were up on the year-back figure. The many new items include new facial and body-care products from the Coop Wel! pH 5.5 sensitive and My Baby lines, which are certified with the Swiss Allergy Label of the Service Allergie Suisse. To be able to manufacture these products, Steinfels Swiss adapted its production processes, which were also certified. The Sherpa Tensing brand gained market share after being relaunched. In the year under review, Steinfels Swiss improved the overall efficiency of its plant and thus also boosted productivity. In addition, approval was obtained for the Steinfels Swiss 2020 Strategy, which, among other features, envisages steady growth both in Switzerland and abroad, improvement of cost structures and a focus on sustainable products and processes in order to secure long-term profitability.

Reismühle Brunnen

Products: rice varieties from all over the world, rice blends, ready meals

Reismühle Brunnen can look back on a successful financial year in which sales rose by 19.0% on the previous year's figure. This was due to strong earn-

ings from exports, which increased by 210.1% in 2014. Thanks to the integration of Silo AG's business, which was completed in the year under review, Reismühle was able to significantly improve its storage flexibility. The share of organic and Fairtrade products in overall output rose again in 2014, amounting to 33.9%. Reismühle launched further Fairtrade products and thus acquired new customers, including the largest German contract caterer. In 2014, the organic Basmati rice sourced from the sustainability project in India was certified with the Bio Gourmet bud from Bio Suisse.

Nutrex

Products: vinegar and vinegar specialties for retailing, caterers/restaurants and industry

In 2014, Nutrex lifted sales by 11.3% compared with the previous year. Expansion of the organic range raised the share of such products in overall sales to 16.3%. The four organic specialties that Nutrex launched under the Coop Naturaplan label in 2013 were certified with the Bio Suisse "Bio Gourmet" bud. Thanks to systematic extension of the organics range, Nutrex acquired a number of new customers in 2014, including a first large German retailer.

Sunray

Products: spices, herbs, nut kernels, dried fruit and vegetables, baking ingredients and mixtures, edible oils, sugar

In the year under review, Sunray launched 29 new products and offered customers a range of around 740 articles. The new items included the nut and dried fruit mixes of the Sunny Day line. Production volume amounted to 31 000 tonnes, or 74 million packs – around 19% more than in the previous year. The share of sustainable products in overall sales grew further to 22.7% in 2014. Sunray shortened supply routes in the year under review and was thus able to improve security of supplies and to cut costs. The collaboration with Eurogroup Far East Ltd benefited projects in Sri Lanka, Vietnam and India. In 2014, Sunray acquired an important new bulk customer in 2014. Business with bulk customers in Germany was extremely successful – sales were up 71.2% on the previous year. Work began on the construction of the new building at the future production site in the Salina Raurica district of Pratteln in the year under review.

Pearlwater Mineralquellen

Products: mineral water and sugar-containing soft drinks

In 2014, the focus at Pearlwater was on process optimization. Drilling work was completed for a new mineral water source on a neighbouring site envis-

aged for possible expansion of the plant. If the source is authorized by the Cantonal Laboratory, Pearlwater can largely secure future supplies of water. Working together with the Cantonal Environmental Protection Service and the municipality of Termen, Pearlwater has reviewed its waste water system to take account of any future increase in capacity. Pearlwater bottled around 106 million litres in 2014. Because of the changeable summer weather, sales in terms of volume did not increase in the year under review.

2018

will see Chocolats Halba, Sunray and Cave producing at their new location in Pratteln

Cave

Services: vinification of Swiss musts and young wines; management, ageing and bottling of wines from all over the world; development and bottling of aromatized, wine-containing beverages

The Cave winery enhanced its range of around 400 articles by adding 30 new items in the year under review. They included wines from southern Italy that Cave has been able to further develop. In its overall in-house production, Cave achieved a sales volume of around 39 million bottles, including one million bottles of AOC-quality wines from different Swiss cantons that are vinified in its own cellar. Cave posted an increase of around 5% in sales of organic wines in 2014. Supplies to Transgourmet were also expanded to include a number of additional items.

Banana Ripening Plant

Services: sourcing, ripening and packaging of bananas and exotic fruit; storage and order-picking of dried fruit

Overall, the Banana Ripening Plant stored and order-picked six banana and three pineapple varieties, in addition to mango, avocado and 42 varieties of dried fruit and nuts in 2014. It delivered a total of 22 870 tonnes of bananas, 1 569 tonnes of dried fruit and 4 256 tonnes of exotic fruit (pineapples, mangoes, avocados) in the year under review. The share of bananas bearing the Fairtrade Max Havelaar quality label in the overall banana range rose to almost 89.8%. The Banana Ripening Plant also increased the share of organic items in its total output to over 34.9% in 2014.

Coop Bakeries

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

Coop remodelled two of its seven industrial bakeries in the year under review. The bakery in Gossau came fully on stream again at the end of 2014, while that in Berne will be back at full capacity at the end of 2015. Coop bakeries again enjoyed certification according to IFS 6 (higher level) in the year under review. They produced a total of around 48 500 tonnes of baked goods and ready-to-bake dough pieces in 2014. In addition, bakers at the in-store bakeries and confectioners located at 40 Coop outlets throughout Switzerland produced 6 600 tonnes of fresh bread and confectionery directly on site. Since the end of October, the bakeries have been using only fresh, free-range eggs and thus help promote animal welfare. Coop again sold its “Grittibänz” man-shaped bread rolls to raise funds for the “Every centime counts” aid campaign initiated by Swiss Radio and Television and the Swiss Solidarity organization, with a total of around 106 000 francs being donated. To support Coop Aid for Mountain Regions, Coop again sold its traditional 1 August “Weggen” bread rolls; from the proceeds it was able to donate a solidarity contribution of 300 000 francs.

Employees

The Coop Group actively supports its 77 087 employees in Switzerland and abroad: it grooms potential in-house successors and organizes numerous training and professional development opportunities. In Switzerland, Coop again reaches agreement with its social partners on higher pay.

Personnel strategy

Training offensive for special advisors

Coop employs 34 special advisors who train and support sales staff in the fresh produce departments. Since they instruct the sales staff at the actual workplace, they need to have a thorough knowledge and understanding of the goods-handling processes and systems in the sales outlets and therefore underwent professional training in the summer of 2014. Both of the two-day basic modules provided technical know-how and helped advisors to develop their social skills. The special advisors have been putting their newly acquired knowledge into practice since autumn 2014. A review scheduled for 2015 will show where improvements have been achieved and where there may still be potential for improvement. In addition, the advisors have the option of further extending their professional know-how by taking part in special-training modules. This would enable them to take on responsibilities in other fields such as restaurants/catering or non-food.

Positive assessment of Coop talent management

Coop fills over 75% of its management posts from within the Group. Because the shortage of specialist and managerial staff in the retail sector will increase, Coop aims to maintain this high rate in the future. For this reason, it invests systematically in all-round support and professional development for potential successors. Coop had already introduced a comprehensive talent management system in 2011. Its goal was to make staff development and education more standardized, systematic, structured and transparent. Three years after the start, Coop reviewed the situation. The implementation,

acceptance and effects of the talent management system were examined by means of a questionnaire completed by employees, supervisors and HR departments. The findings showed that the system was highly valued by Coop employees and was considered to be important and appropriate. There is potential for improvement as regards speeding up the procedure and systematically implementing the approach.

Coop attracts university graduates for executive positions

Coop's trainee programme supplements in-Group fostering of young talents and encourages potential external high performers with university degrees to take up responsible executive positions within the Coop Group. On 1 October 2014, nine university graduates began the first one-year training programme, which focuses on sales. Coop offers additional training programmes within the Trading Business Unit and at Group headquarters. In the programme focusing on sales, the trainees complete five phases spent in different sales outlets and in different positions. They also undergo periods of deployment in administrative departments. The trainees of the Trading Business Unit are assigned primarily to Interdiscount and Import Parfumerie. They also focus in-depth on e-commerce. In addition, a range of training modules prepare the trainees to take up executive posts in sales.

Above-average performance from Coop apprentices

In August 2014, 1 162 young people had their first working day as Coop apprentices – 76 more than in the previous year. Whether they want to become wine technologists, retail specialists or system catering specialists – at Coop young people can learn

29 occupations in sales, administration, logistics and production. They receive instruction and encouragement from around 2 000 trainers and 32 full-time teaching support staff. This thorough approach to training pays off: at 97.2%, the above-average proportion of those successfully completing their apprenticeships was in line with the previous year's figure. 65.8% of them subsequently found permanent positions at Coop in 2014. At the end of 2014, the Coop Group employed 3 271 apprentices in all, including 424 in the international wholesale sector.

Electronic personnel files and pay slips

Coop introduced electronic personnel files in the year under review, thereby reducing postal traffic in paper form and saving on costs. For their hiring activities, HR departments now have efficient access to the necessary information wherever they are located. Since summer 2014, Coop employees now also have the option of receiving their pay slips in electronic form.

Social partnership

Coop invests in higher pay

Although the retail sector's economic environment continues to be challenging, Coop is again awarding pay increases to its employees. Coop is making a total of 1% of the entire gross payroll available for the 2015 round of pay increases and is raising the reference wages for employees who are covered by the collective employment agreement (CEA) and are paid monthly or by the hour. For instance, fully trained employees now earn at least 4,000 francs a month. As a consequence, the applicable reference wage is now 100 francs higher. The reference wage for untrained employees has been raised by 50 francs and is now 3 850 francs a month. The remainder of the sum available for pay rises will be used for individual salary increases. Both employees covered by the CEA and those on individual employment contracts will benefit. The pay round is the outcome of constructive negotiations with the social partners KV Schweiz (Swiss commercial association), Syna/OCST, Unia (trade unions) and VdAC (Association of Salaried Employees of Coop).



Apprentices in the Coop Group

Coop Pension Fund

Successful financial year for CPV/CAP

For the third time in succession, CPV/CAP closed the financial year with a positive result, posting a return of 6.7% in 2014. This is in line with the investment strategy and the tactic that CPV/CAP is pursuing on account of the low interest rates on bonds. The coverage ratio was improved from 108.8% to 113.3%. Expectations regarding future returns should err on the side of caution as current share valuations are high and interest levels at a record low. The Foundation Board of CPV/CAP took the positive development in the year under review into account by setting the 2014 definitive interest rate for active members insured as at 31 December 2014 at 3.25%. The provisional interest rate for 2015 is 2%. In spring 2014, pensioners were awarded a one-off special payment of 800 francs, which met with a very positive response. Pensions are to remain unchanged in 2015. In 2014, the number of insured active members rose by 555 compared with the previous year and now totals 36 314. The number of pensioners rose from 18 801 to 18 983 at the end of 2014.

New insurance information system

CPV/CAP introduced a new insurance information system on 1 January 2014. Thanks to the great efforts of everyone involved, the switch-over was achieved without disruption, and insured members were unaffected by the change. The standard software now installed means that CPV/CAP again possesses a modern system that meets today's diverse requirements. Thanks to the resulting cost savings CPV/CAP can further reduce its already low administrative outgoings. In addition, the Foundation Board is attentively following the Federal Council's planned "Retirement System 2020". For CPV/CAP it is essential that planned changes be financially viable.

Wholesale and Production

Selgros Germany offers seminars on staff development

In the year under review, Selgros Germany staged its annual seminar programme, which this year was entitled "Staff Development 2014". The aim was to improve the quality of the work and services provided by employees to external customers in sales. A further aim was to strengthen and extend the professional and social skills of specialist and management staff. The seminars, which were open to all employees, focused on topics such as advisory services and sales in the back-office and field staff areas, management, communication, and coping with stress. The 2014 seminar programme was also supplemented with workshops and coaching sessions. As part of its talent management system, Selgros Germany offers career and personal development programmes for young team leaders and their deputies, employees with special responsibilities, and specialist and management staff.

Health management at Steinfels Swiss

Under the name "feelgood", Steinfels Swiss, a Coop manufacturing company, introduced a corporate health management programme in the year under review. In order to meet the needs of the workforce as effectively as possible, employees were actively involved in the process. Organized in groups, they were able to make suggestions or propose specific measures. In the healthy-diet field, this approach generated initial projects that Steinfels Swiss was already able to implement in 2014. During the morning coffee break, for instance, a sales van now stands in front of the plant and sells fresh, healthy snacks. The aim of such action is to improve motivation and well-being at the workplace and to lower illness rates in all departments.



employees in the Coop Group

Corporate governance

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Corporate governance

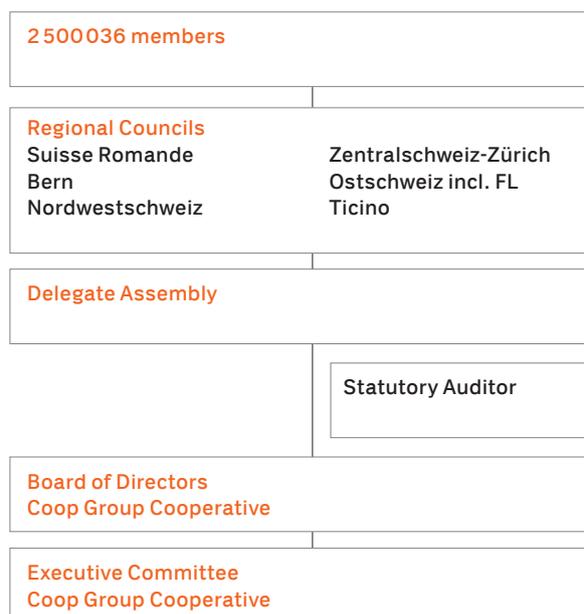
Corporate governance is based on the principle of management’s transparency and openness towards employees and the general public. In the following chapter, Coop provides an insight into its company structure.

The Coop Group Cooperative is committed to openness and transparency in the operational management of the Group and acts to ensure good corporate governance in the interests of its members, customers, employees and other stakeholders. Its governance largely follows the guidelines of the 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 AG. For specific information on this company's corporate governance see its Annual Report and website, www.bell.ch.

1. Group structure

The Coop Group Cooperative is based in Basel. At the end of 2014 the cooperative had around 2.5 million members. Any person resident in 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 93 and 94 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 Coop Group comprises the Coop Cooperative and its subsidiaries and the subsidiaries of the Coop Group Cooperative. 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 following section.

The term of office of the Regional Councils and the Regional Council Committees is four years. The current term of office is from 2013 to 2017. According to the Articles of Association, a member's term in office is limited to 20 years, and the age of members is also limited (members must retire at the end of the year in which they turn 65).

Delegate Assembly

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

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

www.coop.ch/organization

As at 31 December 2014, the Delegate Assembly consisted of the following delegates:

Suisse Romande Region	Bern Region
Vincent Albasini	Rita Affolter
Patrick Csikos	Sabine Boschung
Monika Dash	Patrick Bruni
Doris Grobéty	Chantal Gagnebin
Nicole Hosseini	Sandra Ghisoni Schenk
Jacques Robert	Fränzi Grunder
Benoît Santschy	Therese Ischi
Catherine Stern	Mario Kaiser
Pierre Tissot	Jürg Kradolfer
Georges-Edouard Vacher	Corinne Lehmann
Marc Vauthey	Sibylle Miescher
	Felix Truffer
	Annette Wisler Albrecht

Nordwestschweiz Region	Zentralschweiz-Zürich Region
Alexandra Abbt-Mock	Silvia Banfi Frost
Sibylle Bader Biland	Beatrice Bertschinger
Evelyn Borer	Renato Blum
Sandra Nicole Engeler	Kurt Feubli
Susanne Jäger	Anna Maria Forlano
Peter Jossi	Ronald Hauser
Pascal Konrad	Willy Rüegg
Luciana Maggetti	Alex Rutz
Heidi Straumann	Beda Schlumpf
Charles Suter	Liliane Waldner
Jörg Vitelli	

Ostschweiz Region (incl. Liechtenstein)	Region Ticino
Maria Bieri	Mauro Bazzi
Suzanne Blaser	Lucia Gianoli
Fridolin Eberle	Fiorenzo Robbiani
Markus Eugster	Gabriella Rossetti
Christa Flückiger	Raffaele Sartori
Michael Fuhrer	
Kurt Gansner	
Roberto Godenzi	
Richard Kübler	
Leonardo Longaretti	
Tarzis Meyerhans	
Gabi Senn	

2. Capital structure

The capital structure of the Coop Group can be seen in the consolidated balance sheet (page 76) and the corresponding notes (pages 79–94). The equity of the Coop Group Cooperative consists exclusively of self-generated funds. The members have no stake in the equity.

3. Board of Directors

3.1 Members of the Board of Directors

According to the Articles of Association, the Board of Directors of the Coop Group Cooperative comprises the 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 representa-

tive, the members of the Board of Directors may not be concurrently employed by Coop or by any company controlled by Coop (strict division of powers).

As at 31 December 2014, the Board of Directors of the Coop Group Cooperative comprised the following members:

Name	Year of birth	Current function	First year of office	Elected until
Hansueli Loosli ²⁾	1955	Chairman	2011	2017
Peter Eisenhut	1955	Member, representative of Ostschweiz / FL Region	2009	2017
Michela Ferrari-Testa	1963	Member, representative of Ticino Region	2006	2017
Hans-Jürg Käser	1956	Member, employee representative	2009	2017
Irene Kaufmann ¹⁾	1955	Vice-Chairwoman	2001	2017
Beth Krasna ²⁾	1953	Member	2005	2017
Roman Kuhn	1955	Member, representative of Nordwestschweiz Region	2010	2017
Lillia Rebsamen-Sala	1953	Member, rep. of Zentralschweiz-Zürich Region	2009	2017
Bernard Rüeger	1958	Member, representative of Suisse Romande Region	2009	2017
Giusep Valaulta	1951	Member, representative of Bern Region	2001	2016

¹⁾ Chairwoman of the Audit Committee ²⁾ Member of the Audit Committee

3.2 Education/training, professional activities and vested interests

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/training: commercial apprenticeship; Swiss diploma in accounting and controlling

Professional experience: 1982–1985 Controller, Dep. Director of Mövenpick Produktions AG, Adliswil; 1985–1992, latterly as Managing Director, at Waro AG, Volketswil; 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 Holding 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; Member, Committee of the Board of Directors, Economiesuisse



Hansueli Loosli



Peter Eisenhut

Peter Eisenhut

Swiss

Education/training: Lic. oec. HSG

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, Ecpol AG, St. Gallen

Further directorships: Rofima Holding AG, Horn; Santis-Schwebebahn AG, Schwägalp

Other functions and offices: Lecturer at the Executive School, University of St. Gallen; Supporters' Association (Chairman) and Executive Board (Member), Swiss Research Institute of Small Businesses and Entrepreneurship, University of St. Gallen; Zukunft.li Foundation (Chairman); Board member, Winterhilfe Appenzell-Ausserrhoden

Michela Ferrari-Testa

Swiss

Education/training: Lawyer and notary

Professional experience: since 1990, own law and notary practice in Capriasca

Further directorships: avanex Versicherungen AG, Dübendorf; Helsana AG, Dübendorf; Helsana Unfall AG, Dübendorf; Helsana Versicherungen AG, Dübendorf; Helsana Zusatzversicherungen AG, Dübendorf; Progrès Versicherungen AG, Dübendorf; sansan Versicherungen AG, Dübendorf

Other functions and offices: Board member, Fondation Sana

Hans-Jürg Käser

Swiss

Education/training: Apprenticeship as electrician

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

Other functions and offices: Coop Section of Unia; Association of Salaried Employees of Coop (Chairman)

Irene Kaufmann

Swiss

Education/training: Dr. oec. publ.

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 as a consultant to public administrations and companies, focusing on finance and organization; 2000–2009 Vice-Chairwoman of the Board of Directors, Coop Cooperative; 2009–2011 Chairwoman of the Board of Directors, Coop Cooperative; since 2011, Vice-Chairwoman of the Board of Directors, Coop Group Cooperative, Basel

Further directorships: Bank Coop AG, Basel; Bell AG, Basel; Coop Mineraloel AG, Allschwil; Coop Aid for Mountain Regions Cooperative, Basel (Chairwoman); Dipl. Ing. Fust AG, Oberbüren; HWZ Hochschule für Wirtschaft Zurich AG, Zurich (HWZ University of Applied Sciences in Business Administration, Zurich); Schweizerische Mobiliar Genossenschaft, Berne; Schweizerische Mobiliar Holding AG, Berne; 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)



Michela Ferrari-Testa



Hans-Jürg Käser



Irene Kaufmann

Beth Krasna

Swiss and US citizen

Education/training: 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 Geneva-based producer of electrical drive systems, Sécheron SA; since 2004, independent entrepreneur

Further directorships: BG Bonnard & Gardel Holding SA, Lausanne; Raymond Weil SA, Grand-Lancy; Symbiotics SA, Geneva

Other functions and offices: Member of ETH Board; Foundation Board member, Friends of the Prix de Lausanne Foundation, Lausanne; Foundation Board member, Foundation for the Graduate Institute of International and Development Studies; KTI Certification Board; CEO, The Roberto Giori Company Limited, Pully

Roman Kuhn

Swiss

Education/training: Executive MBA, University of Zurich

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

Further directorships: Circus Monti AG, Wohlen

Other functions and offices: Board member, Förderverein Schloss Hallwyl (Friends of Hallwyl Castle); Board member, Offene Hand (SwissHand) Foundation

Lillia Rebsamen-Sala

Swiss

Education/training: Commercial college with graduation diploma

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

Further directorships: Rebsamen Technocasa AG, Lucerne

Bernard Rüeger

Swiss

Education/training: MBA, Lausanne

Professional experience: from 1986 in different positions and from 1992–2012 Managing Director, Rüeger S.A., Crissier; since 2013, Chairman, Rüeger Holding S.A., Paudex

Further directorships: Alpsens Technologies S.A., Crissier (Chairman); CSS Holding AG, Lucerne; Lienhard Office Group AG, Degersheim; Lyncée Tec S.A., Ecublens; Plumettaz Holding S.A., Bex; Socorex Isba S.A., Ecublens

Other functions and offices: Member of Foundation Board, Office for the Promotion of Industries and Technologies (OPI), Geneva; Member, Committee of the Board of Directors, Economiesuisse; Board member, Fondation de Beaulieu, Lausanne; Vaud Chamber of Commerce (Chairman)

Giusepp Valaulta

Swiss

Education/training: Lic. iur.

Professional experience: 1981–1991 Head of Legal Services, Federal Directorate of Cadastral Surveying, Federal Office of Justice; 1991–2010 Deputy Head of the “Working Conditions” Service Sector at the Swiss State Secretariat for Economic Affairs; 2011–2013 Legal advisor, SECO; since August 2013, independent legal consultant

3.3 Election and term of office of the Board of Directors

3.3.1 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 at the end of the year in which they celebrate their 65th birthday.

3.3.2 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 section 3.1. The current term of office began in spring 2013 and ends in spring 2017.



Beth Krasna



Roman Kuhn



Lillia Rebsamen-Sala

3.4. Internal organization

3.4.1 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.

3.4.2 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/Services Business Unit and the Head of Internal Auditing take part in the meetings in an advisory capacity. Depending on the agenda, 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.

3.4.3 Working method of the Board of Directors

The Board of Directors meets as often as business requires, but at least four times a year. In 2014, it convened for seven meetings lasting from one to two days. 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.

3.5 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 the Group's operational management. 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.

3.6 Instruments of information and control over the Executive Committee

Management information system

Every month the Executive Committee submits a written report to the Board of Directors 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. The Chairman of the Board of Directors regularly attends the meetings of the Executive Committee.

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 in which, every three years (most recently in 2012), the Executive Committee and the Board of Directors identify and analyse the main risks and main risk scenarios and define the appro-



Bernard Rüeger



Giusep Valaulta

appropriate measures. The progress made in implementing the individual measures is reviewed each year. Major risks are defined as those that can have a negative impact on contribution margin 2 of the Coop Group to the extent of over 15 million francs within three years.

Internal control system

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

General IT checks are included in the above assessments. The quality of the Group-wide checks is examined by members of the Executive Committee every two years. As scheduled, an assessment of the Group-wide checks was carried out in 2013. The results of the internal control system evaluations are summarized in a comprehensive report issued each year.

Internal Auditing

Internal Auditing – as an independent and impartial body – is mandated by the Board of Directors and the Audit Committee to check, inter alia, compliance with guidelines and regulations and the appropriateness and effectiveness of the internal control system. It audits, or advises on, the development of new business processes or changes to existing

ones, and supports the Executive Committee in the achievement of its goals by presenting proposals for improving business processes. Internal Auditing practises a risk-oriented approach to auditing. Observations from audits are communicated in writing to the the Chairwoman of the Audit Committee, the Chairman of the Board of Directors and the Chairman of the Executive Committee. The implementation of measures is monitored promptly. Internal Auditing coordinates its auditing activities and cultivates a close exchange of information with the statutory auditors. It is a member of the Institute of Internal Auditing Switzerland (IIAS).

4. Executive Committee

4.1 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 2014, the Executive Committee of the Coop Group Cooperative comprised the following members:

Name	Year of birth	Current function	Member since
Joos Sutter	1964	Chairman of the Executive Committee (CEO)	2010
Jean-Marc Chapuis	1954	Member	2001
Reto Conrad	1966	Member	2012
Leo Ebnetter	1954	Member	2007
Daniel Stucker	1964	Member	2011
Philipp Wyss	1966	Vice-Chairman of the Executive Committee	2009



Joos Sutter

4.2 Education/training, professional activities and vested interests

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/training: Lic. oec. HSG, Swiss auditing diploma

Professional experience: 1991–1996 Auditor at PricewaterhouseCoopers, Zurich; 1996–1999 Head of Finances/Personnel at Import Parfümerien AG, Zurich; 1999–2005 various positions such as Head of Finances/Service and Head of Sales at Interdiscount AG, Jegenstorf; 2005–2009 General Manager of Interdiscount; 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: Coop-ITS-Travel AG, Freienbach (Chairman); Marché Restaurants Schweiz AG, Lindau (Chairman); Palink UAB, Lithuania; RS Vertriebs AG, St. Gallen (Chairman); Société coopérative de collaboration internationale (CORE) S.C.R.L., Brussels, Belgium; Transgourmet Holding AG, Basel

Jean-Marc Chapuis

Swiss

Education/training: Lic. ès sciences économiques et sociales

Professional experience: 1981–1983 Sales Manager for a number of international markets and Head of the French branch at Zenith-Movado AG; 1983–1985 Deputy Managing Director Coop La Chaux-de-Fonds; 1986–1993 Managing Director Coop La Chaux-de-Fonds; 1994–2000 Managing Director Coop Neuchâtel-Jura; since 2001, Member of Executive Committee of Coop Group Cooperative and Head of Property Business Unit of Coop Cooperative, Basel

Directorships: Pearlwater Mineralquellen AG, Termen (Chairman)

Reto Conrad

Swiss

Education/training: Lic. oec. HSG, Swiss auditing diploma

Professional experience: 1990–1992 Controlling, UBS, Basel; 1992–2001 various auditing positions at PricewaterhouseCoopers in Basel and San Francisco; 2001–2005 CFO of Bachem Group, Bubendorf; 2006–2012 CFO and Member of Corporate Executive Board of Emmi Group; since 2012, Member of Executive Committee of Coop Group Cooperative and Head of Finances/Services Business Unit of Coop Cooperative, Basel

Directorships: Centre Commercial Moncor S.A., Villars-sur-Glâne (Chairman); Coop Mineraloel AG, Allschwil; Coop Vitality AG, Berne; Dipl. Ing. Fust AG, Oberbüren; Marché Restaurants Schweiz AG, Lindau; Panflor AG, Zurich; Société coopérative Centre de Formation du Leman, Jongny; Tropenhaus Frutigen AG, Frutigen (since 19.12.2014 Chairman); Tropenhaus Wolhusen AG, Wolhusen (since 19.12.2014 Chairman)

Other functions and offices: Board member, Coop Meeting Centre, MuttENZ; Board member, CPV/CAP Coop Pension Fund, Basel

Leo Ebnetter

Swiss

Education/training: Training as industrial maintenance mechanic; commercial college diploma, business management studies, University of St Gallen

Professional experience: at Coop since 1978; 1978–1986 Head of Logistics; 1987–2000 Head of Purchasing, Logistics, Production and IT, and Dep. Manager Coop Ostschweiz; 2001–2007 Head of Coop Logistics Region Ostschweiz-Ticino; since 2007, Member of Executive Committee of Coop Group Cooperative and Head of Logistics Business Unit of Coop Cooperative, Basel

Directorships: Bell AG, Basel; Kühlhaus Neuhof AG, Gossau; Railcare AG, Härkingen (Chairman)

Other functions and offices: Board member, “Cargo sous terrain” association



Jean-Marc Chapuis



Reto Conrad



Leo Ebnetter

Daniel Stucker

Swiss

Education/training: Dipl. Ing. in business informatics, Executive MBA

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

Directorships: Coop Vitality AG, Berne (Chairman); Dipl. Ing. Fust AG, Oberbüren (Chairman); RS Vertriebs AG, St. Gallen; Service 7000 AG, Netstal; The Body Shop Switzerland AG, Uster (Chairman)

Philipp Wyss

Swiss

Education/training: Commercial apprenticeship and butcher apprenticeship

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

Directorships: Betty Bossi AG, Zurich (Chairman); Eurogroup Far East Ltd, Hong Kong (Chairman); Hilcona AG, FL-Schaan; Marché Restaurants Schweiz AG, Lindau; Palink UAB, Lithuania; Retail Marketing Switzerland AG, Basel (Chairman); Société coopérative de collaboration internationale (CORE) S.C.R.L., Brussels, Belgium; Transgourmet Holding AG, Basel; Tropenhaus Frutigen AG, Frutigen (until 19.12.2014 Chairman); Tropenhaus Wolhusen AG, Wolhusen (until 19.12.2014 Chairman)

Other functions and offices: Board member, Biore Foundation, Risch

4.3 Management agreements

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

5. Compensation

5.1 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 2014 amounted to 1.4 million francs (2013: 1.4 million francs). The gross salaries of the Executive Committee totalled 3.6 million francs for 6.0 full-time equivalents in 2014 (2013: 3.5 million francs for 6.0 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.



Daniel Stucker



Philipp Wyss

6. Rights of participation

6.1 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.

6.2 Statutory quorums

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

6.3 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.

6.4 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.

7. Changes of control and defensive measures

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

8. Auditors

8.1 Duration of mandate and term of office of lead auditor

As the auditors are appointed for one year, the Delegate Assembly elects them 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 Daniel Suter has been in office since 2010.

8.2 Auditing fee

The auditors billed fees totalling 3.4 million francs (2013: 3.1 million francs) for fulfilment of their statutory mandate for the 2014 financial year.

8.3 Other fees

For performing additional services over and above the statutory mandate, PwC billed a total of 0.5 million francs during the 2014 financial year (2013: 1.0 million francs).

8.4 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 two meetings of the Audit Committee in 2014. 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 submits a report 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.

9. Information policy

The Coop Group Cooperative keeps its members informed through the weekly Coop member press and the Coop website. In addition, members can order printed versions of the Annual Report of the Coop Group, which can also be viewed on, or downloaded from, the website.

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. In addition, they receive a written report every four months informing them of Coop's current business performance.

The previous year's sales figures are announced at the beginning of each year, and the annual results conference of the Coop Group takes place in February. Regular media releases keep the public informed on other important developments within the Coop Group.

www.coop.ch/report

Coop Group management

As at 1 March 2015

Coop Cooperative

Executive Committee (EC)

Joos Sutter, Chief Executive Officer
Jean-Marc Chapuis, Head of Property Business Unit
Reto Conrad, Head of Finance/Services Business Unit
Leo Ebnetter, Head of Logistics Business Unit
Daniel Stucker, Head of Trading Business Unit
Philipp Wyss, Head of Marketing/Purchasing Business Unit

CEO Business Unit

Joos Sutter, Chief Executive Officer
Nadine Gemblé, Head of Personnel/Training (National)
August Harder, Head of IT/Manufacturing
Alfred Hubler, Head of General Secretariat
Jörg Ledermann, Head of Communication/Quality/Sustainability
Heinrich Stamm, Head of Internal Auditing

Marc Haubensak, Head of BâleHotels
Romeo Sciaranetti, Head of Swissmill Division
Anton von Weissenfluh, Head of Chocolats Halba Division

Retail Business Unit

Joos Sutter, Head of Retail Business Unit
Ivo Dietsche, Head of OT Sales Region
Sissigno Murgia, Head of SR Sales Region
Peter Schmid, Head of BE Sales Region
Roger Vogt, Head of NWZZ Sales Region
Herbert Zaugg, Head of Total Store

Suisse Romande (SR) Sales Region

Sissigno Murgia, Head of SR Sales Region
Patrick Angéloz, Head of Sales 2
Stéphane Bossel, Head of Business Management/Controlling
Jean-Claude Chapuisat, Head of Personnel/Training
Claudio Marra, Head of Sales 1
Bertrand Pasteur, Head of Sales 6
Franck Truchot, Head of Sales 5
Laurent Voelin, Head of Sales 3
Philippe Ziörjen, Head of Sales 4

Bern (BE) Sales Region

Peter Schmid, Head of BE Sales Region
Stefano Alberucci, Head of Sales 2
Rico Bossi, Head of Sales 1
Bernhard Friedli, Head of Business Management/Controlling
Marcel Maurer, Head of Sales 3
Yvonne Müller, Head of Sales 5
Peter Neuenschwander, Head of Sales 4
Bruno Piller, Head of Personnel/Training

Nordwestschweiz-Zentralschweiz-Zürich (NWZZ) Sales Region

Roger Vogt, Head of NWZZ Sales Region
André Aerne, Head of Sales 8
Cem Ascı, Head of Sales 4
Urs Barmettler, Head of Sales 3
Angelo Durante, Head of Business Management/Controlling
Andreas Graf, Head of Sales 6
Markus Ingold, Head of Sales 7
Sandro Janko, Head of Sales 2
Herbert Müller, Head of Sales 5
Luc Pillard, Head of Personnel/Training
Jean-Claude Prosdócimo, Head of Sales 10
Yves Vogt, Head of Sales 9
Monika Zander, Head of Sales 1

Ostschweiz-Ticino (OT) Sales Region

Ivo Dietsche, Head of OT Sales Region
Mario Colatrella, Head of Sales 1
René Dörig, Head of Sales 3
Rolf Gurtner, Head of Sales 2
Shenasi Haziri, Head of Sales 4
Christine Noichl, Head of Personnel/Training
Flurin Schocher, Head of Sales 5
Dominique Vela, Head of Business Management/Controlling

Marché Restaurants Schweiz AG

Joos Sutter, Chairman of the Board of Directors
Mirko Schwarz, Chief Executive Officer

Trading Business Unit

Daniel Stucker, Head of Trading Business Unit
Nathalie Ravasio-Felice, Head of Total Store/Expansion
Markus Schärer, Head of Business Management/Controlling
Martin von Bertrab, Head of Personnel/Training

Coop City

Urs Jordi, Head of Coop City
Christian Jochberg, Head of Sales Region Centre
Michel Produit, Head of Sales Region West
Bruno Veit, Head of Sales Region East

Coop Building & Hobby

Christoph Theler, Head of Building & Hobby
Joe Wyss, Head of CCM/Purchasing
Bruno Haberthür, CCM Building/Sanitary
Stefan Mundwiler, Building & Hobby Buying Pool
René Pauchard, CCM DIY/Electrical
Rainer Pietrek, CCM Plants
Walter Studer, CCM Garden

Interdiscount

Pierre Wenger, Head of Interdiscount Division
Vito Armetta, Head of Sales
Roger Bühler, Head of Logistics/IT/Services/Online
Constantin Hilt, Head of Microspot.ch
Peter Späni, Head of Category Management/Purchasing

Toptip/Lumimart

Oliver Roth, Head of Toptip/Lumimart Division

Import Parfumerie/Christ Watches & Jewellery Division

Andreas Frischknecht, Head of Import Parfumerie/
Christ Watches & Jewellery Division

Coop Vitality AG

Daniel Stucker, Chairman of the Board of Directors
Daniele Madonna, Chief Executive Officer

Dipl. Ing. Fust AG

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

RS Vertriebs AG

Daniel Stucker, Chairman of the Board of Directors
Yves Haid, Chief Executive Officer

The Body Shop Switzerland AG

Daniel Stucker, Chairman of the Board of Directors
Angelika Lanen, Chief Executive Officer

Marketing/Purchasing Business Unit

Philipp Wyss, Head of Marketing/Purchasing Business Unit
Thomas Schwetje, Head of Marketing/Services
Daniel Vonach, Head of Controlling/Coordination CCM
and Purchasing
Kaspar Wittwer, Head of Coop Catering/Restaurants

CCM Fresh Produce

Roland Frefel, Head of CCM Fresh Produce
Silvio Baselgia, CCM Fresh Convenience
Axel Dippold, CCM Fruit/Vegetables
Oliver Krüsi, CCM Bread/Baked Goods
Marc Muntwyler, CCM Dairy Produce/Eggs
Fabian Schneider, CCM Meat
Pascal Seiler, CCM Fish/Frozen Products

CCM Basic Foods/Beverages

Philipp Schenker, Head of CCM Basic Foods/Beverages
Sylvia Berger, CCM Wines/Sparkling Wines/Direct Wine Sales
Marco Bertoli, CCM Breakfast/Garnishes/Baking Ingredients/
Pet Supplies
Simon Grieder, CCM Soft Drinks/Spirits/Tobacco Goods
Andrea Kramer, CCM Confectionery/Savoury Snacks
Philipp Nyffenegger, CCM Long-life Convenience

CCM Non-Food

Pia Bracher, Head of CCM Non-Food
Jürg Birkenmeier, CCM Clothing/Accessories
Olivier Compagnon, CCM Detergents/Cleaning Agents/Hygiene
Kerstin Czermak, CCM Perfumery/Body Care/Vita Shop
Simone Gössling, CCM Stationery/Press/Travel/
Jewellery/Watches
Marc Helfenstein, CCM Kitchen/Electrical Appliances/Household
Appliances/Consumer Electronics/E-Communication
Beatrix Kessler, CCM Tableware/Homestyle/Festive
Patrick Steiner, CCM Children's Clothing/Baby/Toys

Food Purchasing

Christian Guggisberg, Head of Food Purchasing
Andreas Allenspach, Fruit/Vegetables/Flowers/
Plants Buying Pool (BP)
Daniel Giger, Bread/Dairy/Cheese BP
Michael Sieber, Basic Foods/Pet Supplies BP
Martin Wullschleger, Wine/Beverages/Tobacco BP
Peter Zürcher, Meat/Fish/Convenience/Frozen Products BP

Tammo Hintz, Head of Eurogroup S.A.

Non-Food Purchasing

Michael Susta, Head of Non-Food Purchasing
Emanuel Büchlin, Clothing/Accessories BP
Robert Kronhofer, Hard Goods BP
Olivier Schwegler, Near-Food BP

Supply Chain Management

Mauro Manacchini, Head of Supply Chain Management
Dmitry Proskurin, Supply Chain Management Strategy
Markus Schmid, Stock Management/SBO National

Betty Bossi AG

Philipp Wyss, Chairman of the Board of Directors
Walter Lüthi, Managing Director

Eurogroup Far East Ltd.

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

Logistics Business Unit

Leo Ebnetter, Head of Logistics Business Unit
Daniel Hintermann, Head of NW Logistics Region
Sébastien Jacquet, Head of SR Logistics Region
Domenico Repetto, Head of BE Logistics Region
Daniel Woodtli, Head of National Logistics Pratteln
Beat Zaugg, Head of National Logistics Wangen
Josef Zettel, Head of ZZ Logistics Region

Lorenzo Pelucchi, Head of Sunray Division

Railcare AG

Leo Ebnetter, Chairman of the Board of Directors
Philipp Wegmüller, Chief Executive Officer

Finance/Services Business Unit

Reto Conrad, Head of Finance/Services Business Unit
Hansjörg Klossner, Head of Accounting
Beat Leuthardt, Head of Finance
Stephan Rupprecht, Head of Projects Finance/Services Projects
Adrian Werren, Head of Controlling

Tropenhaus Frutigen AG

Reto Conrad, Chairman of the Board of Directors
Marcel Baillods, Managing Director

Tropenhaus Wolhusen AG

Reto Conrad, Chairman of the Board of Directors
Pius Marti, Managing Director

Property Business Unit

Jean-Marc Chapuis, Head of Property Business Unit
Heinrich Beer, Head of National Property Projects
Stefano Donzelli, Head of Business Management/Controlling
Nicolas Kirsch, Head of SR Property Region
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

Other subsidiaries

Coop Mineraloel AG

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

Transgourmet Holding AG

Hansueli Loosli, Chairman of the Board of Directors

Transgourmet Switzerland

Daniel Böhny, Chief Executive Officer
Philipp Dautzenberg, Chief Executive Officer
Gregor Bärtschi, Head of Construction & Property
Walter Fankhauser, Head of Distribution & Sales
Markus Heiniger, Head of Marketing and Purchasing
Erich Joss, Head of HR
Andrea Pellizzari, Head of Finance/Controlling
Claude Schnider, Head of IT

Transgourmet Central and Eastern Europe

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

Ralf Forner, Managing Director Transgourmet Seafood

Selgros Poland

Alexander Orłowski, Chief Executive Officer
Piotr Kolodziejczak, Managing Director Administration
Piotr Skłodowski, Managing Director Purchasing,
Category Management & Marketing

Selgros Romania

Alexandru Vlad, Chief Executive Officer
Herwig Arvay, Managing Director Administration
Dorin Iordachescu, Managing Director Purchasing,
Category Management & Marketing

Selgros Russia

Michael Zipfel, Chief Executive Officer
Patricia Rüster, Managing Director Purchasing,
Category Management & Marketing
Przemyslaw Switakowski, Managing Director
Administration & Expansion

Transgourmet France

Jean-Christophe Adouritz, Chief Executive Officer
Caroline Besselièvre, Head of HR
Yves Cebron, Head of Sales, Marketing & Communication
Eric Decroix, Managing Director Transgourmet Opérations
Edith Hertz, Head of Finance
Serge Rey, Head of Supply Chain

Bell AG

Hansueli Loosli, Chairman of the Board of Directors
Lorenz Wyss, Chairman of the Group Executive Board,
Chief Executive Officer
Christian Schröder, Member of the Group Executive Board
Marco Tschanz, Member of the Group Executive Board,
Chief Financial Officer
Johannes Meister, Head of HR

Bell Switzerland

Lorenz Wyss, Chief Executive Officer
Philipp Allemann, Member of the Executive Board,
Head of Production
Markus Bänziger, Member of the Executive Board,
Head of Purchasing/SCM
Christine Schlatter, Member of the Executive Board,
Head of Sales/Marketing
Marco Tschanz, Member of the Executive Board,
Head of Finance/Services

Bell Germany

Christian Schröder, Chairman of the Executive Board,
Head of Distribution/Marketing
Markus von der Pütten, Member of the Executive Board,
Head of Production/Technical
Robert Blümel, Head of Purchasing/SCM
Andreas Eder, Head of HR
Nicolaj Steber, Head of Bell Spain
Thomas Studer, Head of Finance/Services

Bell International

Jens Günter Hillebrand, Chairman of the Executive Board
Zimbo Perbál Húsipari Termelő Kft.
Daniel Pagniez, Chairman of the Executive Board
Bell France Holding SAS
Eugeniusz Philip, Chairman of the Executive Board
Bell Polska Sp. z o.o.
Petr Poskočil, Managing Director Zimbo Czechia s.r.o.
Steven Van Parijs, Chairman of the Executive Board
Bell Benelux Holding N.V.

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All values rounded up/down individually

You can find further key figures in the Coop Group **Sustainability Report**.

Coop Group financial management report

Overview of the Coop Group

The Coop Group operates in the Retail and Wholesale/Production Business Areas with the Coop Group Cooperative as its parent. The retail business comprises the Coop Cooperative with its supermarkets and specialist formats, plus the subsidiaries that form part of the retail business. Wholesale operations are conducted through the Transgourmet Group; manufacturing operations comprise the Bell Group and the Coop manufacturing companies.

Income statement

Operating result (EBIT)

The Coop Group's net sales rose by 0.7% in 2014 to CHF 27163 million, or by 1.3% after adjusting for currency movements (previous year: CHF 26967 million). In the retail segment, this growth was driven especially by the Interdiscount and Microspot.ch formats as well as by the 2014 acquirees Marché Restaurants Schweiz AG and RS Vertriebs AG with the Nettoshop.ch und Schubiger sales brands. Of the Coop Group's net sales, CHF 7341 million originated abroad, the largest share (48.7%) of which was generated in Germany. Personnel expense amounted to CHF 4075 million and other operating expenses to CHF 2628 million. Depreciation and amortization of CHF 1210 million comprises depreciation of real estate of CHF 482 million, depreciation of other tangible fixed assets of CHF 368 million, amortization of other intangible assets of CHF 75 million and amortization of goodwill of CHF 288 million. Goodwill is currently amortized over a period of eight years at most. Set against the depreciation and amortization expense are reversals of depreciation charges on real estate in the amount of CHF 3 million. The operating result was up on the prior-year figure of CHF 760 million to CHF 828 million, with the EBIT margin at 3.0% (previous year: 2.8%).

Profit for the financial year

The result of associated organizations climbed by CHF 15 million year on year to CHF 18 million. The result from foreign currencies decreased from the previous year to a loss of CHF 11 million, while the financial result showed a slight improvement on 2013, narrowing to a loss of CHF 86 million. Net of income taxes of CHF 187 million and minority interests of CHF 96 million, profit was up by CHF 8 million year on year to CHF 470 million.

Financial position and cash flows

Balance sheet

The Coop Group's total assets increased by around CHF 124 million year on year. On the assets side, current assets declined due to the decrease in cash and cash equivalents. Non-current assets rose by CHF 364 million to CHF 11854 million. Set against the depreciation and amortization expense here are higher investments and additions originating from the acquisitions. Liabilities were down on the previous year to CHF 9352 million. Short-term liabilities declined to CHF 4571 million, while long-term liabilities rose to CHF 4781 million. Within long-term liabilities, the Coop Group financed itself through bonds and deposits. Equity including minority interests rose to CHF 8089 million. At 46.4%, the equity ratio at 31 December 2014 was therefore well above the strategic target of 40%. It climbed by 1.7 percentage points year on year.

Cash flow statement

Profit after income taxes was up slightly on the previous year. In particular, reversals of depreciation charges on real estate and gains on the disposal of real estate were CHF 58 million lower. Cash flow from operating activities was therefore down on the prior-year figure to CHF 1551 million. Cash flow from investing activities was around CHF 735 million higher than a year earlier at CHF 1700 million due to higher investment in tangible fixed assets and acquisitions. A net amount of CHF 1224 million was invested in tangible and intangible fixed assets and a total of CHF 481 million in acquisitions. In the case of financial assets/securities, a net amount of CHF 3 million was divested. This resulted in free cash flow of CHF 327 million. Cash flow from financing activities amounted to CHF 166 million. The Coop Group Cooperative issued two bonds totalling CHF 400 million and made one bond repayment in the amount of CHF 500 million. In addition to this net repayment of CHF 100 million, dividends amounting to CHF 67 million were paid to minority interests. Despite the CHF 335 million decrease in cash and cash equivalents to CHF 1178 million (previous year: CHF 584 million increase), the Coop Group remains well placed in financial terms to respond appropriately to the difficult economic challenges.

Segment report

Retail

In retailing, the Coop Group's net sales rose to CHF 17 718 million in 2014 (previous year: CHF 17 379 million), an increase of 2.0%. Given the 0.5% fall in prices across the range as a whole, this is a gratifying result. The number of sales outlets rose to 1971 (+38). The Coop Group employed 46 268 people in retailing. From its 837 Coop supermarkets in total, the Coop Cooperative generated net sales of CHF 10 636 million (previous year: CHF 10 560 million), an increase of 0.7%. Turning to the subsidiaries, Dipl. Ing. Fust AG, with the new acquiree RS Vertriebs AG, lifted net sales by 14.6% to CHF 985 million (previous year: CHF 860 million). Due to low fuel prices, Coop Mineralöl AG suffered a decline in net sales to CHF 2521 million (previous year: CHF 2580 million). Coop Vitality AG lifted net sales by 6.1% to CHF 151 million (previous year: CHF 142 million), while Betty Bossi AG posted a 4.5% increase in net sales to CHF 86 million (previous year: CHF 82 million). The 2014 acquiree Marché Restaurants Schweiz AG achieved net sales of CHF 118 million. In total, the specialist formats posted net sales of CHF 7834 million (previous year: CHF 7530 million).

Wholesale / Production

Despite strong competition in Switzerland and abroad, the Wholesale / Production Business Area achieved net sales of CHF 11 193 million in 2014 (previous year: CHF 11 329 million), an increase of 0.2% after adjusting for currency movements. The Transgourmet Group generated net sales of CHF 8 166 million (previous year: CHF 8 249 million), a rise of 0.8% after adjusting for currency movements. The Transgourmet Group is active in the cash & carry and wholesale supplies sector in Switzerland, Germany, France, Poland, Romania and Russia. It operated a total of 115 (+2) cash & carry markets and employed 22 800 people in 2014.

The Bell Group is one of Europe's leading meat processors. It is active in retailing and wholesaling, in catering and in the food industry with the Bell, Abraham, Zimbo, M^ossieur Polette and Hoppe brands. The Bell Group employed 6 299 people in 2014. At CHF 2 578 million, net sales were down slightly on the previous year (previous year: CHF 2 598 million). In Switzerland, Bell Schweiz AG again managed to lift sales. In particular, the ranges with higher added value showed a sharp increase. Growth drivers include seafood, poultry and charcuterie.

Bell Deutschland and Bell International, which encompasses France, the Benelux countries, Poland, Hungary and the Czech Republic, suffered the effects of currency movements and sharply lower pork prices in Europe and posted lower nominal sales year on year.

Net sales from online shops

From its online shops in the retail and wholesale / production segments, the Coop Group for the first time generated net sales in excess of CHF 1 billion (previous year: CHF 905 million). The online shops in retailing performed particularly well. They showed a strong increase of 52.4% to net sales of CHF 448 million. The acquirees Nettoshop.ch and Schubiger also contributed to the upbeat result. Coop@home lifted net sales by 10.8% to CHF 114 million and Microspot.ch by 45.0% to CHF 146 million. The online shops in the wholesale / production segment grew by 10.5% to generate net sales of CHF 675 million.

Outlook

The Coop Group continues to systematically pursue its chosen strategies in 2015. The corporate strategy is geared to long-term success, which is reflected especially in Coop's commitment to sustainability.

With its supermarkets and specialist formats in retailing, Coop operated a total of 1971 sales outlets in 2014. It therefore has the densest network of sales outlets in Switzerland and is close to the people it serves. The supermarkets will focus mainly on sustainability and variety in 2015, when the Coop Group again aims to achieve above-average growth through the online formats Coop@home, Microspot.ch and Nettoshop.ch and the numerous other online shops. The Coop Group also aims to more closely combine bricks-and-mortar and online trading through cross-channel solutions. In addition to the high deflation rates in the non-food range, the sustained high level of cross-border shopping also poses a challenge.

In the wholesale / production segment, the potential for further growth lies in integrating activities across Europe. Political developments in Russia, including the weakness of the rouble, and the difficult economic trend in Romania pose a challenge. In wholesaling, the ongoing shift from cash & carry to wholesale supplies continues. The Transgourmet Group is systematically pursuing its chosen multi-channel strategy, i.e. combining cash & carry and wholesale suppliers, thereby further boosting wholesale supplies. Transgourmet continues to expand its market position by implementing a transnational own brand strategy.

The performance of the Swiss franc against the foreign currencies relevant to the Coop Group will affect business performance in 2015. The impact on the 2015 consolidated financial statements cannot be quantified at the present time.

Despite the fiercely competitive market, the Coop Group aims to increase profitability and achieve healthy growth again in 2015. Sustainability, variety, quality and pricing performance continue to be the attributes by which it positions itself.

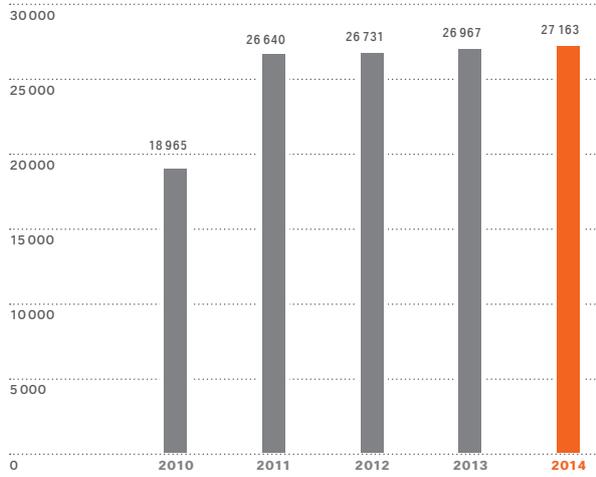
Coop Group in figures

Net sales

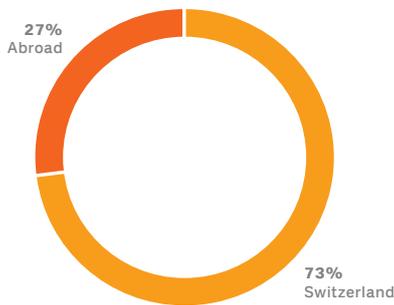
in CHF million		2014	2013
Supermarkets A	< 980 m ²	3 376	3 349
Supermarkets B	980 – 1 890 m ²	3 111	3 038
Supermarkets C	1 890 – 3 500 m ²	2 641	2 653
Megastores	> 3 500 m ²	1 508	1 520
Coop Supermarkets		10 636	10 560
Interdiscount		984	922
Coop City		896	890
Coop Building & Hobby		642	648
Toptip / Lumimart		205	210
Import Parfumerie		158	159
Coop@home		114	103
Christ Watches & Jewellery		97	100
Coop Mineraloel AG		2 521	2 580
Dipl. Ing. Fust AG		985	860
Coop Vitality AG		151	142
Marché Restaurants Schweiz AG		118	
Betty Bossi AG		86	82
The Body Shop Switzerland AG		35	35
Other companies		842	800
Specialist formats		7 834	7 530
Consolidation		-752	-711
Retail		17 718	17 379
Transgourmet Switzerland		1 490	1 481
Transgourmet Central and Eastern Europe		5 177	5 233
Transgourmet France		1 498	1 534
Transgourmet Group		8 166	8 249
Bell Group		2 578	2 598
Coop Cooperative Production		728	726
Other companies		2	1
Consolidation		-281	-244
Wholesale and Production		11 193	11 329
Consolidation Coop Group		-1 749	-1 741
Net sales		27 163	26 967
Other operating income		1 011	982
Total sales		28 174	27 950
of which online stores		1 124	905
– Microspot.ch		146	101
– Coop@home		114	103
– Nettoshop.ch		69	
– Other online stores Retail		119	90
Online stores Retail		448	294
Online stores Wholesale and Production		675	611
of which net sales Switzerland		19 821	19 489
of which net sales abroad		7 341	7 478

Prior-year figures restated

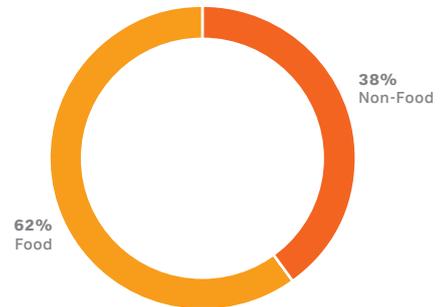
Net sales from goods and services
in CHF million



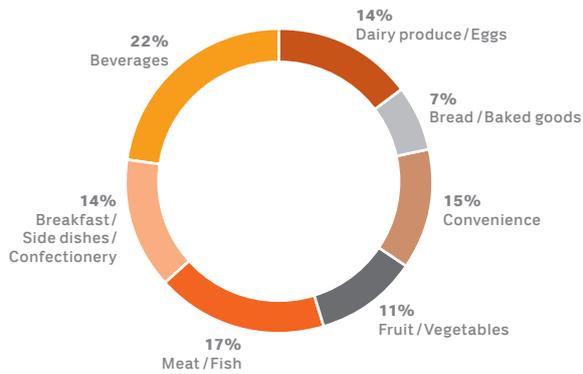
Breakdown of net sales in Switzerland and abroad
in %



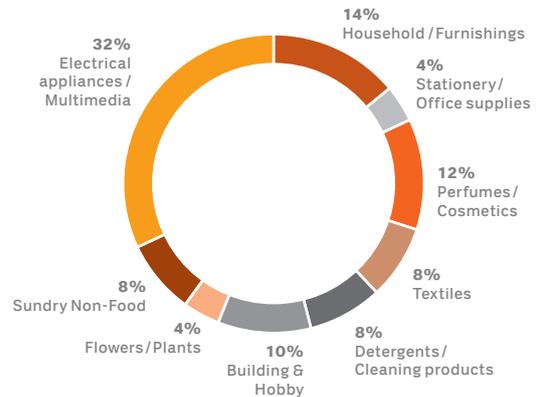
Net sales Switzerland by main category
in %



Percentages of Retail Food
in %



Percentages of Retail Non-Food
in %



Segment reporting

in CHF million

2014	Retail	Wholesale and Production	Consolidation	Coop Group
Net sales from goods and services	17 718	11 193	-1 749	27 163
Operating result (EBIT)	587	241		828
2013	Retail	Wholesale and Production	Consolidation	Coop Group
Net sales from goods and services	17 379	11 329	-1 741	26 967
Operating result (EBIT)	522	238		760

"Wholesale and Production" comprises the Transgourmet Group, the Bell Group and the manufacturing companies of the Coop Cooperative.

Sales outlets / markets

		2014	Number at 31.12 2013	Sales area m ² at 31.12 2014	Sales area m ² at 31.12 2013
Supermarkets A	< 980 m ²	521	518	298 295	295 407
Supermarkets B	980 – 1 890 m ²	196	191	280 921	273 972
Supermarkets C	1 890 – 3 500 m ²	90	89	250 502	247 420
Megastores	> 3 500 m ²	30	30	152 066	152 425
Coop Supermarkets		837	828	981 784	969 224
Interdiscount		191	196	68 371	69 692
Coop City		32	32	138 453	137 405
Coop Building & Hobby		74	73	301 941	298 174
Toptip / Lumimart		50	54	139 080	149 034
Import Parfumerie		123	124	10 068	10 116
Christ Watches & Jewellery		73	77	5 739	5 902
Restaurants Da Giovanni			5		1 775
Hotels		3	3		
Other Coop Cooperative		2	2	440	440
Coop Mineraloel AG		284	277	32 398	31 277
Dipl. Ing. Fust AG		166	159	91 646	89 157
Coop Vitality AG		61	55	13 698	12 932
Marché Restaurants Schweiz AG		23		15 782	
The Body Shop Switzerland AG		50	46	2 901	2 672
Tropenhaus Frutigen AG		1	1		
Tropenhaus Wolhusen AG		1	1		
Specialist formats		1 134	1 105	820 517	808 576
Retail		1 971	1 933	1 802 301	1 777 800

		2014	Number at 31.12 2013	Sales area m ² at 31.12 2014	Sales area m ² at 31.12 2013
Transgourmet Switzerland		28	28	116 114	116 086
Transgourmet Central and Eastern Europe		87	85	817 052	801 245
Transgourmet Group		115	113	933 166	917 331
Czech Republic		84	85	5 118	5 334
Slovakia			31		1 926
Bell Group		84	116	5 118	7 260
Wholesale and Production		199	229	938 284	924 591

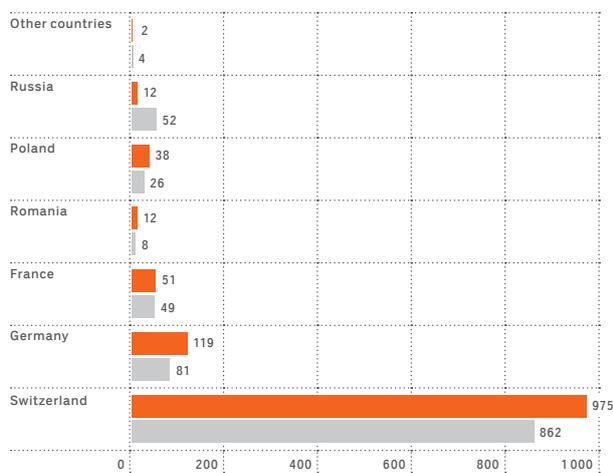
Investments

in CHF million	2010	2011	2012	2013	2014
Switzerland	664	986	651	862	975
Germany		188	129	81	119
France		30	17	49	51
Romania		38	11	8	12
Poland		33	38	26	38
Russia		84	20	52	12
Other countries		0	0	4	2
Abroad		373	216	219	233
Investments in tangible fixed assets	664	1 360	867	1 081	1 209
Disposals of tangible fixed assets	103	152	37	92	41
Net investments in tangible fixed assets	561	1 208	829	989	1 167
Other net investments	92	1 908	121	-24	533
Net investments	653	3 116	950	965	1 700

Investments in tangible fixed assets by country in CHF million

.....

■ 2014 ■ 2013



Statement of added value

in CHF million	2014	2013	Index %
Net sales from goods and services	27 163	26 967	100.7
Merchandise expense and other upstream services	19 948	19 872	100.4
Gross added value	7 215	7 096	101.7
Depreciation and amortization / provisions	1 207	1 212	99.6
Net added value	6 008	5 884	102.1
Employees	4 119	3 998	103.0
Public sector	1 243	1 240	100.2
Investors	176	182	96.3
Retained profits (self-financing)	470	462	101.7
Distribution of added value	6 008	5 884	102.1
Gross added value per full-time equivalent (in CHF)	109 109	110 013	99.2
Net added value per full-time equivalent (in CHF)	90 854	91 225	99.6

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 68%, the largest proportion of the newly created value goes to the Coop Group's employees in 2014. This percentage is unchanged year on year. The Coop Group employed 66 125 full-time equivalents in 2014 (previous year: 64 498).

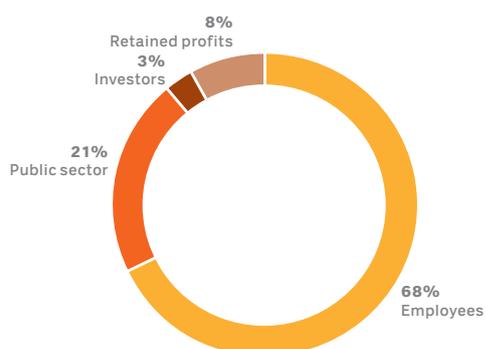
The public sector receives 21% from taxes, customs duties and charges, a percentage that also remains unchanged year on year.

The 3% going to investors comprises interest paid. Due to lower interest rates, this remains at a relatively low level and is unchanged year on year.

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.

Distribution of added value

in %



Full-time equivalents

	2014	2013	Change	Index %
Coop Supermarkets	19 843	19 647	+197	101.0
Interdiscount	1 658	1 633	+25	101.5
Coop City	2 390	2 407	-17	99.3
Coop Building & Hobby	1 635	1 558	+77	105.0
Toptip / Lumimart	574	591	-17	97.1
Import Parfumerie	478	475	+4	100.8
Christ Watches & Jewellery	321	334	-14	95.9
Coop Mineraloel AG	82	81	+2	101.9
Dipl. Ing. Fust AG	2 176	1 830	+346	118.9
Coop Vitality AG	515	487	+28	105.8
Marché Restaurants Schweiz AG	682		+682	..
Betty Bossi AG	86	83	+3	103.1
The Body Shop Switzerland AG	188	171	+17	109.9
Other companies	563	471	+92	119.4
Corporate services	5 213	5 363	-151	97.2
Retail	36 403	35 131	+1 272	103.6
Transgourmet Switzerland	1 654	1 559	+95	106.1
Transgourmet Central and Eastern Europe	16 467	16 049	+418	102.6
Transgourmet France	3 656	3 698	-42	98.9
Transgourmet Group	21 777	21 307	+470	102.2
Bell Switzerland	3 369	3 391	-23	99.3
Bell abroad	2 930	2 993	-63	97.9
Bell Group	6 299	6 385	-86	98.7
Coop Cooperative Production	1 639	1 672	-34	98.0
Other companies	7	4	+3	175.0
Wholesale and Production	29 722	29 367	+354	101.2
Full-time equivalents (incl. trainees)	66 125	64 498	+1 626	102.5

Prior-year figures restated

Employees

	2014	2013	Change	Index %
Coop Supermarkets	26 820	26 283	+537	102.0
Interdiscount	1 805	1 779	+26	101.5
Coop City	3 001	3 012	-11	99.6
Coop Building & Hobby	2 024	1 956	+68	103.5
Toptip / Lumimart	652	677	-25	96.3
Import Parfumerie	692	673	+19	102.8
Christ Watches & Jewellery	445	455	-10	97.8
Coop Mineraloel AG	95	87	+8	109.2
Dipl. Ing. Fust AG	2 284	1 936	+348	118.0
Coop Vitality AG	695	656	+39	105.9
Marché Restaurants Schweiz AG	937		+937	..
Betty Bossi AG	119	116	+3	102.6
The Body Shop Switzerland AG	222	210	+12	105.7
Other companies	743	659	+84	112.7
Corporate services	5 734	5 834	-100	98.3
Retail	46 268	44 333	+1 935	104.4
Transgourmet Switzerland	1 800	1 745	+55	103.2
Transgourmet Central and Eastern Europe	17 334	16 862	+472	102.8
Transgourmet France	3 666	3 658	+8	100.2
Transgourmet Group	22 800	22 265	+535	102.4
Bell Switzerland	3 452	3 513	-61	98.3
Bell abroad	2 847	3 093	-246	92.0
Bell Group	6 299	6 606	-307	95.4
Coop Cooperative Production	1 713	1 747	-34	98.1
Other companies	7	4	+3	175.0
Wholesale and Production	30 819	30 622	+197	100.6
Employees (incl. trainees) at 31.12	77 087	74 955	+2 132	102.8

Prior-year figures restated

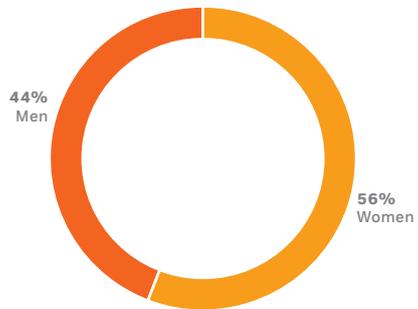
Trainees

	2014	2013	Change	Index %
Coop Supermarkets	1 535	1 528	+7	100.5
Interdiscount	371	372	-1	99.7
Coop City	172	174	-2	98.9
Coop Building & Hobby	138	139	-1	99.3
Toptip / Lumimart	33	36	-3	91.7
Import Parfumerie	49	49	+0	100.0
Christ Watches & Jewellery	35	38	-3	92.1
Coop Mineraloel AG	4	3	+1	133.3
Dipl. Ing. Fust AG	96	76	+20	126.3
Coop Vitality AG	100	96	+4	104.2
Marché Restaurants Schweiz AG	24		+24	..
The Body Shop Switzerland AG	6	8	-2	75.0
Other companies	20	17	+3	117.6
Corporate services	151	164	-13	92.1
Retail	2 734	2 700	+34	101.3
Transgourmet Switzerland	84	87	-3	96.6
Transgourmet Central and Eastern Europe	277	292	-15	94.9
Transgourmet France	63	61	+2	103.3
Transgourmet Group	424	440	-16	96.4
Bell Switzerland	59	54	+5	109.3
Bell abroad	20	26	-6	76.9
Bell Group	79	80	-1	98.8
Coop Cooperative Production	34	45	-11	75.6
Wholesale and Production	537	565	-28	95.0
Trainees at 31.12	3 271	3 265	+6	100.2
School-leaver internships at 31.12	87	115	-28	75.7

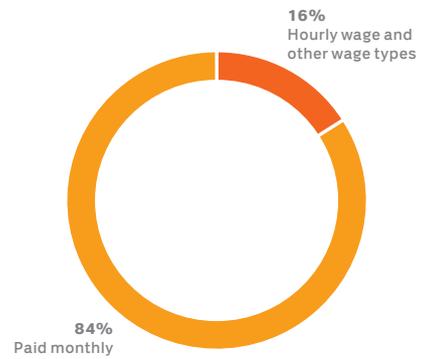
Prior-year figures restated

Employee diversity

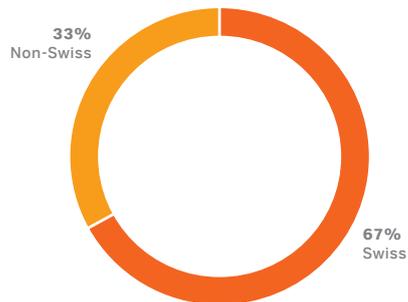
Gender
in %



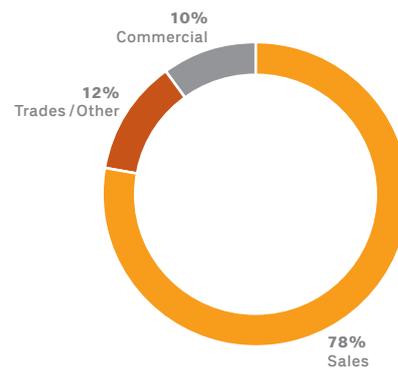
Type of employment
in %



Nationality¹
in %

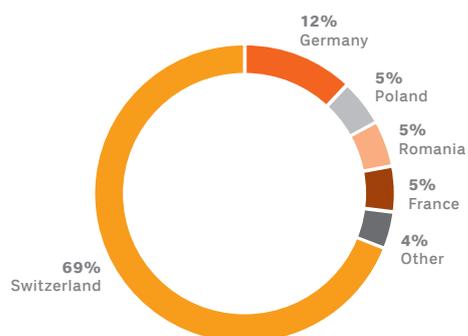


Trainees
in %



¹ Only employees working in Switzerland.

Country of work
in %



Development of the Coop Group

in CHF million or as indicated	2010	2011	2012	2013	2014	
Retail				17 379	17 718	
Wholesale and Production				11 329	11 193	
Consolidation				-1 741	-1 749	
Net sales from goods and services	18 965	26 640	26 731	26 967	27 163	
of which net sales abroad		7 451	7 490	7 478	7 341	
as a % of net sales		28.0	28.0	27.7	27.0	
Earnings before interest, tax, depreciation and amortization (EBITDA)	1 955	1 917	1 930	1 937	2 038	
as a % of net sales (EBITDA margin)	10.3	7.2	7.2	7.2	7.5	
Operating result (EBIT)	709	713	737	760	828	
as a % of net sales (EBIT margin)	3.7	2.7	2.8	2.8	3.0	
Profit	470	432	452	462	470	
as a % of net sales (profit margin)	2.5	1.6	1.7	1.7	1.7	
Cash flow from operating activities	1 709	1 761	1 711	1 667	1 551	
as a % of net sales (cash flow margin)	9.0	6.6	6.4	6.2	5.7	
Cash flow from investing activities	-653	-3 116	-950	-965	-1 700	
as a % of net sales	3.4	11.7	3.6	3.6	6.3	
Cash flow from financing activities	211	40	-275	-116	-166	
Free cash flow ¹	1 120	518	842	628	327	
Total assets	14 624	16 492	16 880	17 317	17 441	
Equity incl. minority interests	6 412	6 786	7 262	7 738	8 089	
Equity ratio incl. minority interests in %	Target value: > 40.0	43.8	41.1	43.0	44.7	46.4
Financial liabilities	4 686	5 080	4 872	4 840	4 753	
Net financial liabilities	2 814	4 509	3 855	3 305	3 560	
Debt coverage ratio	Target value: < 3.0	1.4	2.4	2.0	1.7	1.7
Interest coverage ratio	Target value: > 8.0	27.7	10.9	21.8	21.7	23.7
Full-time equivalents	43 925	64 402	64 458	64 498	66 125	
Employees at 31.12	53 559	75 361	75 309	74 955	77 087	
Trainees at 31.12	3 014	3 391	3 221	3 265	3 271	
Sales outlets / markets						
Retail number at 31.12	1 849	1 897	1 917	1 933	1 971	
Retail sales area in m ² at 31.12	1 730 934	1 746 434	1 766 913	1 777 800	1 802 301	
Wholesale and Production number at 31.12	71	203	211	229	199	
Wholesale and Production sales area in m ² at 31.12	4 356	918 255	915 734	924 591	938 284	
Number of members at 31.12	2 533 091	2 643 536	2 595 065	2 537 859	2 500 036	

Prior-year figures restated

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

Annual consolidated financial statements of the Coop Group

Consolidated income statement

in CHF million	Notes	2014	2013
Net sales from goods and services	1	27 163	26 967
Other operating income	2	1 011	982
Merchandise expense		19 432	19 425
Personnel expense	3	4 075	3 954
Other operating expenses	4	2 628	2 634
Earnings before interest, tax, depreciation and amortization (EBITDA)		2 038	1 937
Amortization of intangible assets	5	362	285
Depreciation of tangible fixed assets	5	847	892
Operating result (EBIT)		828	760
Result of associated organizations		18	3
Result from foreign currencies	6	-11	-3
Financial result	7	-86	-89
Ordinary result		749	671
Non-operating result	8	4	38
Result before income taxes (EBT)		753	708
Income taxes	9	187	160
Result after income taxes		566	548
Minority interests		96	86
Profit		470	462

Prior-year figures restated

Consolidated balance sheet

in CHF million	Notes	31.12.2014	31.12.2013
Cash and cash equivalents	10	1 178	1 513
Securities		15	23
Receivables from goods and services	11	888	909
Other short-term receivables	12	343	324
Prepayments and accrued income		354	340
Inventories	13	2 810	2 718
Current assets		5 588	5 827
Tangible fixed assets	14	10 251	9 959
Financial assets	15	294	304
Intangible assets	16	1 309	1 228
Non-current assets		11 854	11 490
Assets		17 441	17 317
Payables from goods and services		1 882	1 977
Short-term financial liabilities	17	1 041	1 443
Other short-term liabilities	18	385	385
Short-term provisions	19	327	364
Accrued liabilities and deferred income		936	970
Short-term liabilities		4 571	5 139
Long-term financial liabilities	20	3 712	3 397
Long-term provisions	21	1 069	1 042
Long-term liabilities		4 781	4 440
Liabilities		9 352	9 579
Retained earnings		7 195	6 885
Profit		470	462
Equity excluding minority interests		7 665	7 348
Minority interests		424	390
Equity including minority interests		8 089	7 738
Liabilities and equity		17 441	17 317

Consolidated cash flow statement

Fund: cash and cash equivalents in CHF million	2014		2013	
Result after income taxes		566		548
Depreciation and amortization		1 131		1 072
Impairment loss		84		129
Reversal of impairment		-3		-22
Profit (-)/ loss on disposal of fixed assets		-5		-44
Result non-cash items		45		-24
Result from associated organizations		-5		6
Increase/ decrease (-) in long-term provisions		39		19
Cash flow before change in net current assets		1 852		1 684
Increase (-)/ decrease in receivables from goods and services		16		4
Increase (-)/ decrease in other short-term receivables, prepayments and accrued income		-9		72
Increase (-)/ decrease in inventories		-133		-89
Increase/ decrease (-) in payables from goods and services		-84		-74
Increase/ decrease (-) in other short-term liabilities, accrued liabilities and deferred income		-34		67
Increase/ decrease (-) in short-term provisions		-57	-302	2
Cash flow from operating activities		1 551		1 667
Investments in tangible fixed assets	-1 209		-1 081	
Disposals of tangible fixed assets	41	-1 167	92	-989
Investments in financial assets/ securities	-11		-12	
Disposals of financial assets/ securities	14	3	87	75
Payment for the acquisition of consolidated organizations	-481		-1	
Receipts from the disposal of consolidated organizations		-481		-1
Investments in intangible assets	-57		-49	
Disposals of intangible assets	1	-56	0	-49
Cash flow from investing activities		-1 700		-965
Inflows from bonds issuance		400		350
Outflows for bonds repayments		-500		-150
Dividend to minority shareholders		-67		-67
Increase/ decrease (-) in short-term financial liabilities		-4		-88
Increase/ decrease (-) in long-term financial liabilities		4		-161
Increase (-) / decrease own shares Bell		1		1
Cash flow from financing activities		-166		-116
Impact of currency conversion		-19		-2
Net change in cash and cash equivalents		-335		584
Cash and cash equivalents at beginning of the reporting period		1 513		929
Cash and cash equivalents at end of the reporting period		1 178		1 513

Statement of changes in equity

in CHF million	Retained profits	Accumulated currency differences	Total retained earnings	Profit/loss	Total excl. minority interests	Minority interests	Total incl. minority interests
Equity at 1.1.2014	7 146	-260	6 885	462	7 348	390	7 738
Changes to the scope of consolidation						4	4
Appropriation of profit for the year 2013	462		462	-462			
Profit/loss 2014				470	470	96	566
Dividends						-67	-67
Currency differences		-152	-152		-152	-1	-153
Equity at 31.12.2014	7 607	-412	7 195	470	7 665	424	8 089
Equity at 1.1.2013	6 695	-254	6 440	452	6 892	370	7 262
Appropriation of profit for the year 2012	452		452	-452			
Profit/loss 2013				462	462	86	548
Dividends						-67	-67
Currency differences		-6	-6		-6	1	-5
Equity at 31.12.2013	7 146	-260	6 885	462	7 348	390	7 738

Notes to the annual consolidated financial statements

Consolidation 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 2014 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.

The consolidated income statement was restructured in the year under review. For the purposes of comparability, the prior-year amounts for the cost items above EBITDA were reclassified.

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-Gruppe Genossenschaft and its equity investments. The Coop-Gruppe Genossenschaft equity investments are listed under Scope of consolidation (significant companies) on pages 93 to 94.

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. Acquisition accounting 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. A 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.

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.

Foreign currency exchange rates into CHF

		Average rates		Closing rates	
		2014	2013	31.12.2014	31.12.2013
1	EUR	1.214	1.230	1.202	1.228
1	CZK	0.044	0.047	0.043	0.045
1	HKD	0.119	0.119	0.128	0.115
100	HUF	0.393	0.415	0.381	0.413
1	LTL	0.351	0.356	0.348	0.356
1	PLN	0.290	0.293	0.281	0.296
1	RON	0.273	0.278	0.268	0.275
1	RUB	0.024	0.029	0.017	0.027
1	USD	0.920	0.924	0.990	0.890

Changes to the scope of consolidation

In the 2014 financial year, the following changes occurred in Coop's scope of consolidation (excluding changes of name and mergers):

		Currency	Capital in million	Interest ¹ at 31.12.2014 %	Interest ¹ at 31.12.2013 %
Coop-Gruppe Genossenschaft					
Centre Commercial Moncor S.A., CH-Villars-sur-Glâne	Acquired on 1.1.2014	CHF	1.2	100.00	
Herberg Markt AG, CH-Zuzwil	Acquired on 1.1.2014	CHF	0.2	100.00	
RS Vertriebs AG, CH-St. Gallen	Acquired on 1.1.2014	CHF	1.0	100.00	
SC Swiss commercial GmbH, DE-Konstanz	Established on 4.2.2014	EUR	0.025	100.00	
Marché Restaurants Schweiz AG, CH-Kemptthal	Acquired on 4.3.2014	CHF	8.0	100.00	
Elektronik Distribution AG, CH-Basel	Established on 11.4.2014	CHF	0.1	100.00	
Coop Vitality Management AG, CH-Bern	Established on 28.11.2014	CHF	0.1	51.00	

Transgourmet Group

Valentin Pontresina AG, CH-Pontresina	Interest changed on 1.1.2014	CHF	0.15	100.00	50.00
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Associated organizations of the Coop Group

Eurogroup Europe AG, CH-Wangen b. Olten	Established on 13.2.2014	CHF	0.1	33.33	
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¹The interests listed are calculated on the basis of the shares held by the Coop Group.

In 2013, the following changes occurred in Coop's scope of consolidation (excluding changes of name and mergers):

		Currency	Capital in million	Interest ¹ at 31.12.2013 %	Interest ¹ at 31.12.2012 %
Coop-Gruppe Genossenschaft					
Coop Genossenschaft, CH-Basel	Established on 1.1.2013	CHF		100.00	
Tropenhaus Frutigen AG, CH-Frutigen	Interest changed on 1.3.2013 and on 26.9.2013	CHF	1.40	72.88	69.05
Chocolats Halba S.A. de C.V., HN-San Pedro Sula	Established on 18.11.2013	USD	0.1	75.00	

Bell Group

Bell Czechia s.r.o., CZ-Praha-Holesovice	Established on 4.4.2013	CZK	0.2	66.29	
Abraham Schwarzwälder Schinken GmbH, DE-Schiltach	Interest changed on 25.7.2013	EUR	0.03	66.29	33.81
ZIMBO Húsipari Termelő Kft., HU-Perbal	Interest changed on 3.12.2013	HUF	378.75	66.12	66.09

Associated organizations of the Coop Group

Eurogroup Far East Ltd., HK-Hongkong	Interest changed on 10.1.2013	HKD	0.12	33.33	44.44
Soc. Coopération de Collaboration Int., BE-Bruxelles	Established on 24.9.2013	EUR	0.4	25.00	

On 1 January 2013, Distributis AG was merged into the Coop Genossenschaft.

¹The interests listed are calculated on the basis of the shares held by the Coop Group.

Valuation principles

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 stated at nominal value less any necessary write-downs.

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 without a quoted price 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 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. 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	10
Market fittings	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.

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.

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.

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.

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. The provision is measured on the basis of an estimate of the probable outflow.

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 bal-

ance 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

The Coop Group assumes the pro-rated costs of the occupational pension funds for all employees and their dependents in accordance with the corresponding regulations. The latter provide for benefits that go well beyond the statutory minimum under Swiss law. The contributions are included in personnel expense under social security contributions.

An annual assessment is made regarding whether a pension fund gives rise to an economic benefit or an economic liability from the organization's perspective. The pension fund's annual financial statements prepared in Switzerland in accordance with Swiss GAAP ARR 26 and other calculations that give a true and fair view of the existing surplus or deficit are taken as the basis for the assessment.

As at 31 December 2014 the CPV/CAP shows a funding ratio of 113.3% (2013: 108.8%). In terms of Swiss GAAP ARR 16 there is no excess or shortfall, as the target for the fluctuation reserve has not yet been reached.

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.

Related party transactions are conducted at arm's length, at normal market conditions. There are reciprocal delivery and supply agreements in place. Market conditions apply, with transaction volumes being factored in. 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

2014

2013

1 Net sales from goods and services by division

Net sales Food	18 802	18 706
Net sales Non-Food	8 361	8 261
Total	27 163	26 967

Net sales Switzerland	19 821	19 489
Germany	3 574	3 545
France	1 610	1 653
Romania	774	860
Poland	885	903
Russia	341	343
Czech Republic	49	59
Belgium	23	25
Netherlands	23	28
Hungary	20	21
Other countries	43	41
Net sales abroad	7 341	7 478
Total	27 163	26 967

2 Other operating income

Operating rental income	191	187
Gain on the disposal of fixed operating assets	3	3
Own work capitalized	13	13
Service income	804	780
Total	1 011	982

The "Service income" item also includes pools and lottery income, income from parking and advertising, and commissions from phone credits.

3 Personnel expense

Wages / salaries	3 149	3 047
Social security contributions	732	728
Social security contributions as a %	23.2	23.9
Other personnel expense	194	179
Total	4 075	3 954

Prior-year figures restated

4 Other operating expenses

Advertising expense	482	458
Rent	681	687
Office and administrative expense	251	256
Charges and insurance premiums (non-life)	77	77
Operations-related taxes	42	45
Maintenance and replacement costs	351	348
Energy and supplies	413	417
Transport costs	148	155
Miscellaneous expenses	183	190
Total	2 628	2 634

Prior-year figures restated

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.

5 Depreciation and amortization

Goodwill, planned amortization	277	213
Goodwill, extraordinary amortization	11	
Other intangible assets, planned amortization	69	65
Other intangible assets, extraordinary amortization	6	7
Amortization of intangible assets	362	285
Tangible fixed assets, planned depreciation	786	793
Tangible fixed assets, extraordinary depreciation	65	122
Reversals of depreciation charges on tangible fixed assets	-3	-22
Depreciation of tangible fixed assets	847	892
Total	1 210	1 177

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. Extraordinary depreciation of CHF 39 million and reversals of CHF 3 million were recognized as part of the review of the real estate portfolio. Extraordinary depreciation of CHF 26 million was recognized in respect of other tangible fixed assets and extraordinary amortization of CHF 17 million in respect of intangible assets.

6 Result from foreign currencies

Currency exchange gains	68	60
Currency exchange losses	79	63
Total	-11	-3

7 Financial result

Dividends and exchange-rate gains on securities	1	17
Other interest income	10	13
Financial income	11	31
Exchange-rate losses on securities	4	6
Interest and other financial expenses	90	114
Amortization of financial assets	3	0
Financial expenses	96	120
Total	-86	-89

8 Non-operating result

Rental income	1	1
Profits on the disposal of fixed non-operating assets	5	42
Other non-operating income	5	2
Non-operating income	12	45
Non-operating property expenses / depreciation	2	3
Other non-operating expenses	5	4
Non-operating expenses	7	7
Total	4	38

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

2014 2013

9 Income taxes

Current income taxes	167	189
Change in deferred taxes	20	-28
Total	187	160
Average tax rate as %	24.8	22.6

In the current financial year, no deferred tax assets were recognized for loss carryforwards of CHF 1 037 million (31.12.2013: CHF 945 million).

10 Cash and cash equivalents

31.12.2014 31.12.2013

Cash on hand, postal and bank account balances	971	1 404
Reka cheques / cheques / vouchers	18	28
Term deposits	188	80
Total	1 178	1 513

11 Receivables from goods and services

Receivables from goods and services	932	953
Value adjustment	-44	-44
Total	888	909

12 Other short-term receivables

Other receivables	338	318
Prepayments to suppliers	6	6
Value adjustment	-1	-1
Total	343	324

13 Inventories

Merchandise	2 523	2 435
Finished goods (production)	138	123
Unfinished goods, work in progress	126	115
Raw materials	93	98
Supplies and packaging materials	35	36
Prepayments to suppliers	21	20
Value adjustment on inventories	-127	-109
Total	2 810	2 718

14 Tangible fixed assets

in CHF million	Land and buildings	Installations	Furniture, machinery and IT	Vehicles	Finance leases	Assets under construction	Total
Tangible fixed assets 2014							
Cost 1.1.2014	11 102	2 860	4 137	397	31	434	18 960
Changes to the scope of consolidation	182	47	30	3		0	261
Investments	303	152	252	52	0	450	1 209
Disposals	-83	-47	-189	-30	-1	-1	-351
Impact of changes in currency exchange rates (gain (+) / loss (-))	-136	-34	-31	-5	-1	-5	-213
Reclassifications	61	76	26	8	-4	-168	-1
As at 31.12.2014	11 428	3 054	4 224	424	26	709	19 865
of which undeveloped plots of land	110						110
of which prepayments						47	47
Accumulated depreciation at 1.1.2014	4 294	1 511	2 931	215	24	26	9 001
Changes to the scope of consolidation	78	35	25	1			138
Depreciation	285	175	288	54	1	-16	786
Extraordinary depreciation	26	12	26	0		0	65
Reversals of depreciation charges on tangible fixed assets	-3						-3
Accumulated depreciation on disposals	-63	-43	-180	-28	-1		-315
Impact of changes in currency exchange rates (gain (+) / loss (-))	-24	-9	-17	-3	-0	-0	-54
Reclassifications	2	-6	1	4	-4	-0	-4
As at 31.12.2014	4 594	1 674	3 074	244	20	10	9 615
of which undeveloped plots of land	4						4
Net carrying amount 31.12.2014	6 835	1 380	1 151	180	6	700	10 251
Tangible fixed assets 2013							
Cost 1.1.2013	10 922	2 740	3 984	365	32	181	18 224
Investments	321	111	231	59	0	359	1 081
Disposals	-222	-2	-94	-28	-0	-0	-346
Impact of changes in currency exchange rates (gain (+) / loss (-))	-2	1	3	2	1	-2	2
Reclassifications	83	9	13	-2	-1	-104	-1
As at 31.12.2013	11 102	2 860	4 137	397	31	434	18 960
of which undeveloped plots of land	101						101
of which prepayments						58	58
Accumulated depreciation at 1.1.2013	4 102	1 389	2 685	197	24	1	8 397
Depreciation	284	157	305	46	1	0	793
Extraordinary depreciation	65	7	24			26	122
Reversals of depreciation charges on tangible fixed assets	-22	-0	-0				-22
Accumulated depreciation on disposals	-176	-2	-93	-26	-0		-298
Impact of changes in currency exchange rates (gain (+) / loss (-))	2	2	3	1	0	-0	9
Reclassifications	39	-43	7	-1	-1	-1	0
As at 31.12.2013	4 294	1 511	2 931	215	24	26	9 001
of which undeveloped plots of land	5						5
Net carrying amount 31.12.2013	6 808	1 349	1 205	181	7	407	9 959

The item "Land and buildings" includes CHF 2 million (31.12.2013: CHF 19 million) classified as real estate not used for operating purposes.

15 Financial assets

in CHF million	Employer contribution reserve	Other financial assets	Associated organiza- tions	Total
Financial assets 2014				
Net carrying amount 1.1.2014	12	138	153	304
Changes to the scope of consolidation	2	5	5	11
Additions	0	10		11
Disposals	-1	-13	-0	-15
Write-ups (+) / Value adjustments (-)		-3	7	4
Impact of changes in currency exchange rates (gain (+) / loss (-))	0	-0	-0	-0
Reclassifications		-19	-1	-21
As at 31.12.2014	12	118	163	294
Other financial assets				
Loans to associated organizations				35
Loans to third parties				19
Miscellaneous financial assets				64
As at 31.12.2014				118
Financial assets 2013				
Net carrying amount 1.1.2013	14	140	158	311
Additions	0	33	0	33
Disposals	-1	-32		-34
Write-ups (+) / Value adjustments (-)		-0	-4	-4
Impact of changes in currency exchange rates (gain (+) / loss (-))		-0	1	0
Reclassifications		-2	-1	-3
As at 31.12.2013	12	138	153	304
Other financial assets				
Loans to associated organizations				33
Loans to third parties				36
Miscellaneous financial assets				69
As at 31.12.2013				138

16 Intangible assets

in CHF million	Goodwill	Trademarks/ Patents/ Licences	Software	Other intangible assets	Total
Intangible assets 2014					
Cost 1.1.2014	2 865	594	360	54	3 873
Changes to the scope of consolidation	4	1	4		9
Investments	388	4	40	12	443
Disposals	-0		-13	-1	-14
Impact of changes in currency exchange rates (gain (+) / loss (-))	-3	-1	-2	-0	-5
Reclassifications	0	-1	13	-11	1
As at 31.12.2014	3 254	597	403	54	4 307
Accumulated amortization at 1.1.2014					
Accumulated amortization at 1.1.2014	2 104	224	275	43	2 646
Changes to the scope of consolidation	4	1	0		5
Amortization	279	28	39	2	348
Extraordinary amortization	11		6	0	17
Accumulated amortization on disposals	-0		-12	-1	-13
Impact of changes in currency exchange rates (gain (+) / loss (-))	-2	-0	-1	-0	-4
Reclassifications			6	-6	0
As at 31.12.2014	2 395	252	313	38	2 998
Net carrying amount 31.12.2014	859	346	90	15	1 309
Intangible assets 2013					
Cost 1.1.2013	2 846	595	329	60	3 830
Investments	3	5	35	7	50
Disposals	-0	-0	-7	-2	-9
Impact of changes in currency exchange rates (gain (+) / loss (-))	-0	1	1	0	2
Reclassifications	17	-7	3	-12	1
As at 31.12.2013	2 865	594	360	54	3 873
Accumulated amortization at 1.1.2013					
Accumulated amortization at 1.1.2013	1 879	203	244	41	2 367
Amortization	215	27	36	2	280
Extraordinary amortization			1	6	7
Accumulated amortization on disposals	-0	-0	-7	-2	-9
Impact of changes in currency exchange rates (gain (+) / loss (-))	-1	0	1	0	0
Reclassifications	10	-6	1	-5	-0
As at 31.12.2013	2 104	224	275	43	2 646
Net carrying amount 31.12.2013	761	371	85	11	1 228

Goodwill relating to associated organizations amounts to CHF 9 million (31.12.2013: CHF 11 million); the related amortization of CHF 2 million is included in the result of associated organizations.

17 Short-term financial liabilities

Bank current accounts	31	16
Bank loans	1	6
Other short-term financial liabilities	18	29
Pension fund obligations	200	200
Short-term portion of long-term financial liabilities	791	1 192
Total	1 041	1 443

18 Other short-term liabilities

Vouchers in circulation	64	62
Prepayments from customers	118	121
Other taxes	102	105
Other short-term liabilities	101	97
Total	385	385

19 Short-term provisions

	Pension funds	Restructurings	Supercard	Other provisions	Total
As at 1.1.2014	22	3	200	140	364
Creation of provisions	22	0	194	34	250
Use of provisions	-22	-9	-214	-52	-297
Reversal of provisions no longer required			-3	-7	-10
Reclassifications	1	25	16	-22	21
Impact of changes in currency exchange rates (gain (+) / loss (-))	-0	-0		-1	-1
As at 31.12.2014	23	19	192	93	327
As at 1.1.2013	22	10	180	101	313
Creation of provisions	20	0	197	75	292
Use of provisions	-21	-8	-200	-56	-286
Reversal of provisions no longer required	-0			-7	-7
Reclassifications	2	-0	23	27	52
Impact of changes in currency exchange rates (gain (+) / loss (-))	0	0		0	0
As at 31.12.2013	22	3	200	140	364

Other short-term provisions mainly include provisions for personnel in the amount of CHF 25 million (31.12.2013: CHF 25 million) and sales outlets in the amount of CHF 38 million (31.12.2013: CHF 76 million).

20 Long-term financial liabilities

			31.12.2014	31.12.2013
Deposit accounts			1 798	1 708
Medium-term notes			293	322
Coop-Gruppe Genossenschaft	Jul 2009 – 2015	3,25%	500	
Coop-Gruppe Genossenschaft	Jun 2010 – 2016	2%	500	
Coop-Gruppe Genossenschaft	Sep 2010 – 2017	2%	250	
Coop-Gruppe Genossenschaft	Jul 2012 – 2019	1,25%	250	
Bell AG	May 2013 – 2018	1%	175	
Bell AG	May 2013 – 2022	1,75%	175	
Coop-Gruppe Genossenschaft	Jun 2014 – 2021	0,875%	200	
Coop-Gruppe Genossenschaft	Sep 2014 – 2023	1%	200	
Bonds			2 250	2 350
Bank loans			6	34
Mortgages			123	129
Finance leases			2	4
Other loans			30	42
Short-term portion of long-term financial liabilities			-791	-1 192
Total			3 712	3 397

21 Long-term provisions

in CHF million	Pension funds	Restructurings	Deferred taxes	Supercard	Other provisions	Total
As at 1.1.2014	92		749	16	185	1 042
Changes to the scope of consolidation			12		2	14
Creation of provisions	3	15	30		31	79
Use of provisions	-0	-9			-12	-21
Reversal of provisions no longer required	-2		-10		-7	-18
Reclassifications	-3	42		-16	-44	-21
Impact of changes in currency exchange rates (gain (+) / loss (-))	-1		-4		-0	-5
As at 31.12.2014	90	47	777		155	1 069
As at 1.1.2013	68		778	43	194	1 084
Creation of provisions	7		13		66	87
Use of provisions	-0		-0		-14	-14
Reversal of provisions no longer required	-0		-42	-4	-8	-53
Reclassifications	17		0	-23	-54	-60
Impact of changes in currency exchange rates (gain (+) / loss (-))	0		-1		0	-0
As at 31.12.2013	92		749	16	185	1 042

Other long-term provisions mainly include provisions for personnel in the amount of CHF 54 million (31.12.2013: CHF 48 million) and sales outlets in the amount of CHF 14 million (31.12.2013: CHF 26 million).

22 Pension fund

	Nominal value ECR 31.12.2014	Balance sheet 31.12.2014	Balance sheet 31.12.2013	Changes ECR in personnel expense	
Employer contribution reserve (ECR)				31.12.2014	31.12.2013
Patronage funds / patronage pension institutions	2	2	3	1	0
Pension institutions	10	10	9		1
Total	12	12	12	1	1

	Surplus / deficit 31.12.2014	Economic share of the Coop Group 31.12.2013	Pension benefit expenses within personnel expense	
Economic benefit / obligation and pension benefit expenses			31.12.2014	31.12.2013
Patronage funds / patronage pension institutions				
Pension funds without surpluses / deficit			252	258
Pension funds with deficits				
Pension funds with surpluses				
Total			252	258
Statutory employer contributions			252	258
Pension institutions obligation			200	200

23 Off-balance-sheet transactions

	31.12.2014	31.12.2013
Guarantees, guarantee obligations	37	36
Carrying amount of pledged assets	205	239
Secured liabilities	116	134
Other non-recognizable commitments	141	26

In July 2014, the German Federal Cartel Office ruled to impose administrative fines of around EUR 100 million on Bell Deutschland for alleged illegal price fixing in the years prior to the acquisition of Abraham and ZIMBO. No provisions were recognized, as the Coop Group does not consider these fines to be objectively or substantively justified and will fight them with all the means available to it. Proceedings are expected to take several years. The contingent liability is recognized in "Other non-recognizable commitments" (CHF 120 million).

24 Obligations under off-balance sheet operating leases

due within one year	8	9
due in 1 to 5 years	30	29
due in more than 5 years	25	32

25 Commitments from long-term rental and right-to-build agreements

due within one year	718	707
due in 1 to 5 years	2 614	2 426
due in more than 5 years	3 910	3 548

26 Open derivative financial instruments

Financial instrument	Purpose	Contract values		Assets		Liabilities	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Foreign exchange	Hedging	57	57	0	0	0	0
Other underlying assets	Hedging	22	16	1	2		
Total recognised in balance sheet		79	73	1	2	0	0
Foreign exchange	Hedging	884	656	5	1	3	3
Interest rates	Hedging		140				3
Equity instruments	Without hedging	3	3			1	0
Total not recognised in balance sheet		887	799	5	1	4	6

Bell AG holds options to acquire further shares in associated organizations (2% of Hilcona), the price of which depends on future earnings.
Dipl. Ing. Fust AG holds a call option from 2013 to 2023 for 49.94% of Service 7000 AG at a price based on earnings over the previous three years.

27 Related party transactions**Transactions with associated organizations**

	2014	2013
Net sales	48	57
Other operating income	42	98
Financial income	0	3
Merchandise expense	551	560
Office and administrative expense	1	1
Rental expense	2	0
Miscellaneous expenses	1	1

	31.12.2014	31.12.2013
Receivables from goods and services	6	6
Other receivables	4	1
Prepaid expenses and accrued income	42	48
Loans	35	33
Payables from goods and services	33	46
Short-term financial liabilities	9	5
Accrued liabilities and deferred income	6	5
Long-term financial liabilities	1	

There are no other significant transactions with other related parties.

28 Most significant components at acquisition of organizations

in CHF million

31.12.2014 31.12.2013

Centre Commercial Moncor S.A.

Tangible fixed assets	84
Financial liabilities	7
Provisions	10

Marché Restaurants Schweiz AG

Cash and cash equivalents	6
Receivables	23
Tangible fixed assets	23
Financial assets	11
Payables	36
Accrued liabilities and deferred income	6
Financial liabilities	8

RS Vertriebs AG

Receivables	8
Prepayments and accrued income	3
Inventories	9
Intangible assets	3
Payables	7
Accrued liabilities and deferred income	4

29 Events after the balance sheet date

On 15 January 2015, the Swiss National Bank abandoned the euro floor. The carrying amount of various items recognized in the balance sheet depends on future movements in foreign currencies, which cannot be judged at the present time. Any changes in value will be recognized in the consolidated financial statements for 2015. Furthermore, the impact of the National Bank's decision on income statement items in the 2015 consolidated financial statements cannot be quantified.

Significant changes to the scope of consolidation:

- Transgourmet France sold its Pro Hygiene Service operation. Pro Hygiene Service is a supplier of hygiene products.
- Transgourmet Deutschland will acquire Sump & Stammer GmbH, Hamburg. This company is a wholesale supplier.

The Board of Directors approved the annual consolidated financial statements of the Coop Group on 11 February 2015. They have to be approved by the Delegate Assembly on 26 March 2015.

30 Scope of consolidation (significant companies)

			Interest held as at 31.12.2014 %	Interest held as at 31.12.2013 %	Share capital as at 31.12.2014 in CHF mio.	Method of inclu- sion ¹
Coop-Gruppe Genossenschaft	CH-Basel	Equity investment company				
Coop Genossenschaft	CH-Basel	Retail, production	100.00	100.00	CHF	F
Betty Bossi AG	CH-Zürich	Magazine publisher	100.00	100.00	CHF 0.2	F
Coop Immobilien AG	CH-Bern	Real estate	100.00	100.00	CHF 200.0	F
Dipl. Ing. Fust AG	CH-Oberbüren	Electrical appliances, multimedia	100.00	100.00	CHF 10.0	F
RS Vertriebs AG	CH-St. Gallen	Online trading of electrical appli- ances, multimedia	100.00		CHF 1.0	F
Service 7000 AG	CH-Netstal	Repairs service	50.06	50.06	CHF 1.6	F
Pearlwater Mineralquellen AG	CH-Termen	Mineral waters	100.00	100.00	CHF 22.4	F
Soc. Coopération de Collaboration Int.	BE-Bruxelles	Purchasing company	25.00	25.00	EUR	E
The Body Shop Switzerland AG	CH-Uster	Beauty and cosmetic products	100.00	100.00	CHF 0.4	F
Tropenhaus Frutigen AG	CH-Frutigen	Tropical products, aquaculture	72.88	72.88	CHF 1.4	F
Tropenhaus Wolhusen AG	CH-Wolhusen	Tropical products, aquaculture	94.31	94.31	CHF 2.6	F
Bell AG	CH-Basel	Holding	66.29	66.29	CHF 2.0	F
Bell Deutschland Holding GmbH	DE-Seevetal	Sub-holding	100.00	100.00	EUR 0.0	F
Bell Deutschland GmbH & Co. KG	DE-Seevetal	Charcuterie	100.00	100.00	EUR 1.2	F
Interfresh Food GmbH	DE-Seevetal	Sub-holding	100.00	100.00	EUR 0.1	F
Abraham France SARL	FR-Bussy-Saint- Georges	Wholesale	100.00	100.00	EUR 0.0	F
Bell Polska Sp. z o.o.	PL-Niepolomice	Charcuterie	100.00	100.00	PLN 2.7	F
Bell Benelux Holding N.V.	BE-Zellik	Sub-holding	100.00	100.00	EUR 6.3	F
Bell Benelux N.V.	BE-Zellik	Trade in meat products	100.00	100.00	EUR 0.7	F
Bell Nederland B.V.	NL-Dr Houten	Trade in meat products	76.00	76.00	EUR 0.0	F
Sanchez Alcaraz S.L.U.	ES-Casarrubios del Monte	Air-dried ham	100.00	100.00	EUR 0.8	F
ZIMBO Czechia s.r.o.	CZ-Praha-Holesovice	Retail	90.00	90.00	CZK 1.3	F
ZIMBO Húspanari Termelő Kft.	HU-Perbal	Meat and sausage products	99.74	99.74	HUF 1.5	F
Bell France Holding SAS	FR-Teilhède	Sub-holding	100.00	100.00	EUR 1.3	F
Salaïson Polette & Cie SAS	FR-Teilhède	Cured sausages	100.00	100.00	EUR 3.1	F
Bell Schweiz AG	CH-Basel	Fresh meat, charcuterie, poultry, seafood	100.00	100.00	CHF 20.0	F
Centravo Holding AG	CH-Zürich	Processing of by-products	29.80 ²	29.80 ²	CHF	E
Hilcona AG	FL-Schaan	Fresh convenience foods	49.00	49.00	CHF	E
CapCo AG	FL-Vaduz	Insurance company	100.00	100.00	CHF 5.0	F
Centre Commercial Moncor S.A.	CH-Villars-sur-Glâne	Real estate	100.00		CHF 1.2	F
Centre de formation "du Léman"	CH-Jongny	Training	100.00	100.00	CHF 0.0	F
Chocolats Halba S.A. de C.V.	HN-San Pedro Sula	Cocoa production	75.00	75.00	USD 0.1	F
Coop Tagungszentrum	CH-Muttenz	Training	100.00	100.00	CHF 0.4	F
Coop-ITS-Travel AG	CH-Freienbach	Travel agency	50.00	50.00	CHF	E
Coop Mineraloel AG	CH-Allschwil	Filling stations with shops	51.00	51.00	CHF 10.0	F
Coop Vitality AG	CH-Bern	Pharmacies	51.00	51.00	CHF 5.1	F
Elektronik Distribution AG	CH-Basel	Purchasing alliance	100.00		CHF 0.1	F
Eurogroup SA	BE-Bruxelles	Purchasing company	50.00	50.00	EUR	E
Eurogroup Far East Ltd.	CN-Hong Kong	Purchasing company	33.33	33.33	HKD	E
HiCoPain AG	CH-Dagmersellen	Frozen baked goods	40.00	40.00	CHF	E
Marché Restaurants Schweiz AG	CH-Kemptthal	Restaurant	100.00		CHF 8.0	F
Palink UAB	LT-Vilnius	Retail	20.00	20.00	LTL	E
Panflor AG	CH-Zürich	Cereals and ground products	100.00	100.00	CHF 0.1	F
railCare AG	CH-Härkingen	Railway company operations	100.00	100.00	CHF 1.0	F
Retail Marketing Switzerland AG (previously: Rosengarten Basel AG)	CH-Basel	Retail	100.00	100.00	CHF 0.1	F
SC Swiss commercial GmbH	DE-Konstanz	Distribution company	100.00		EUR 0.0	F
Steinfels Swiss GmbH	DE-Konstanz	Distribution company	100.00	100.00	EUR 0.0	F

			Interest held as at 31.12.2014 %	Interest held as at 31.12.2013 %	Share capital as at 31.12.2014 in CHF mio.	Method of inclu- sion ¹
Transgourmet Holding AG	CH-Basel	Holding	100.00	100.00	CHF 520.1	F
Transgourmet Beteiligungs GmbH	AT-Wiener Neudorf	Sub-holding	100.00	100.00	EUR 1.2	F
OOO Selgros	RU-Moskwa	Cash & Carry	100.00	100.00	RUB 0.2	F
Transgourmet Central and Eastern Europe AG (previously: Transgourmet Deutschland AG)	CH-Basel	Sub-holding	100.00	100.00	CHF 0.1	F
OHG SELGROS C&C GmbH & Co. (previously: OHG FEGRO/SELGROS C&C GmbH & Co.)	DE-Neu-Isenburg	Cash & Carry	100.00	100.00	EUR 24.6	F
OHG Transgourmet GmbH & Co. (previously: OHG REWE-Foodservice GmbH & Co.)	DE-Mainz	Wholesale supplies	100.00	100.00	EUR 0.0	F
Transgourmet Seafood GmbH	DE-Bremerhaven	Seafood	100.00	100.00	EUR 0.9	F
Transgourmet Central and Eastern Europe GmbH (previously: Transgourmet Deutschland GmbH)	DE-Neu-Isenburg	Holding	100.00	100.00	EUR 21.3	F
SELGROS CASH & CARRY S.R.L.	RO-Brasov	Cash & Carry	100.00	100.00	RON 77.3	F
SELGROS Sp. z o.o.	PL-Poznan	Cash & Carry	100.00	100.00	PLN 87.2	F
Transgourmet France SAS	FR-Orly	Wholesale supplies	100.00	100.00	EUR 585.5	F
Transgourmet Schweiz AG	CH-Basel	Wholesale	100.00	100.00	CHF 46.1	F
Valentin Pontresina AG	CH-Pontresina	Trade, import, export	100.00	50.00	CHF 0.2	F

¹ F = Fully consolidated company

E = Company consolidated by the equity method

² Proportion of the shares in circulation



Report of the statutory auditor
to the Assembly of Delegates of
Coop Group Cooperative
Basle

Report of the statutory auditor on the annual consolidated financial statements

As statutory auditor, we have audited the annual consolidated financial statements of Coop Group Cooperative, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 75 to 94), for the year ended 31 December 2014.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the annual consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of annual consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the annual consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the annual consolidated financial statements 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 entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the annual consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 906 CO in connection with article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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 annual consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Dr. Daniel Suter

Audit expert
Auditor in charge

Pascal Bucheli

Audit expert

Basel, 11 February 2015

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

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