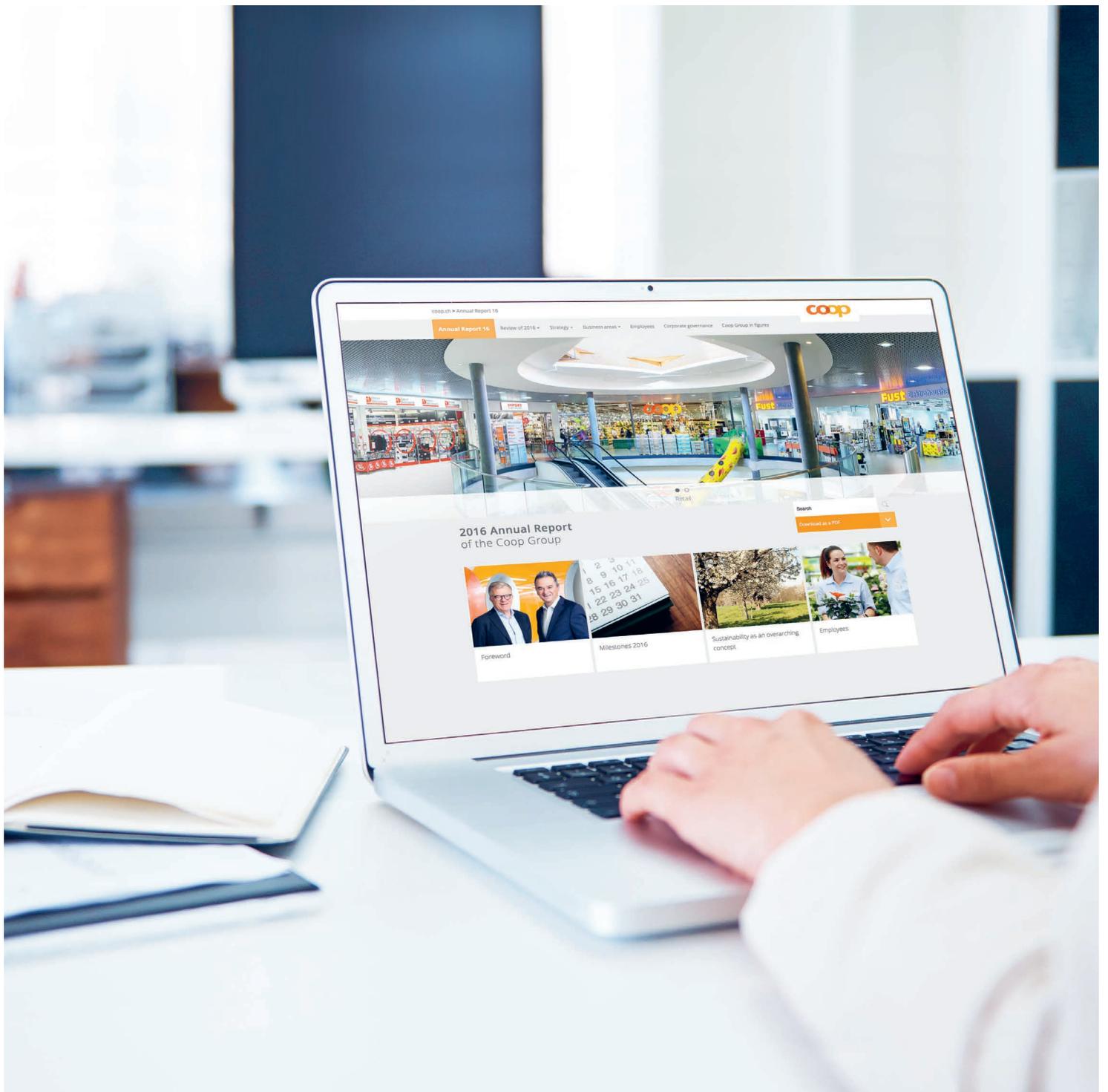


2016 ANNUAL REPORT OF THE COOP GROUP



2016 Annual Report of the Coop Group

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Coop Group business areas

As at 1 March 2017



Key figures at a glance

Total sales

28 322 CHF million

Net sales Group

27 259 CHF million

of which

19 251 CHF million Switzerland

8 008 CHF million abroad

Net sales segments

17 162 CHF million Retail

12 248 CHF million Wholesale/Production

Net sales online trading

565 CHF million Retail

824 CHF million Wholesale/
Production

Employees at 31.12

46 637 Retail

38 364 Wholesale/Production

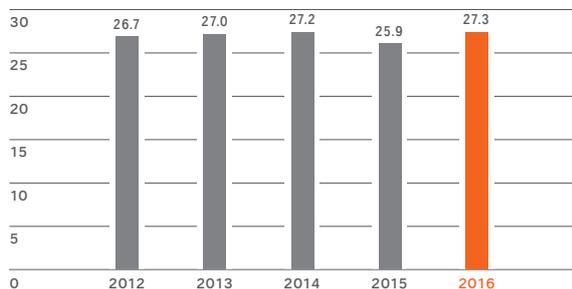
Trainees at 31.12

2 705 Retail

800 Wholesale/Production

Net sales

in CHF billion



Earnings

2 044 CHF million EBITDA
7.5% of net sales

763 CHF million EBIT
2.8% of net sales

Profit

475 CHF million
1.7% of net sales

Equity

8 928 CHF million
47.8% Equity ratio

Free cash flow

61 CHF million

Investments in tangible fixed assets

992 CHF million Switzerland

517 CHF million abroad

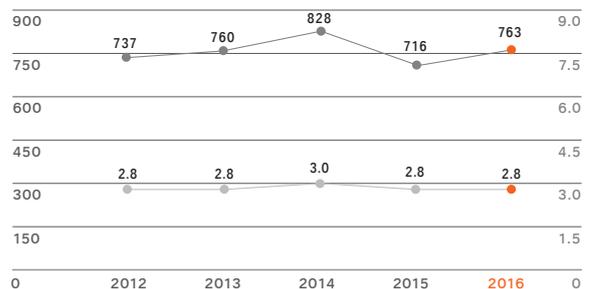
Sales outlets / markets

2 250 Retail

226 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales





Hansueli Loosli and Joos Sutter

Foreword

The Coop Group on a growth path

Coop can look back on a successful business year in 2016, despite the fact that we felt the after-shocks in the Swiss retail sector of the abolition of the euro-Swiss franc minimum exchange rate. Consumer sentiment remained uncertain, and cross-border shopping continued at a high level.

The Coop Group generated total sales of 28.3 billion francs with the Retail and Wholesale/Production business areas, corresponding to an impressive 5.2% growth in sales. Sustainability sales for the Coop Group grew by 8.8% to 3.9 billion francs.

Net retail sales amounted to 17.2 billion francs, which was in line with the previous year. Coop was able to maintain or expand its market share in all sectors and saw a substantial increase of 2.6% in footfall at its supermarkets.

In 2016, Coop introduced a large number of innovations in its retail business in particular. We surprised customers with new fast-food concepts such as Zopf & Zöpfli and Marché Express and also expanded Coop to go. At the beginning of January 2017 we also took over the Swiss

Aperto Group, which has a strong position at railway stations. This move enables us to further consolidate our position in the convenience market. Our new store concept for the supermarket of the future is innovative and features a market atmosphere and plenty of fresh products. At the end of 2016 we opened the first two stores with the new design, and by the end of 2017 their number will rise to around 45. The commissioning of the new distribution centre in Schafisheim in 2016 marked the completion of the largest construction project in Coop's history and set environmental standards. The opening of the first public hydrogen filling station in Switzerland in November was another sustainability milestone.

The Wholesale/Production business area – the second pillar of the Coop Group – performed especially well in 2016. Net sales grew by 15.4% to 12.2 billion francs. Worthy of mention is the Transgourmet Group, which advanced by 14.5% and continued to expand its position as the second-largest company in the European cash & carry and wholesale supplies sector.

Activities at Transgourmet in 2016 focused on the group-wide introduction of an own-label sustainability brand and expansion into Austria. By taking over the market leader in catering supplies we gained a foothold in a new country and made substantial strides with our strategy.

The Bell Group, one of the leading meat and convenience foods processors in Europe, expanded its expertise in 2016 through acquisitions. Production highlights included the construction of the new Swissmill grain store and the commissioning of the new industrial bakery and confectionery unit in Schafisheim.

We made considerable investments in expanding our online expertise in 2016, consciously linking in-store with online business. Group-wide net sales in the online business amounted to 1.4 billion francs, which is an increase of 14.6%.

Digitalization offers lots of new opportunities and poses a particular challenge to us and our employees. In future we intend to rely less on tried-and-tested aspects and to invest more in innovative, forward-looking formats and concepts. We are well placed to meet this challenge with around 85 000 dedicated employees to whom we owe special thanks.



Hansueli Loosli
Chairman of the Board of Directors



Joos Sutter
Chairman of the Executive Committee

Milestones in 2016



January

Transgourmet expands into Austria

Transgourmet acquires the whole of Austrian-based C+C Pfeiffer. The company is a market leader in the Austrian wholesale catering supplies segment. With the takeover, Transgourmet forms the new national company Transgourmet Österreich and is now operating in a total of seven countries.

February

Multi-award winning sustainability commitment

Coop is awarded the Watt d'Or 2016 special "Corporate Strategy" prize for its energy/CO₂ vision. The renowned Swiss energy prize is awarded annually by the Swiss Federal Office of Energy.

Coop is also a pioneer in animal welfare matters: on the Business Benchmark on Farm Animal Welfare, it is one of the best of 90 internationally leading companies in the food sector – and is the only provider from Switzerland to feature.

March

Bell acquires Hubers

The Bell Group wants to continue achieving sustainable growth and acquires the Austrian company Hubers, which specializes in the production of high-quality poultry meat.

April

Majority stake in the Update Fitness group

Coop acquires a majority stake of 51% in the Update Fitness Group, gaining a foothold in a promising business area. The fitness services provider is the market leader in eastern Switzerland.



May

Bell acquires Eisberg

Having acquired convenience salads specialist Eisberg, based in Dänikon, the Bell Group is expanding its own activities in this product area.

National launch of Siroop.ch

The regional pilot phase of Siroop.ch, which has been running since November 2015, is complete. Switzerland's first open online marketplace is now online throughout German-speaking Switzerland. It was created in a joint venture between Coop and Swisscom.

Coop expands its Executive Committee

Coop establishes the new IT / Production / Services Business Unit. As a result of the reorganization, the three areas are now represented on the Executive Committee and enjoy even greater strategic importance.

Introduction of the Veganz brand and expansion of Karma own-label brand

Coop concludes an exclusive partnership with German company Veganz and continues to expand the range of its own-label brand Karma. This strengthens Coop's leading role in vegan and vegetarian food.

June

Opening of the biggest logistics site

The new, ultra-modern Coop logistics centre in Schafisheim commences operations. It comprises the biggest bakery and confectionery unit in Switzerland, a new national distribution centre for frozen products and a regional distribution centre. Coop is setting new standards in terms of logistics and sustainability with this pioneering construction project.

Revamp of four online shops

Coop continues to broaden its expertise in online trading, giving the e-shops of Coop@home, Import Parfumerie, Toptip and Lumimart a new, ultra-modern look.



July

Transgourmet Österreich: Environmental management certificate

The market leader in the wholesale catering supplies segment becomes the only Austrian food retailer to hold the stringent ISO 14001 certificate for environmental management systems.

August

Record success rate for apprentices completing their training

1 010 young people and thus 99% of Coop apprentices in Switzerland successfully concluded their training. As Switzerland's second-biggest provider of apprenticeships, the Coop Group employed a total of 2 862 apprentices at end-2016.



September

Three specialist formats celebrate an anniversary

Dipl. Ing. Fust AG, a specialist in electrical household appliances, is 50 years old. Coop Building&Hobby, the leading Swiss DIY superstore, is 40, and Import Parfumerie celebrates its 40th anniversary in 2016.

New Zopf & Zöpfli and Marché Express take-away concepts

Betty Bossi and Marché Restaurants Schweiz AG launch the brand new Zopf & Zöpfli take-away concept with different types of freshly baked plaited bread. Shortly afterwards, Marché creates Marché Express, another innovative fast food concept.



October

Bell Schweiz acquires Cher-Mignon and Geiser AG

Bell Schweiz acquires the Valais-based charcuterie company Cher-Mignon SA and Geiser AG, which specializes in supplying the Swiss catering trade.

Aid for hurricane victims

Coop donates 200 000 francs to the Swiss Red Cross to provide emergency relief in Haiti.

Coop press expands readership

The Coop Member Press, published in three languages, gains more subscribers and readers, retaining its status as Switzerland's most-read consumer magazine.



November

Opening of the first public hydrogen filling station

Coop invests in a visionary mobility system and opens the first public hydrogen filling station in Switzerland, in Hunzenschwil (AG). The hydrogen is produced according to CO₂ and pollutant-free methods. At the same time, Coop adds the first hydrogen-fuelled truck to its fleet.



December

Supermarket of the future

Coop opens its first two supermarkets designed according to the 2025+ store concept, in Altstätten and Zumikon. The focus is on creating a market atmosphere and offering even fresher products. For the design of the concept, Coop developed a pilot store, at which customers were invited to make test purchases.



Transgourmet expands its wine expertise

At the beginning of January 2017, Transgourmet Switzerland acquires Weinkeller Riegger AG, which offers a complete range of almost a thousand wines. In May it already took over Casa del Vino SA, the general importer for Spain's leading bodegas.

Takeover of Aperto Group

Coop acquires the Swiss Aperto Group, which is well positioned at railway stations, at the beginning of January 2017. By taking over these locations, Coop can further consolidate its position in the convenience market.

Strategy and operating environment

In retail, the Coop Group concentrates mainly on organic growth in Switzerland. In wholesale, it is aiming both for organic growth and to expand into new markets together with Transgourmet. Coop is committed to verticalization in the production of strategically important goods.

Profile of the Coop Group

Active in retail as well as wholesale and production

The Coop Group operates in the Retail and Wholesale/Production business areas. In the retail sector, Coop operates supermarkets and various specialist formats in Switzerland. The Coop Group is the market leader in many of these formats. Retail accounts for about two thirds of the Coop Group's total sales. In wholesale, the Coop Group operates in Germany, Poland, Romania, Russia, France, Austria and Switzerland through Transgourmet. The Transgourmet Group is Europe's second-largest cash & carry and foodservice company. In the production sector, the internationally active Bell Group is the biggest company in the Coop Group. In addition to Bell, the Coop Group also operates other manufacturing companies in Switzerland.

The Coop Group is a cooperative

The Coop Group has a history that goes back over 150 years and has always been structured along cooperative lines. At the organizational level, it is divided into six regions and has over 2.5 million cooperative members. For the Coop Group, the focus is on the customers – the members of the cooperative. The company gears all its efforts to their needs. As a cooperative, the Coop Group does not strive to maximize profits – and can thus plan sustainably for the long term.

Strategies and objectives

Aligned to the Corporate Profile

A shared vision, a shared corporate profile and company-specific mission statements shape the Coop Group's day-to-day work and corporate culture. Our roughly 85 000 employees all share the same Group vision: "Together to the top". The corporate profile is also the same for all sales formats and companies in the Coop Group. It shows how we perceive our work: close, diverse, distinctive, innovative and partnership-oriented. The mission statements are set out for each company and each format individually and reflect its positioning in the sector and strategic focus. With their respective mission statements, the companies and formats make their contribution to the Group-wide vision and corporate profile.

Expansion and internationalization

In terms of expansion and internationalization, the Coop Group pursues two strategic thrusts. In retail, it is seeking to selectively optimize its network of POS in Switzerland and embrace the latest trends by making adjustments to its ranges and launching new formats. In this way, the Coop Group is strengthening its position on the domestic market. In wholesale, it is opening up new markets in Europe, thereby expanding the market position of the Transgourmet Group. This can be secured both through organic growth and through acquisitions.

Verticalization

For goods of particular strategic importance, Coop is committed to verticalization – either with meat at the Bell Group, water at Pearlwater, cereals at Swissmill, chocolate at Chocolats Halba or rice at Reismühle Brunnen. Integrating the manufacturing companies into its business activities also enables Coop to react swiftly to new trends. Thanks in part to Bell's majority stake in Hilcona, for instance, Coop has expanded its leading position in the convenience segment and developed its own vegetarian line. The Retail and Wholesale/Production business areas generally work closely together and exploit synergies in purchasing or logistics. Furthermore, the manufacturing companies produce articles for retail and wholesale. The aim is to exhaust the existing synergy potential and achieve even greater efficiency, translating into even lower consumer prices.

Cross-channel strategy

While the in-store business remains a highly relevant component of the food segment, purchases of non-food items are increasingly shifting online. The Coop Group identified this trend early on and focuses systematically on cross-channel, i.e. combining in-store with online trading. Accordingly, almost all specialist formats have their own online shop. Goods ordered online can either be delivered to the customer's home or collected in person at the POS of the store in question or at a pick-up station. Drawing on its wide network of POS, the Coop Group is systematically increasing the number of pick-up stations in Switzerland.

In total, the Coop Group operates 40 online shops, 24 of those in retail and 16 in the Wholesale/Production business area.

Purchasing strategy

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

The Coop Group handles purchasing of food and non-food products in Asia through its subsidiary, Eurogroup Far East Ltd. This subsidiary also assists business partners in the Far East in implementing environmental and social responsibility standards. Coop subsidiary Alifresca is responsible for purchasing fruit and vegetables in Spain and Italy.

As international cooperation is becoming increasingly important in purchasing, Coop is part of the international Alidis purchasing alliance. Among the other members of Alidis are Edeka (Germany), Groupement des Mousquetaires (France) – better known as Intermarché – and Eroski (Spain). Alidis is one of the biggest international purchasing alliances in Europe.

Quality strategy

Coop considers its quality management to be a discipline encompassing all the processes along the value chain which contribute to product quality. Quality standards and safety requirements – both statutory and Coop's own more extensive ones – must be fully met at every stage of the value chain. Coop's business partners and, in particular, Coop's employees play a key role here. Coop selects reliable business partners who satisfy the quality requirements and whose manufacturing processes are certified to international standards. There are inspection concepts in place for own-label brands and officially recognized labels which serve to guarantee compliance with the relevant requirements. As well as its own inspection activities carried out by quality assurance experts, Coop also works with independent inspection agencies.

Goal-setting process

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

Economic and political environment

Swiss retail stuck in the red

Nominal retail sales remained below the previous year's figure in 2016. Retail continued to feel the effects of the abolition of the minimum euro exchange rate. Consumer sentiment remained uncertain, and cross-border shopping continued at a high level. The lack of foreign visitors to the mountain regions also took a toll on sales. The negative price trend declined somewhat, especially in the non-food sector.

New food legislation: moderate and important revision

Coop welcomes the revision of food legislation, which was passed by the Federal Council at the end of 2016. The proposals for food labelling, disclosure of country of production, the cosmetics ordinance and allergen declarations for products in open sale are moderate and appropriate. The regulations do not place too great a financial burden on the companies affected, while at the same time guaranteeing a high degree of transparency towards customers. Coop also welcomes the fact that trade barriers with the EU will be further dismantled by this revision.

Food safety initiatives a source of debate

The issue of food safety remained a major talking point in 2016. Three initiatives (food safety, fair food and Uniterre) call for Switzerland to achieve the greatest possible level of self-sufficiency. Coop rejects the initiatives, as they would push up prices while reducing range size and would have too drastic an impact on economic freedom. The initiatives mark a backwards step in agricultural policy, for which a suitable framework has already been created by agricultural policy for 2014 to 2017. This framework allows us to continuously promote market-oriented agriculture that relies on sustainable production methods.

Focusing on critical raw materials and closed substance cycles

Coop also rejected the "Green Economy" referendum, as it failed to set achievable targets. In principle, however, Coop supports the desire for a sustainable economy. We must focus more on environmentally critical raw materials and close individual substance cycles in a targeted way.

Developments in wholesale and industry

Wholesale and industry were also hit by weak demand in Switzerland. Food wholesale felt the effects of declining sales in the Swiss catering industry. Swiss industry continued to suffer from pressure on costs and margins. In Europe, wholesale and industry benefited from the economic upturn. Private consumption provided critical support, profiting from the good employment situation, falling unemployment and the strengthening of purchasing power as a result of low oil prices. Russia's economy continued to contract.

Sustainability as an overarching concept

Sustainability is part of Coop's corporate DNA and an element in all its relevant strategies. The focus is on sustainable products and services, resource efficiency and climate protection as well as commitment to employees and social projects.

Strong awareness of sustainability

After 25 years of intensive engagement with the issue of sustainability, it has become a symbolic part of Coop's corporate DNA. The Coop Group has firmly enshrined sustainability in its Articles of Association, its Corporate Profile and its missions and integrated it into all relevant strategies and processes. To give one example, sustainability targets are incorporated in the comprehensive target-setting process, the training of employees and in operating processes and procedures.

With its comprehensive approach to sustainability, the Coop Group wants to set itself apart by delivering added value in the various markets. By doing this, Coop also ensures that the growing demands made by society and politicians are implemented efficiently and credibly throughout its business activities.

Coop's main reporting channels for its numerous sustainability-related measures are the [Coop Member Press](#), the Internet platform [actions-not-words.ch](#), the annual [Sustainability Progress Report](#) and this Annual Report of the Coop Group.

Concentrating on key areas

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



also major factors when choosing priorities. The key areas are reflected in Coop's Sustainability strategy concept, which is based on three pillars.

Pillar 1: Sustainable products and services

Coop is committed to observing ambitious minimum requirements along the whole value chain. In addition, it is involved in pioneering sourcing projects and long-term partnerships to promote organic farming, fair trade, animal welfare and biodiversity. Coop promotes sustainable consumption with responsible products, conscious range selection, targeted customer information and a variety of advertising activities.

Pillar 2: Resource efficiency and climate protection

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

Pillar 3: Employees and society

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

Coop Sustainability Fund

Coop finances projects from all three pillars through the Coop Sustainability Fund. Firstly, the projects initiate innovative solutions in socially relevant and environmental areas, thus providing pioneering services in the field of sustainability. Secondly, the focus is on raising public awareness of sustainable consumption and supporting projects for employees and society. The Coop Sustainability Fund currently has access to funds of at least 16.5 million francs a year.

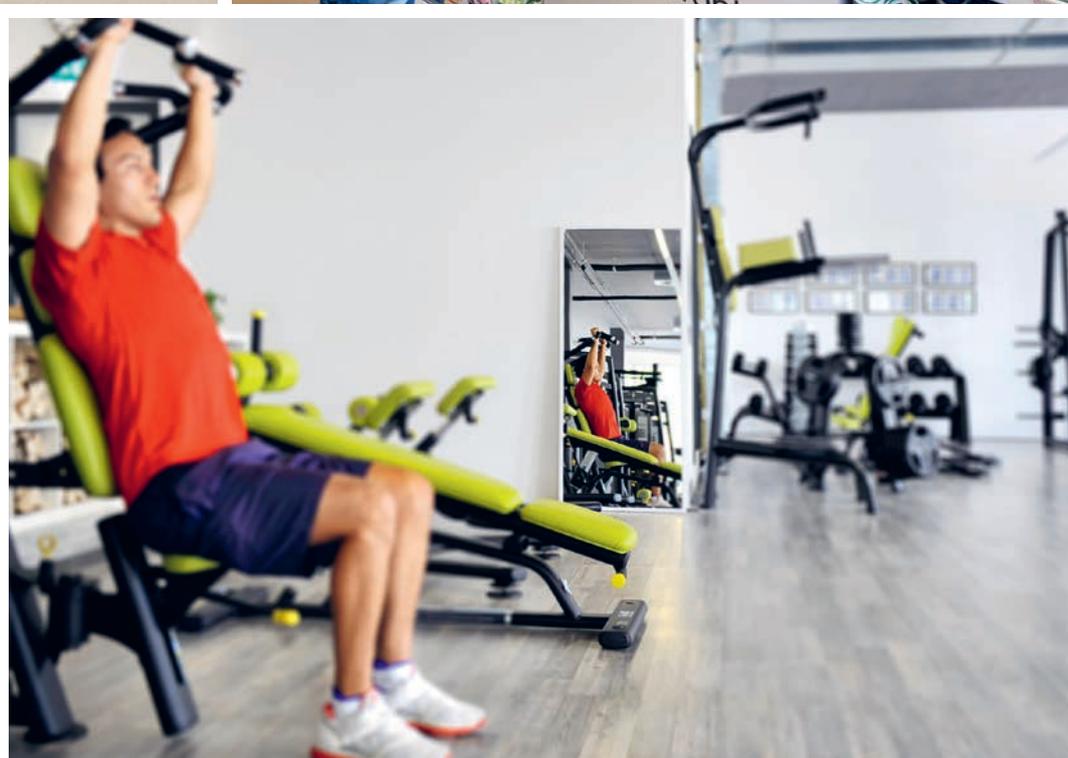
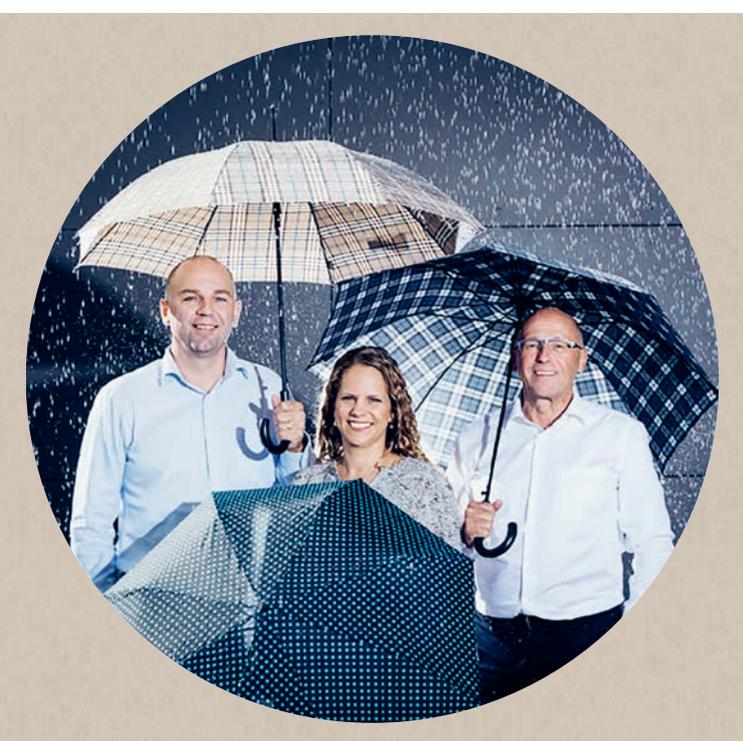
Strategic anchoring in wholesale and production

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

Multi-year targets 2014 to 2020

In 2013, the Coop Group's Executive Committee adopted the multi-year sustainability targets for 2014 to 2020. The top-level strategic issues documented in those targets apply for the entire Coop Group. The specific and, where possible, quantified targets by 2020 focus on the key sustainability tools and are each geared towards the areas of retail, wholesale and production. In 2016, the targets for all areas were subjected to an in-depth review and adjusted as necessary. The quantitative multi-year targets are broken down into annual targets which, along with the economic targets, are incorporated in the Coop Group's established annual target-setting process. Profit-sharing for management depends in part on the achievement of these sustainability targets.

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





Retail Business Area

Coop places the focus on families and is developing the supermarket of the future. Its aim is to achieve even greater sustainability in its purchasing in future and it sets specific targets for this. For the specialist formats, the focus is on expanding online expertise; meanwhile, the opening of the Schafisheim distribution centre marks the completion of the biggest construction project in Coop's history.

In 2016, the Coop Group generated net sales of 17.2 billion francs with its retail segment. The retail business, excluding fuel and heating oil, was thus able to match the previous year's level despite a number of price cuts.

Sales formats and range

17.2 bn CHF
net sales with
retail segment

In the Retail business area, the Coop Group operates supermarkets as well as numerous specialist formats for every customer need. At the end of 2016, it had 2 250 sales outlets throughout Switzerland, 52 more than in the previous year. Coop also boasts a wide range of online shops and systematically combines online and in-store trade (cross-channel). Almost all Coop's specialist formats now have their own online shops in addition to their brick-and-mortar stores. The 24 online shops in the retail segment achieved growth of 10.9% in 2016 compared with the previous year.

Coop attaches particular strategic importance to its sustainable ranges. In 2016, Coop's retail sales from sustainable products totalled an encouraging 3.5 billion francs, which was up 6.3% over the previous year (for details see www.coop.ch/sd-report). Sales of organic products alone came to 1.2 billion francs, which is 7.0% more than in the previous year.

Supermarkets

In 2016, the net sales of the Coop supermarkets amounted to 10.3 billion francs. At the end of 2016, Coop was operating 876 supermarkets across Switzerland, with a total sales area of 972 783 m². In the year under review, 28 new sales outlets were opened and eight closed. Coop won additional customers again in 2016: customer footfall at the supermarkets increased by 2.6%. The supermarkets also gained market share, especially in the fresh produce segment.

In August 2015, Coop launched Coop to go, a store concept geared entirely towards fresh and fast out-of-house catering. In 2016, Coop to go again expanded its range of fresh, homemade convenience products and opened its first locations outside the city of Zurich, in the Neustadt-Passage in Zug and at Baden station. At the end of 2016, Coop to go had a total of seven sales outlets.

Numerous activities to enhance the family-friendly factor

In 2016, Coop once again placed its commitment to families centre stage and implemented a range of measures to become even more family and child-friendly. In the Fun car, the kids' car at the front of the shopping trolley, little ones can accompany Mum or Dad while shopping and even help at the new family checkouts. As well as conventional checkouts, in Bachenbülach, Silbern and Bern Wankdorf Coop has installed its first family checkouts complete with Jamadu images at children's eye level. By the spring of 2017, Coop plans to provide a family checkout in all its megastores. Coop is also committed to making parking easier specifically for parents. Accordingly, at sites with sufficiently large areas, there are more wider parking spaces for family cars. By the end of 2017, family parking spaces are to be implemented at more than 50% of the sales outlets. In Coop restaurants, new children's events were introduced in 2016, which ranged from making Easter Bunnies to decorating Lebkuchen (gingerbread). In addition, Coop has included new play areas in some of its restaurants.

The great importance of families is also reflected in Coop's sponsorship commitments. For example, in 2016, together with the Swiss Gymnastics Association, Coop developed a Mum, Dad & Child tournament. Coop achieved a new visitor record for Coop Andiamo by schweiz.bewegt. The exercise event for the whole family was enjoyed by a total of 22 000 participants at five locations in 2016. Coop also now supports the family platform of the Swiss Red Cross, organized the Schwiizergoofe-Hello Family Tour, promoted children's musicals and held another successful Hello Family day at the Swiss Museum of Transport in Lucerne, attended by 5 000 people.

The Hello Family Club again added lots of new activities in 2016. It published two Hello Family magazines and entered into new partnerships for exclusive leisure offers. At the end of 2016, the Hello Family Club had around 1.5 million registered members, including 458 000 families, meaning it had grown significantly year-on-year.

Coop is developing the supermarket of the future

Driven by an innovative zeal, Coop is constantly developing new ideas in order to even better meet customers' requirements and design the supermarket of the future to reflect those needs. In 2016, Coop adopted the new 2025+ store concept and, as part of this, developed a pilot store covering around 1 000 m² in Bern-Schönbühl. In just a few months, a supermarket was created in which almost everything – design, fixtures and fittings, labelling and the checkout zone – was new. The focus is on creating a market atmosphere and offering even fresher products. Specifically, among other things Coop redesigned the meat, cheese and fish counters and began increasing the number of in-store bakeries at which bread is freshly baked directly on site.

Following its completion, the pilot store was tested by 450 carefully selected visitors from across Switzerland. Customers were able to make real purchases and then describe their experiences. Based on the results, Coop further refined the 2025+ store concept. By the end of 2016, the first two Coop supermarkets, in Altstätten and in Zumikon, had already undergone a makeover in line with the new concept, and that number is set to rise to around 45 by the end of 2017.

Clear objectives for sustainable sourcing

Coop has identified 14 critical raw materials whose production can have a major impact on people, animals and the environment. To make purchasing of these raw materials even more sustainable in future, Coop has analysed the key risks in each case that can arise during sourcing. In 2016, it also defined clear objectives and key figures for all 14 raw materials, which are to be achieved by 2020.

100%

fish and seafood from
sustainable sources

For cocoa, for example, the key risk lies in the negative impact of price pressure on the working conditions of smallholders, encouraging deforestation and child labour. Thanks to its Fairtrade Max Havelaar certification and the Bio Suisse bud label, Coop can guarantee that the cocoa is grown in an environmentally compatible way and that the smallholders receive fair prices. At year-end, organic or fair trade cocoa accounted for a share of 86% in Coop own-label products containing a significant amount of cocoa. By 2020, that share is set to rise to 100%.

Coop has also set clear objectives for meat and fish. As animal welfare legislation is far less rigorous abroad than in Switzerland, in 2016 Coop worked with foreign suppliers to establish chicken production that meets the Swiss requirements. Already, the majority of foreign project operations have switched to PAS (particularly animal-friendly stabling). In 2016, Coop also continued with the establishment of a turkey fattening procedure to be followed abroad that is similar to PAS. Since February 2016, Coop own-label fresh turkey (excluding Prix Garantie) has originated from farming along similar lines to PAS. Coop has celebrated a major success with fish: since December, 100% of the entire range of fish and seafood has originated from sustainable sources. This means that all fish species are rated as acceptable or recommended by the WWF. 64% of wild-caught fish also satisfies the MSC standard (Marine Stewardship Council), and around 33% of farmed fish satisfies the Bio Suisse guidelines.

The Coop manufacturing companies also set themselves targets for sustainable purchasing of critical raw materials, and the Transgourmet Group is analysing the current purchasing situation.

Coop is reducing consumption of plastic bags

On 22 September 2016, the Council of States issued a motion banning disposable plastic bags. In return, as part of a voluntary industry-wide solution, Coop has committed to not giving out free disposable plastic bags in future. To begin with, in October 2016 Coop introduced chargeable bags at ten sales outlets in the city of Zurich. The aim of the pilot project was to analyse and optimize the new procedures at the checkout. Since mid-February 2017, Coop has been giving out the plastic bags at the checkout in around 880 supermarkets across Switzerland, for a charge of five centimes. Coop has set itself the goal of reducing consumption of disposable plastic bags in supermarkets by 80%. Moreover, the bags are now made from 100% recycled materials. The proceeds from the sale of plastic bags are channelled into the Coop Sustainability Fund, through which Coop supports innovative and sustainable projects.

Product range diversity

As well as stocking the biggest selection of national and international branded products, Coop also stocks numerous own-label brands for every customer need in all its sales formats. In food retailing alone, with over 40 000 products in the food and non-food segment, it offers the greatest product range diversity in Switzerland. As well as own-label sustainability brands and quality seals, Coop also carries other own-label brands that cover diverse customer needs and offer optimum value for money.

OWN-LABEL SUSTAINABILITY BRANDS AND QUALITY LABELS



OWN-LABEL TARGET GROUP BRANDS



OWN-LABEL STANDARD BRANDS



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

Expanding leading position with sustainable products

In 2016, Coop further consolidated its leading position with products which satisfy the most stringent sustainability standards. With growth of 6.3% to over one billion francs, Coop has significantly increased sales of the Naturaplan organic own-label brand. 81 new Naturaplan items were introduced, including a small range of Swiss Demeter products. Sales of Oecoplan products also rose year on year. 91% of Oecoplan products are recommended by the WWF. The Naturaline textiles are also performing well, as are Naturaline cosmetics products. Melanie Winiger introduced the new collection for the young and young at heart with her mother. Many cosmetic products are certified vegan by the Vegan Society. In 2016, under the Ünique label, Coop brought 906 tonnes of fruit and vegetables whose

over **1 billion** CHF
sales from Naturaplan

appearance deviates from the norm to the shelves. In buying 323 tonnes of potatoes with growth cracks, Coop provided considerable support for Swiss potato farmers and prevented food waste. Furthermore, Coop has switched more ranges to fair trade, including ice-cream and dried fruits. At the end of the year, Coop had 730 certified fair trade products across all formats. Sales grew by around 19% to 397 million francs.

Coop supports farmers with the switch to organic

While sales of organic products have been very dynamic for a long time, the share of organic agriculture in Switzerland has been stagnating for a number of years. Therefore, in 2016 Coop continued to actively encourage conventional farms to switch to organic agriculture. For example, Coop buys the farmers' products on organic terms even during the two-year transitional phase to organic. Coop sells these products with the Bio Suisse conversion bud label and the note "Changing over to organic production" as part of the Naturaplan range. In addition, Coop provides financial support for Bio Suisse's annual Agriculture Day. The event is an opportunity for farmers to find out about the latest research and technology in the sphere of organic agriculture and aims to encourage conventional farmers to switch to organic. This project receives financial support from the Coop Sustainability Fund.

Additions to product ranges of own-label standard and target group brands

Coop continued to expand its range of own-label standard and target group brands in 2016. Also in the year under review, Coop introduced a number of products to the Prix-Garantie range that have proved particularly popular with families.

31 new products came onto the shelves under the Fine Food own-label brand, including – for the first time – two spirits. By the end of the year, the new-style packaging had already been introduced for 95% of Fine Food products.

With new and contemporary packaging complete with usage tips, and other innovative products, Coop reinforced its baking expertise under the Betty Bossi label in 2016. Working with culinary specialists, around 80 products have been systematically tested and overhauled.

Primagusto label fruit and vegetables remain popular. Sales of Primagusto grew by around 8% to 95 million francs.

In the Non-Food segment, Coop overhauled and optimized its range of household appliances in 2016 and gave greater prominence to own-label brands. As part of this, the Satrap own-label brand was completely repositioned. Among other things, Coop gave the packaging and the operating instructions a more modern and family-friendly look. In all, around 50 Satrap products were overhauled and gradually introduced to the range.

Greater diversity of vegetarian, vegan and allergen-free products

There has been a surge in interest in vegan and vegetarian food in recent years. As an innovative and trend-conscious retailer, in 2016 Coop further expanded the range of products with food-related added value. Under the Karma own-label brand, Coop introduced 20 snack varieties and, among other things, products based on coconut and almond milk to the shelves. As a result, the number of Karma products had doubled by the year-end, and sales had risen by around 73%.

Coop also launched 34 vegan products by German brand Veganz – including vegan biscuits, soya schnitzel and coconut blossom sugar made from coconut nectar. In total, at year-end Coop carried 560 products bearing the official Swissveg vegetarian logo, of which 372 are vegan.

Besides vegetarian and vegan products, Coop also expanded the range for allergy sufferers in 2016 under the Free From own-label brand. A study carried out by Coop with the expert support of the aha! Swiss allergy centre found that expectations in regard to transparency, diversity and high quality of foods are now much higher. In response to this, Coop has devised a new labelling system: products for allergy sufferers are distinguished on the shelves by the green Free From logo and additional seals indicate which allergens are absent. Own-label products and a number of branded products that are free from gluten, lactose or other allergens are also labelled. At the end of 2016, Coop had 400 labelled products for people with allergies or intolerances – the biggest range in the Swiss retail sector.

Commitment to fair consumer prices

In 2016, Coop pursued its commitment to continuously reducing price differences compared with neighbouring countries. To achieve this, Coop conducted tough negotiations with its suppliers and, where necessary, made use of parallel imports. Coop also invested in efficiency – in logistics in particular – in order to create leeway for price reductions. During the year under review, Coop cut the price of over 1 741 products, for a total investment of 31.5 million francs. Face and bodycare was a particular area of focus: here alone, Coop reduced over 900 products by an average of 17%.

31.5 m CHF
invested in lower prices

Fluctuating raw material prices presented a challenge in 2016. Honey and nuts, among other things, became more expensive. By contrast, Coop lowered prices in some product groups due to falling raw material prices, two examples being milk and pork. All price changes were advertised in the Coop member press.

Specialist formats

In 2016, the Coop Group's specialist formats generated net sales totalling 6.9 billion francs. Encouragingly, the Coop Group was able to maintain or expand its market share in all areas. Coop remained particularly strong in home electronics, to which the specialist formats Interdiscount, Microspot.ch, Dipl. Ing. Fust, and Nettoshop.ch. belong. Net sales of the four formats totalled around 2 billion francs, which is 11 million francs more than in the previous year. This means that Coop remains the undisputed leader in this market.

With a majority stake of 51% in the Update Fitness Group, in 2016 Coop opened up another promising market. In the last ten years, customer demand for modern, health-oriented fitness centres has increased greatly in Switzerland. The acquisition of the Update Fitness Group is the ideal first venture for the Coop Group into this business area, which offers huge growth potential.

Modernization of sales outlets in full swing

In the in-store business, the specialist formats continued to focus on modernizing sales outlets in 2016. Coop City converted three more department stores in keeping with the new "Bellacasa" store design. The new catering concept is being implemented in the restaurants of the Pfauen Basel and Zurich St. Annahof branches. The "freshness island", with a selection of seasonal delicacies appropriate to the time of day, forms the centrepiece of this concept.

In March, Coop Building&Hobby opened its modernized sales outlet in Volketswil, complete with a new garden centre, and seven more stores were modernized.

At Toptip, two furnishing stores have been modernized, and Interdiscount gave 63 branches a brighter, friendlier look.

Fust continued to modernize its sales outlets: a total of 62 sales outlets were renovated.

At The Body Shop, 32 of a total of 50 branches have been given a makeover, and Import Parfumerie has renovated five sales outlets and opened two new ones.

Coop launches innovative fast-food concepts

By expanding its take-away concepts in 2016, the Coop Group was meeting the growing customer need to enjoy food on the go that is not only fast but also fresh and tasty. Firstly, Betty Bossi and Marché Restaurants Schweiz AG launched the new Zopf & Zöpfli take-away concept, based entirely on a Swiss favourite, Zopf – a plaited bread. The range comprises varieties of freshly-baked plaited breads – filled and unfilled, hot or cold, with meat or vegetarian. The breads are plaited by hand and are freshly baked and filled on site throughout the day. The range is supplemented with salads, muesli and beverages. The concept and all the recipe creations originate from Betty Bossi, while Marché Restaurants Schweiz AG handles operational management. The first Zopf & Zöpfli take-away opened at the end of September 2016 in the pedestrian underpass at Bern station. More locations are planned.

Secondly, in October 2016, Marché Restaurants Schweiz AG opened the first Marché Express at Zurich's main station. The range offered by the new take-away concept is seasonal and based on the company's own recipes. Marché has a wealth of experience in fast food and, with the opening of Marché Express, now offers its market-fresh range at locations other than motorways or airports. The second Marché Express at Zurich Oerlikon station opened its doors shortly afterwards, in November, and another eight are set to follow by 2020.

The Coop Pronto Shops and the Coop to go store concept, launched in 2015, are the other take-away and convenience outlets. At the beginning of January 2017, Coop also took over the Swiss Aperto Group, which has a strong position at railway stations. This move enables Coop to further consolidate its position in the convenience market.

Investment in online shops and cross-channel solutions

Coop once again expanded its expertise in online trading in 2016. The online format Coop@home and the online shops of Import Parfumerie, Toptip and Lumimart have been given a compelling, ultra-modern makeover. In December, Coop@home opened the first online butcher's shop in the Swiss retail sector, where customers can have their meat cut to their individual requirements and delivered to their door. On Toptip's website, customers can now assemble their furniture using digital design tools and collect it from a Toptip branch of their choice. As part of the cross-channel strategy, which involves combining various sales channels as ordering and collection locations, Coop once again substantially increased the number of pick-up points in 2016. A pilot project is trialling a system whereby goods ordered online can be collected in a supermarket. For instance, products at the new online marketplace Siroop can now be collected at 203 Pick-up points, which are situated in Coop supermarkets, Coop Pronto shops and Interdiscount branches.

363
pick-up points in
Coop outlets

Logistics accounted for the bulk of Coop's investments in online trading. At the Interdiscount head office in Jegenstorf, for instance, a new and fully automated logistics centre is being built for Interdiscount and Microspot.ch. The aim is to further consolidate market leadership in home electronics, by more closely integrating online and in-store trading. The new logistics centre will be used primarily for storing and dispatching the online range. It has space for around 26 000 products – more than double its previous capacity. The shell construction phase was completed at the end of 2016, and the commissioning date for the logistics centre is 2018. The investments amount to 70 million francs.

As well as the new building in Jegenstorf, Coop will be extending the joint logistics centre of Fust and Nettoshop.ch in Oberbüren to a total of 72 000 m². This will enable Fust and Nettoshop.ch to store a further 9 000 products in their ranges, making a total of 22 500 products. The construction work in Oberbüren is set to commence in 2017, and the completion of the building is scheduled for the end of 2018.

National launch of online marketplace Siroop

Following the regional pilot phase in the autumn of 2015, in the city of Berne, the national launch of Siroop took place in May 2016. Siroop is Switzerland's first open online marketplace, selling a product range of local, regional and national merchants in one place. Siroop combines offline and online trading by enabling customers to buy products from brick-and-mortar retailers as well as items from large online merchants. Siroop makes online shopping easy and is committed to the digitalization of Swiss retail. The marketplace is operated by Siroop AG, a joint venture founded in April 2015 by Coop and Swisscom. The start-up operates as an independent and separate company. At the end of 2016, there were 305 merchants with around 500 000 products on Siroop.

Coop opens Switzerland's first public hydrogen filling station

In 2016, Coop invested in a visionary mobility system and, in November, opened the first public hydrogen filling station in Switzerland, in Hunzenschwil (AG). At the same time, Coop added twelve hydrogen-fuelled cars and the world's first hydrogen-fuelled truck with trailer that is able to fulfil the requirements of Coop's Logistics to its fleet. The hydrogen required to drive the vehicles is produced by H2 Energy AG in the nearby run-of-the-river power plant of IBAarau in Aarau, with no CO₂ or pollutant emissions, and delivered to Coop Mineraloel AG. In opening the hydrogen filling station, Coop is expressing its commitment to a leading-edge technology and taking another big step towards sustainable mobility.

Highlights from the specialist formats

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

 <p>Number one in the Swiss consumer electronics market.</p> <p>▼ Factsheet</p>	<ul style="list-style-type: none"> • Gains in market share • Opening of five new locations: Küsnacht, Frick, Berne, Hochdorf, Weinfelden • Upgrading of 63 branches • Further development of online shop: Expansion to over 25 000 products and introduction of same-day delivery from branches in various cities • Growth in sales of around 39% for online orders • Construction of new logistics centre in Jegenstorf
 <p>The second-largest department store chain in Switzerland.</p> <p>▼ Factsheet</p>	<ul style="list-style-type: none"> • Market position consolidated • Implementation of the new "Bellacasa" store design in three more department stores (Fribourg, Thun Kyburg, Oerlikon) • Implementation of the new catering concept at the Pfauen Basel and Zurich St. Annahof branches • Further development of decorating boutique concept: alternating ranges on specific themes to provide decorating ideas
 <p>Switzerland's leading building supplies store.</p> <p>▼ Factsheet</p>	<ul style="list-style-type: none"> • Increase in market shares • 40th anniversary • Launch of the new advertising campaign with the claim "We help you get it done" • Opening of new Giardino garden centre in Volketswil • Increase in sales from sustainable products and expansion of the Oecoplan range • Further development of online shop Expansion of range to over 50 000 products, integration of new services and strong sales growth of 88%



The professional home furnishings store.

- Market position consolidated
- Huge gains in sales of customizable products
- Reopening of the converted and modernized branches in Lyssach and St. Gallen
- Relaunch of online shops toptip.ch and luminart.ch: digital furniture design tools are among the new features
- Strong sales growth of around 16% at online shops

▼ Factsheet



Switzerland's leading perfume and bodycare chain

- Gains in market share
- 40th anniversary
- Reinforcement and further development of the autonomous organization
- Relaunch of online shop along with introduction of Dior brand
- Introduction of Click & Collect All items in the online shop can be collected and paid for in-store
- Sales growth of around 111% with the online shop
- Opening of two new branches in Weinfelden and Oerlikon and modernization of five existing branches

▼ Factsheet



The leading chain of jewellers

- Reinforcement and further development of the autonomous organization
- Expansion of shop-in-shop concepts in the fashion and watches segment
- Strengthening of real jewellery range
- Around 45% sales growth in online business

▼ Factsheet



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

- Gains in market share
- Ongoing, systematic exploitation of expansion potential
- Opening of Switzerland's first public hydrogen filling station in Hunzenschwil

▼ Factsheet



The number one in the Swiss convenience market.

- Systematic expansion of products and services to consolidate leading position
- Strong expansion of vegetarian and in some cases vegan product range under Karma
- Expansion of cooling areas at more than 20 locations and, therefore, the range of chilled fresh products
- Ten more locations equipped to sell hot products

▼ Factsheet



For warmth and well-being

- Market shares in heating oil trading increased
- Customer-oriented consolidation of the Coop heating oil brand "For warmth and well-being"
- The percentage of customers who purchased low-emission eco heating oil rose to 58%

▼ Factsheet



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

- Gains in market share
- 50th anniversary
- Net sales again top the one billion threshold: 2% sales growth year on year
- Upgrading of the Fust savings app with integrated "Repair or replace" advisor
- 12 more sales outlets modernized
- Fast-growing online business with direct collection options at all Fust branches

▼ Factsheet



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

- Gains in market share
- Increase of over 7% in net sales
- Opening of five new pharmacies in Biberist, Wallisellen, Kriens, Weinfelden and Baden
- Addition of eight products to the own-label brands line, introduction of the gluten check service and exclusive introduction of natural skincare brand A-Derma

▼ Factsheet



Culinary treats every day, at fair prices.

- Gains in market share and sales growth in a declining market
- Implementation of the catering concept in 15 restaurants and five Take-its
- Takeover of Interdiscount staff restaurant in Jegenstorf
- Launch of Coop insulated cup to reduce consumption of paper cups

▼ Factsheet



The fresh host at busy locations

- Launch of “Zopf & Zöpfli” take-away concept, in partnership with Betty Bossi
- Opening of new take-away concept Marché® Express at Zurich main station and Zurich Oerlikon station
- Opening of Cindy’s Burger trailer by the Letzipark in Zurich
- Relocation of the company’s head office from Kempthal to Dietikon

▼ Factsheet



Switzerland’s number one for cooking and indulgence.

- Launch of “Zopf & Zöpfli” take-away concept, in partnership with Marché Restaurants Schweiz
- Launch of the “Dish Up” blogger platform
- Expansion of international distribution of innovative kitchen aids
- Expansion of online range of kitchen and household items

▼ Factsheet



The natural and sustainable cosmetics company

- Launch of new values “Enrich not Exploit – it’s in our hands”
- Modernization of seven more sales outlets
- Opening of two new locations at Lucerne and Baden stations
- Acquisition of the two Ticino franchise companies in Chiasso and Lugano
- Over 24% sales growth in online business

▼ Factsheet



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

- Gains in market share in a shrinking market
- Increase of 21% in net sales despite difficult operating conditions due to geopolitical influences and events
- Exceptional growth in long-haul travel
- Shift in demand, with emphasis on holiday destinations in Greece and Spain

▼ Factsheet



Coop’s hotel group

- Increase in market shares despite growing supply of hotel rooms in Basel and nearby border region
- Participation in the sustainability project run by the Sapocalypse foundation: soap is recycled and given to families in need, to improve hygiene
- Savoy Hotel project in Bern: start of extensive renovation and preparation for opening in February 2017

▼ Factsheet



Leading fitness provider in eastern Switzerland

- Gains in market share in eastern Switzerland
- Previous membership growth, averaging 10% per year, is significantly higher in 2016, at over 20%
- Opening of six more locations

▼ Factsheet



Greenhouses with restaurants

- The restaurants in the greenhouses in Wohlhusen and Frutigen were each awarded 14 Gault-Millau points, and Wohlhusen was awarded the Bib Gourmand by the Michelin Guide
- Frutigen: around 11% increase in net sales; sales growth of around 27% from the sale of fish and caviar
- Wolhusen: net sales up by around 12%; successful special exhibition entitled "Caribbean"

▼ Factsheet



The leading online supplier of consumer electronics and household equipment.

- Market position expanded
- Launch of a new ordering platform and expansion of business customer segment
- Further consolidation of position as price leader in online trading
- Creation of an Education area with special offers for school pupils and students
- Opening of a showroom at Zurich's main station
- Construction of new logistics centre in Jegenstorf

▼ Factsheet



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

- Gains in market share
- Increase of around 7% in net sales
- 15th anniversary
- Relaunch of online shop
- Opening of the first online butcher's shop in the Swiss retail market
- More pick-up points added

▼ Factsheet



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

- Gains in market share
- Increase of over 12% in net sales
- Expansion of range in western Switzerland and Ticino
- Greater brand recognition thanks to new communication campaign in all parts of the country

▼ Factsheet



Switzerland's first open online marketplace

- Successful launch in German-speaking Switzerland with 305 retailers and around 500 000 products
- Creation of a product range of local, regional and national retailers under one roof
- Establishment of 203 pick-up points across Switzerland

▼ Factsheet

Logistics, IT and property

Logistics and Bakeries Strategy 2015+: Biggest construction project in Coop's history completed

The Logistics and Bakery Strategy 2015+ (LoBOS) is based on the idea of further concentrating the structures and organization of Coop's national and regional logistics and that of the Coop bakeries. The fundamental objectives of the strategy entail: optimizing costs with annually recurring savings of 50 million francs, supporting the Coop vision "CO₂-neutral by 2023" and improving the quality of Coop baked goods. As part of LoBOS, Coop plans to expand the production and logistics location in Pratteln (BL) and drive forward unaccompanied combined transport (UCT) through Coop subsidiary Railcare.

However, the heart of this and also the biggest construction project in Coop's history is the expansion of the regional distribution centre in Schafisheim in Aargau, including the construction of the new frozen food distribution centre and an industrial bakery and confectionery. On 22 June 2016, a celebration was held to mark the inauguration of the building. Now, around 40% of all Coop supermarkets have been supplied from Schafisheim. This equates to some 350 sales outlets in northwest Switzerland, central Switzerland and the Zurich area. 1 200 Coop supermarkets, megastores and Coop Pronto shops are supplied with frozen products from Schafisheim. The previous regional distribution centre in Basel has been closed, and the centre in Dietikon has undergone a change of use. The former frozen food distribution centres in Givisiez and Hinwil will be gradually wound down and closed.

40%
of all supermarkets are
now supplied from
Schafisheim

Schafisheim distribution centre – a milestone in automation and sustainability

The large-scale project in Schafisheim sets new standards in terms of innovative automation solutions and sustainability. In the empties collection centre, for instance, which was commissioned back in February 2016, the empty boxes from the sales outlets are sorted by 14 industrial robots. Everything is also fully automated in the frozen goods distribution centre: from placing the pallets of frozen products in storage and depalletizing, sorting and stock-picking the goods, right through to delivery to the loading ramp. It's the same in the refrigerated warehouse, where boxes of milk products, meat or convenience products are kept. Each hour, up to 6 500 boxes are automatically loaded onto trolleys and prepared for delivery to the sales outlets.

The new Coop building in Schafisheim also sets pioneering environmental standards. It is the first Swiss industrial building of its kind to be awarded the Minergie certificate. Furthermore, the ovens of the industrial bakery are supplied with energy from the heating system on the site. The heating system produces 20 gigawatt hours of heat and steam each year. Around 70% of that originates from the incineration of biomass, a mixture of milling by-products from Coop's own grain mill Swissmill and wood chips. A photovoltaic system has also been installed on the roof of the high-rack warehouse at the regional distribution centre and in the railway hall, supplying around 250 000 kilowatts of solar power to the logistics centre each year. Coop is committed to unaccompanied combined transport via Railcare, enabling environmentally friendly goods transport by road and rail. Frozen products for supermarkets and Coop Pronto shops that are more than 90 kilometres away from Schafisheim are transported by a combination of train and truck. This involves transporting around 120 rail containers to the sales outlets each day, on eight train connections. The use of an electric truck in Schafisheim also helps reduce CO₂. In 2014, Coop added the first electric truck to its fleet. Experiences were positive, prompting Coop to add six more in 2016, two of those for Schafisheim. A hydrogen-fuelled truck was also deployed in Schafisheim in November. Like the electric truck, it drives without any noise or emissions. In total, by commissioning Schafisheim, Coop is reducing its annual CO₂ emissions by over 10 000 tonnes.

Transport company Railcare launches world first

Coop subsidiary Railcare combines road and rail transport. It uses unaccompanied combined transport (UCT) to transport goods from suppliers to the distribution centres and from there to the sales outlets. In 2016, the innovative transport company introduced to the market a new energy generation and storage method for goods transport by rail, the first of its kind in the world: a modular powerpack which

generates electricity from the movement of the axles. This means goods can now be chilled using electricity rather than diesel. Thanks to an energy storage system, the electricity is also emitted in a controlled manner when the train is motionless. For each refrigerated container car on the train, the powerpack saves Railcare 75% of its diesel consumption which, for Coop Logistics, translates into a huge reduction in CO₂ emissions. Moreover, using electricity from dynamos to provide refrigeration is audibly quieter than the use of diesel engines.

Furthermore, in 2016 Railcare inaugurated its new and biggest trans-shipment centre in Schafisheim. The centre became fully operational after just two months. Each day, twelve combined transport trains arrive in and depart from Schafisheim and, since 5 September, one of those trains has travelled through the Gotthard Base Tunnel every day. In addition, the decision has been made to purchase the new, modern electric locomotives. These will also be fitted with a diesel generator set and radio remote control. In future, therefore, it will be possible to shunt the trains in railway sidings or stations in one-man operation and without an additional shunting locomotive.

75%

less CO₂ emissions due
to Railcare transport

Unaccompanied combined transport saved Coop around 9.7 million truck kilometres in 2016, preventing 8 400 tonnes of CO₂ emissions.

New IT solutions at sales outlets

At Coop, customers decide how they want to scan and pay. Due to the high level of acceptance of self-service checkouts, another 386 self-service points were created in the year under review. Self-scanning simplifies and speeds up the process at the checkout, avoiding long queues. Since 2016, customers have also had the option in all Coop supermarkets and most specialist formats of paying with Twint, the digital wallet on their mobile phone. The payment process is quick, convenient, simple and secure. Furthermore, during 2016 half of all sales outlets switched to IP technology as, at the end of 2017, analogue and ISDN technology will be switched off right across Switzerland.

Since the summer of 2016, Coop has been running a trial in two sales outlets on the use of electronic price labels on shelves. The technology used for the labels is the same as that used for an e-paper. This means they are also easy to read at an angle and use significantly less electricity than the LCD version. Experiences during the first few months show that the technical side of things is running smoothly, and the new price labelling is being well-received by customers.

Property Business Unit concludes a large number of projects

Coop also took other sustainability-related steps in its portfolio management in 2016. To reduce energy consumption, in 2016 the management of heating systems was controlled and optimized in 57 properties. In five properties, Coop implemented specific structural measures to enable this. The Property Business Unit completed the following projects during the year under review: On 17 March, the new Giardino garden centre at the Building&Hobby store in Volketswil was opened. That same day, the extended Thurmarkt shopping centre in Weinfelden (TG) also opened its doors. The shopping centre is home to a supermarket and a Building&Hobby combined format along with the Coop Vitality, Interdiscount and Import Parfumerie formats and a Coop Restaurant. 24 March saw the opening of the modernized Coop supermarket in Lugano Nord. The renovated residential building on Flurstrasse in Zurich was handed over to the lessees on 1 April. The biggest construction project in Coop's history, the extension and new building of the distribution centre in Schafisheim, was completed on 1 July, when the building was inaugurated. On 28 August, the supermarket at Solothurn Westring, expanded to 365 m², was opened. On 30 September, the 118-metre tall Swissmill Tower in Zurich was completed. On 15 October, Coop completed the modernization of the Coop City department store in Thun Kyburg. Another highlight followed on 30 November with the opening – after three years of construction work – of the extended and restructured Le Cârô shopping centre in Bulle (FR). This comprises a megastore covering 3 500 m², a Building&Hobby store covering 4 560 m², the Coop Restaurant, Import Parfumerie, Interdiscount and Fust formats along with sales areas for eight third-party tenants. In addition, 24 apartments, office space and a fitness centre have been created. The office and residential tower, whose ground floor is the "Grenchen Centro",

underwent an extensive building shell refurbishment, including a flat roof. Over a period of 18 months and during operation, an environmentally improved facade with pre-fabricated elements was installed and completed on 23 December.

Additional services

Comprehensive quality management

In 2016, Coop made national use of the e-learning tool for the first time in its quality management and trained around 30 000 employees in Sales in the processes of hygiene and the cold chain. One key objective of quality management at present is to significantly improve customer perception in regard to freshness. Consequently, in 2016 Coop launched specific campus programmes for sales staff for fruit, vegetables and meat. The aim is for 80% of employees to have completed this training by the end of 2017, with the goal of continuing to significantly enhance freshness.

As well as training, inspection activities are also vital. All sales outlets with service areas again underwent an external certification audit in 2016 – in addition to the 2 500 or so audits by Coop's internal quality assurance. In regard to product quality, Coop stepped up its risk management in light of food fraud. Moreover, Coop laid down guidelines on optimizing the quality of non-food products and required its suppliers to pledge to abide by them. In its own laboratory, Coop tested around 32 000 randomly taken food and non-food samples for compliance with the requirements.

Social commitment

Coop again pursued its commitment to society in 2016 with numerous projects. Through the Coop Sustainability Fund, Coop invested 18.7 million francs and supported charities such as "Schweizer Tafel" (Swiss Table) and "Tischlein deck dich" (Table Be Set). The two social organizations donate food to people in need. "Schweizer Tafel" distributes the goods to 500 social institutions across Switzerland, including emergency shelters, aid organizations, and food banks, and "Tischlein deck dich" distributes the food through 120 distribution points throughout Switzerland to around 17 600 people affected by poverty.

Through another fund project, Coop participated in the "Pro Bienen" planting campaign to save bees and safeguard productive farming, healthy food and a diverse natural environment. Together with Bio Suisse, Coop Building&Hobby donated organic herbs and seeds to more than 680 school classes, to fill playgrounds with flowers.

Its commitment through the non-profit organization Coop Aid for Mountain Regions is also key. In 2016, this organization supported 145 self-help projects, donating a total of 5.8 million francs.

18.7 m CHF
contributions via
the Coop Sustainability
Fund

By awarding various contracts to sheltered workshops, Coop also promotes the inclusion of handicapped people in the world of work. In 2016, Coop awarded contracts worth 3.2 million francs to such institutions.

As a partner of the Swiss Red Cross (SRC), Coop donated an exceptional 200 000 francs for hurricane victims in Haiti. The entire amount goes to the SRC in situ. The donation is being used to finance desperately needed aid supplies such as household and hygiene products, as well as repair kits and tarpaulins for emergency repairs to accommodation.

Exclusive benefits: Supercard, Supercardplus, Coop Mobile and Mondovino

Coop offers its customers numerous services and exclusive offerings. Coop's Supercard is the largest customer-loyalty programme in Switzerland. In 2016, the card was used by 3.2 million households. Since 2016, Supercard holders have also been able to take part in digital collection promotions. Customers can easily activate these using the Supercard app or on the Supercard website. The collection promotions are then stored on the Supercard and, as well as collecting Superpoints when presenting their Supercard, customers also amass points for the collection

promotions. In addition, the award shop been relaunched, and handmade products from selected local suppliers have been added to the range.

The free Supercardplus credit card had more than 35 000 new customers at the end of 2016, making a total of 425 000 users. Meanwhile, Coop Mobile's mobile subscription was chosen by Dschungelkompass.ch as Switzerland's best-value subscription.

The wine club Mondovino had over 122 000 members at the end of the year. More rare wines were added to the range during 2016, which now comprises over 1 200 wines. Since September 2016, the 480 or so wines from the wine fairs have also been available to order through the online shop or via the Mondovino app.

Advertising and communication

Coop continued the large-scale sustainability initiative "Actions, not words" in 2016. The centrepiece of communication was the weekly "Actions, not words" column in the Coop member press and the Internet platform of the same name, which presents over 330 actions in the area of sustainability. A 66-page magazine in partnership with Schweizer Illustrierte, three TV commercials and numerous ads and online advertising have made the initiative accessible to an even wider audience.

Coop also reached a wide audience at the opening celebration for the Gotthard Base Tunnel. Coop supported this major event as a partner, focusing mainly on families, with games and fun activities. In parallel to the big public celebration at the Gotthard tunnel, Coop attended the station festivals in six cities and traversed Switzerland in its own Gottardo locomotive.

As well as other communication, advertising and sales promotion campaigns, at the end of 2016 Coop staged another major loyalty campaign with 13 of its business partners. Almost 500 000 loyal Supercard customers and Coop's employees received a thank you package containing popular Swiss branded goods and Coop own-label products.

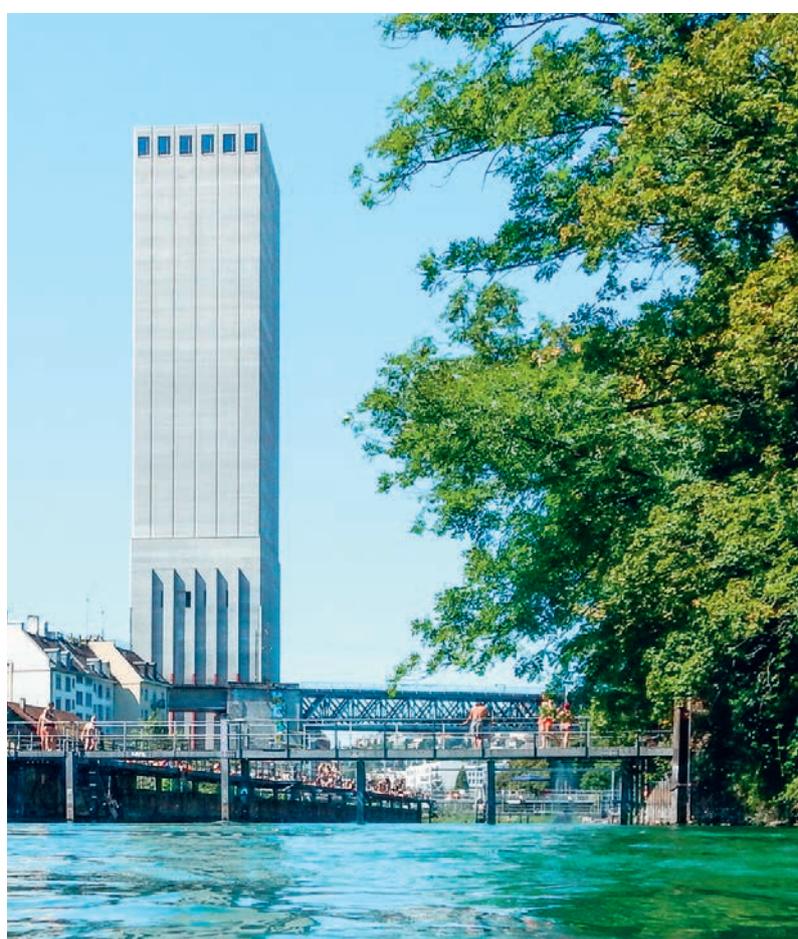
In an environment of declining print media usage, the Coop Member Press was able in 2016 to further expand its position as the highest-circulation and most-read newspaper in Switzerland, as revealed by the annual survey by independent Swiss media research company Wemf AG. With an overall circulation of 2 559 079, the three weekly newspapers Coopzeitung, Coopéra-tion and Cooperazione have a readership of 3.5 million people. At the end of 2015, Coop's Executive Board decided on various measures to fully exploit the content-related potential of the Coop Member Press, which were implemented in August 2016. These include the new section entitled "Encounters" in which the Coop Member Press profiles interesting people with whom readers can identify.

3.5_m
people read the
Coop Member Press

Successful start to social media activities

In April 2016, the Coop Group began its first activities in the area of social media. Having previously taken a rather cautious attitude towards social media, during the year under review, within a short space of time two accounts were opened on Facebook, Twitter and Instagram and the existing You-Tube channel was expanded. Feedback on this was altogether positive. On social media, Coop gives a swift and professional response to customers' concerns, posts on a wide range of sustainability issues, topics such as wine and families and food, and engages in corporate communication. Since April, Coop's Customer Service has been closely involved in answering all questions via social media.





Wholesale / Production Business Area

The Transgourmet Group expands into Austria and introduces an own-label sustainability brand throughout the Group. Various acquisitions broaden the Bell Group's expertise, and Switzerland's biggest industrial bakery and confectionery unit opens in Schafisheim.

12.2 bn CHF

net sales in wholesale
and production

In the Wholesale/Production business area, the Coop Group generated net sales of 12.2 billion francs in 2016, which is a gain of 15.4%. Adjusted for acquisitions, the business area advanced by 2.4%.

Transgourmet Group

With subsidiary Transgourmet Holding AG, the Coop Group is active in the cash & carry and wholesale supplies market in Germany, Poland, Romania, Russia, France, Austria and Switzerland. In 2016, the Transgourmet Group generated net sales of 8.6 billion francs from 139 cash & carry stores and wholesale supplies, which equates to growth of 14.5% year on year. Adjusted for acquisitions, the Transgourmet Group grew by 2.9%. The company was thus able to further consolidate its position as the Number Two in European wholesale.

The Transgourmet Group generated sales of 193 million francs from sustainable ranges in 2016. This is a major achievement, as sustainable ranges are nowhere near as developed in wholesale as they are in retail, for instance.

Expansion into Austria

On 1 January 2016, the Transgourmet Group acquired Austrian company C+C Pfeiffer GmbH, a subsidiary of the Pfeiffer retail group and the market leader in the Austrian wholesale catering supplies segment. Transgourmet also acquired a 50% stake in Top Team Zentraleinkauf GmbH. By entering the Austrian market, the Transgourmet Group expanded its leading position in Europe. It formed a new national subsidiary and, since then, has had four strategic mainstays: Transgourmet Central and Eastern Europe, Transgourmet France, Transgourmet Österreich and Transgourmet Switzerland. In February 2016, C+C Pfeiffer was renamed Transgourmet Österreich GmbH. This was followed by the start of the rebranding process, accompanied by a comprehensive campaign under the claim "C+C Pfeiffer becomes Transgourmet. We are still the best for catering!". Since then, Transgourmet has been offering Austrian customers a combination of cash & carry and delivery service at eight Transgourmet and four "My C+C" locations. Transgourmet Österreich also owns premium coffee roaster Javarei, specialist wine and beverages wholesaler Trinkwerk and premium brand Cook 2.0.

Showpiece projects in corporate environmental protection

In 2016, Transgourmet Österreich became the first and only company in food retailing in Austria to be awarded the coveted ISO 14001:2015 certificate for its eight locations, including logistics. This standard monitors a company's entire environmental performance and sets requirements on the issue of environmental management. One of the key requirements is the principal of continuous improvement: in order to be certified, each year Transgourmet must present an action and improvement plan.

In November 2016, Transgourmet Germany moved into its new, shared head office for the cash & carry and wholesale supplies divisions, in Riedstadt. The building boasts some major strengths in terms of sustainability. For example, waste heat from its own block-type thermal power station is used to cool the IT Centre in Riedstadt. Furthermore, Transgourmet relied on sustainable construction materials and, among other things, used carpet tiles made from discarded fishing nets and soundproofing panels made partly from recycled PET bottles. Demand-dependent lighting control and air conditioning along with energy-efficient hand dryers in the toilets also significantly reduce energy consumption.

The other companies in the Transgourmet Group also implemented numerous energy-efficient measures in 2016. Now, all of Transgourmet Switzerland's trucks satisfy the most stringent Euro 6 emission standard. Moreover, Transgourmet Switzerland and Transgourmet Germany each added an electric truck to their fleet. In addition, Transgourmet Switzerland switched its customer car park and the outdoor area at five locations to LED lighting. Transgourmet Österreich made the decision in 2016 to use LED lighting in all its stores in future and to only install closed refrigerated units in new buildings and upgraded buildings. Meanwhile, in France, Transgourmet made the necessary preparations to

100%

of Transgourmet Switzerland's trucks comply with the Euro 6 emission standard

extract bio-gas from its own bio-waste in future and use it to run its delivery vans. A pilot project is planned for the start of 2017. During the year under review, Selgros Russia equipped one market with energy-efficient CO₂ cooling and LED lighting. In Romania, Selgros opened two stores in the new format with 100% LED lighting, CO₂ cooling and a heat recovery system. Specialist Frischeparadies is also committed to sustainable construction methods; the new Frischeparadies building in Stuttgart is CO₂-neutral.

Launch of Group-wide own-label sustainability brand

In recent years, sustainability has featured increasingly heavily among restaurants and contract caterers. The Transgourmet "Ursprung" own-label brand introduced back in 2012 by Transgourmet Germany was further developed in 2016 to create a Group-wide own-label sustainability brand. Transgourmet is thus setting standards, making it very distinctive from its competitors. The first products outside Germany were introduced to the market in February 2016. At Transgourmet France and Transgourmet Switzerland, the sustainable own-label brand is called Origine and in Austria it is called Vonatur. All the products are notable for their clearly identified region of origin and sustainable manufacturing and offer restaurateurs an authentic communication package with an emotional component that appeals to guests. In France, 104 Origine products were available by the end of the year, including chicken and eggs from various regions of France and cheese from Auvergne. Transgourmet also stocks around 100 Origine products in Switzerland and more than 230 articles (including seasonal products) under the Ursprung own-label brand are now available in Germany. At Transgourmet Österreich, Vonatur is due to be launched in February 2017.

Highlights from the national subsidiaries of the Transgourmet Group

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

 TRANSGOURMET Central and Eastern Europe Factsheet	Germany  	<ul style="list-style-type: none"> • Merger of Selgros Cash&Carry and Transgourmet Germany with joint head office in Riedstadt • Conversion of all 42 Selgros stores to environmentally-friendly “green electricity” • Participation in the research project “Smart and healthy working” (German acronym: SUGAR) by the German Federal Ministry of Education and Research (BMBF) for improved health and work quality • Completion of the “From cost factor to happiness factor” project for a better quality of life for senior citizens, with seminars on innovative catering concepts in residential facilities • Whatseat seal for various own-label brand convenience products which are suitable as school catering for children and young people • Purchase of an electric truck
	Poland  	<ul style="list-style-type: none"> • Completion of the modernization process at all Selgros stores • Opening of the 17th Selgros store, including installation of sustainable refrigerating systems. • Introduction of Transgourmet own-label brands Economy and Quality for Selgros and in the foodservice business. • Start of distribution partnership with Frischeparadies in Berlin • Expansion of catering expertise
	Romania  	<ul style="list-style-type: none"> • Fresh fish departments integrated into all Selgros stores • Conversion of all Selgros stores to LED lighting • Opening of the first two Selgros stores in a small format (Târgu Mureş and Alba Iulia) • The “Health begins on the plate” programme is awarded Best Corporate Social Responsibility Campaign
	Russia  	<ul style="list-style-type: none"> • Modernization of Selgros stores in Rjasan and Altufjevo • Start of a project to promote young chefs • One store is fitted with energy-efficient CO₂ cooling and LED lighting • Increase of 9% in share of HoReCa customers • Start of customer delivery business from the store in Vnukovo • Sales growth of 43% in supplies business
	Specialists      	<ul style="list-style-type: none"> • Transgourmet Seafood receives the “Seafood Star 2016” at the “Fish International” fair in Bremen for the best company-wide seafood training • Sump & Stammer achieves sales growth of 20% in the area of ocean cruises • EGV Unna AG acquires the medium-sized Milchbauer wholesale company in Thüringen • Frischeparadies hands over its activities in Vienna to Transgourmet Österreich • Opening of Frischeparadies in Stuttgart with double-digit sales growth; the new building is CO₂-neutral • New concept: opening of a Frischeparadies with retail concession in the Selgros store in Leipzig



France



Factsheet

- Qualicert certification of 15 foodservice companies
- Launch of Transgourmet app for online orders
- Launch of own-label sustainability brand Origine with 104 products
- Formation of the Transgourmet Académie and the “Club des Chefs” to support buyers and train customers
- Expansion of online service e-Quilibre to include hygiene and catering
- Cooking competition “Les Chefs en Or” is staged for professional chefs and trainee chefs from all seven Transgourmet countries

Specialists



- Transgourmet Fruits & Légumes renews ISO certificates 14001 and 22000 and invests in two new bio-gas trucks
- Transgourmet Seafood concludes an exclusive partnership with a producer of Icelandic salmon and receives ASC certification (Aquaculture Stewardship Council)
- Integration of Eurocash and Transgourmet Seafood into the group-wide information system
- Creation of new business unit Transgourmet Solutions



Austria



Factsheet

- Sales growth of 3.4%
- C+C Pfeiffer is renamed and successfully integrated into the Transgourmet Group
- Rebranding of C+C Pfeiffer brand as Transgourmet
- Launch of Transgourmet own-label brands Economy, Quality and Premium
- Certification of all eight locations to ISO 14001 – the first and only food retailer in Austria to achieve this
- Ambitious sustainability targets are set, to 2020
- Integration of Frischeparadies Vienna employees into Transgourmet Österreich

Specialists



- “My C+C” achieves sales growth of 3.2%
- Sales growth of 21% at Java
- Launch of its own Java coffee machine
- Cook 2.0 now supplies 206 chef’s toque award-winning restaurants
- Sales growth of 15% with Cook 2.0 own-label brands Prime Beef and Asaredo Beef
- Legal merger of Schlacher GmbH with Transgourmet Österreich to form Trinkwerk+Schlacher
- Trinkwerk achieves sales growth of 3.8% and launches its own-label brand Schilee



Switzerland



Factsheet

- Gains in market share in cash & carry as well as wholesale supplies
- Named one of the three best employers in Switzerland in the Swiss Employer Award 2016
- Launch of own-label sustainability brand Origine with around 100 products
- Takeover of employees, customers and inventories of Ticino-based company Ipergros
- Purchase of an electric truck
- Entire fleet of trucks satisfies most stringent Euro 6 emission standard

Specialists



- Valentin: Fruit and vegetables and butcher’s products are now supplied in Engadine too
- Wine competency expanded through takeover of Casa del Vino Ebinger SA, general importer of Spanish top bodegas, and of Weinkeller Riegger AG

Production

The Wholesale/Production business area also includes the Coop Group's numerous manufacturing companies, first and foremost Bell AG, in which Coop is a majority shareholder. The Bell Group

25.4%

more sales from sustainable products in Production

ensures a strong, international presence for Coop. Net sales of the Coop Group's manufacturing companies grew by 563 million francs in 2016. Adjusted for acquisitions, this corresponds to growth of 1.0%.

Total sales of sustainable ranges came to 760 million francs in 2016. Coop therefore increased its sales of sustainable products in the production area by 25.4% year on year.

Bell Group

As one of Europe's leading meat and convenience food processors, the Bell Group had to contend with a difficult environment and declining markets in 2016. Despite this, the Bell Group increased its net sales by 20.3% to 3.3 billion francs. The growth is due among other things to the consolidation of the acquisitions made in 2016. Moreover, for the first time the total annual sales of Hilcona were consolidated in the financial statements. Bell has held a majority stake (51%) in the Hilcona Group since May 2015. Adjusted for acquisitions, the Bell Group grew by 1.3%. Inflation in raw material prices impacted negatively on business performance in 2016. The sales volume of the Bell Group rose 50.5% to 414 260 tonnes. At 100.6 million francs, profit after minority interests is 6.1% higher than the previous year.

Broadening expertise through acquisitions

The Bell Group continued its growth and differentiation strategy in 2016. On 1 March 2016, Bell AG acquired the Austrian company Hubers, which specializes in poultry meat, followed on 1 May by Eisberg, which specializes in convenience salads. In addition, on 1 October, Bell Switzerland acquired Valais-based charcuterie specialist Cher-Mignon SA and Geiser AG in Schlieren, which specializes in catering supplies.

Hubers comprises the Austrian market leader Hubers Landhendl in Pfaffstätt, Süddeutsche Truthahn AG in Ampfing which specializes in turkey, Brüterei Schlierbach and logistics company Frisch Express. Hubers has a strong market position in Austria and Germany. Demand for high-quality poultry products is rising steadily. By acquiring Hubers, Bell is securing access to poultry meat from the DACH region, which is an important raw material.

Eisberg is an expert in the manufacture of fresh cut salads and leaf salad dishes. With a manufacturing company in Switzerland, Poland, Hungary and Romania and a buying office in Spain, Eisberg serves customers from food retailing, foodservice and catering chains. The acquisition strengthens the Bell Group's convenience salads segment and offers a solution to capacity bottlenecks in Switzerland. For Eisberg, the takeover presents new sales and growth opportunities. In organizational terms, Eisberg will be combined with Gastro Star, a company belonging to Hilcona, and forms an independent subsidiary of Hilcona.

Artisan business Cher-Mignon has been manufacturing cured meat specialities for a century. For Bell Switzerland, it is the ideal complement to the range of regional charcuterie specialities. With companies in Basel, Gossau, Cheseaux-sur-Lausanne and Churwalden, Bell already has a regional range of Basel, St. Gallen, Vaud and Graubünden specialities.

By taking over Geiser AG, Bell Switzerland is strengthening its position in supplies to the Swiss catering market. At its manufacturing company in Schlieren, Geiser AG produces meat and cold cuts as well as various specialities primarily for the catering industry. Geiser AG is run as an independent enterprise under the umbrella of Bell Switzerland and cultivates its own markets.

Expanding the sustainability strategy

In 2016, Bell overhauled its sustainability strategy. Now, rather than focusing on activities in Switzerland, its strategy is international in outlook.

One of the numerous concrete measures which Bell implemented in regard to sustainability in 2016 was the establishment of poultry and turkey production abroad in accordance with Swiss standards. For the first time, poultry products from abroad could be certified in accordance with the Swiss Poultry Labelling Ordinance. To reduce CO₂ emissions and energy consumption and to increase energy efficiency, Bell carried out pinch analyses and energy check-ups at a number of locations in Switzerland and Poland. In addition, Bell now separately collects label backing paper at larger locations and sends it for recycling.

Highlights from the national companies of the Bell Group

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

▼ Factsheet

Bell Switzerland	<ul style="list-style-type: none"> • In difficult operating conditions, Bell Switzerland was able to increase its sales volume by 0.5% to 124 073 tonnes and sales of goods by 3.0% to 1.9 billion francs. • Acquisition of Cher-Mignon SA, a long-established company producing Valais specialities. • Acquisition of Geiser AG, a company specializing in catering supplies. • Inauguration of the new building at the Zell location with new cutting facilities and cooling system to increase operating capacity.
Bell Germany	<ul style="list-style-type: none"> • Positive brand business thanks to new brand concepts and progress with market penetration • Challenging competitive conditions and rising raw material prices dent sales of goods by 3.6% to 446 million francs and sales volume by 0.2% to 67 808 tonnes • The construction of an additional facility in Spain for Spanish ham specialities (construction starts in early 2017) opens up new prospects for national and international marketing
Bell International	<ul style="list-style-type: none"> • Increase of 168.3% in sales of goods, to 525 million francs and of 329.0% in sales volume to 131 513 tonnes resulting from the takeover of Austrian poultry speciality Hubers • Systematic integration process and good development of Hubers • Bell France: Organizational measures and concentration on products with greater added value are starting to yield results • Bell Poland: Encouraging development of sales of goods and sales volume • Bell Hungary is performing well in a very difficult economic and political environment
Specialist	<ul style="list-style-type: none"> • Successful year for the Hilcona Group thanks to successful product innovations in high-quality ready meals and vegetarian products • Increase of 59.9% in sales of goods, to 577 million francs and of 68.1% in sales volume to 100 284 tonnes • Inauguration of its own production plant for tofu • Takeover and systematic integration of the Eisberg company, which specializes in convenience salads and enjoys a strong market position in Hungary, Romania, Poland and Switzerland • Organizational amalgamation of Eisberg and Gastro Star under single management, with the aim of further expanding market position • Acquisition of Frostag Food-Centrum AG in Landquart, which specializes in the production of pasta and vegetarian products

Coop manufacturing companies

Swissmill opens new grain store in Zurich

Critical raw materials are becoming increasingly scarce and expensive. Consequently, for goods of particular strategic importance, Coop is committed to verticalization, i.e. integrating into its own value creation process the production stages prior to trading. Swissmill, Switzerland's biggest grain mill, secures Coop's access to grain and its status as an independent player on the sourcing market.

In 2016, Swissmill raised the height of its grain store in Zurich to 118 metres and now stores the grain at the site where it is processed, which makes economic and environmental sense. Growing product diversity and purchasing the necessary qualities and quantities of grain demanded greater storage and silo capacity. Increasingly, the grain is now delivered to Zurich in unit trains. Coop invested around 40 million Swiss francs in building the grain store and, by extension, in Zurich as a business location.

Inauguration of the new industrial bakery in Schafisheim

As part of the Bakeries Strategy 2015+, in 2016 Coop opened the new industrial bakery and confectionery unit in Schafisheim, where the new regional distribution centre and the national frozen goods distribution centre were also built. With 650 employees who process 40 000 tonnes of flour, 700 tonnes of butter and 250 tonnes of eggs into 60 000 tonnes of bread and baked goods each year, it is Switzerland's biggest bakery and confectionery facility with 24 production lines: six for tarts and pastries, two for cakes, slices and roulades, three for commercial doughs and 13 for the bakery. The surface area is 48 000 m². Since the bakery and confectionery unit was inaugurated in Schafisheim, Coop has gradually wound down the existing locations in Basel and Wallisellen. The bakery in Chur was closed at the end of 2016 and integrated into the bakery in Gossau.

60 000 tonnes
of bread and baked goods are
produced each year in Schafisheim

When the production facilities were built, Coop made sustainability a priority. The ovens of the industrial bakery and confectionery unit are supplied with energy from Coop's own heating system on the site, which produces 20 gigawatt hours of heat and steam each year. Around 70% originates from the incineration of biomass, a mixture of milling by-products from Coop's own grain mill Swissmill, and wood chips.

Completion of logistics and production location in Pratteln

With the new production location in Pratteln, Coop is pursuing the Coop Group's Logistics and Bakery Strategy 2015+, which it launched back in 2010, and re-emphasizing its commitment to Switzerland as a production location. The building at the new site in Pratteln was completed in 2016. In order to exploit synergies and save CO₂, the Coop divisions Cave, Chocolats Halba and Sunray and the new Coop Quality Laboratory will be combined at this site. Normal operation at chocolate producer Chocolats Halba and Sunray's raw material sourcing and food manufacture commences in February 2017. Coop will be starting its activities at the Quality Laboratory in April 2017. From July 2017 onwards, the open wine tanks of wine bottling plant Cave will be assembled and commissioned, and bottling will commence in August.

As at the new logistics location in Schafisheim, Coop is also seizing the sustainability initiative in Pratteln. The installation of wood chip heating to supply heat and steam and the installation of the 550 kW photovoltaic systems on the high-rack warehouse and the station hall are already complete. Pratteln will enable Coop to reduce its annual CO₂ emissions by 1 600 tonnes.

Coop manufacturing companies are committed to sustainability

In the hope of higher incomes, many smallholders grow cocoa as a monoculture. These destroy the fertility of the soil and make the trees more susceptible to disease. In 2016, Chocolats Halba advanced its holistic approach with agroforestry projects in Honduras and Ecuador, combining agriculture and forestry. By taking this approach, Chocolats Halba is improving the quality of the cocoa and increasing biodiversity for the long term while enabling farmers to be more enterprising. The cocoa is organically

grown and is Fairtrade-certified. Projects such as these safeguard Chocolats Halba's leading position in sustainability matters, both nationally and internationally.

Sunray also committed to a fair trade project on the ground in 2016. Using funds from the Coop Sustainability Fund and working with Gebana Africa, the Coop manufacturing company pushed forward the organic and fair trade certification of cashew nuts. These certified nuts from Africa will be available from 2017.

Steinfels Swiss, the production company for cosmetics, detergents and cleaning agents as well as hygiene products, received an award in 2016 for its innovative and sustainable BB cream, part of Coop's own-label brand Naturaline. The prize was awarded by the Private Label Manufacturers Association (PLMA) at the 2016 international trade show for own-label brands in Amsterdam. Additionally, Steinfels Swiss switched the packaging of Oecoplan products to PET bottles made from 100% recycled materials. The use of lighter PET bottles for detergents and cleaning agents had already enabled a steady reduction in packaging volumes, and the commitment will now be continued with recycled PET bottles. Moreover, Steinfels Swiss introduced a new product generation, which significantly increased the environmental performance of the Maya line for professional washing and cleaning. All the well-known international environmental standards are significantly exceeded.

Highlights from the Coop manufacturing companies

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

 Die Schweizer Getreidemühle ▼ Factsheet	Flours, flour mixtures, durum wheat semolina, polenta, oat flakes, extruder products	<ul style="list-style-type: none"> • Growth in the core segment soft wheat • Development of new ready-to-bake mixtures for Betty Bossi • More investments in oats and spelt expertise • Doubling of sales with the flagship label Panflor for commercial bakeries • Expansion of organic expertise • Inauguration of new grain store in Zurich
 CH CHOCOLATS HALBA ▼ Factsheet	Chocolate bars, confectionery, festive assortments, chocolate for industrial purposes	<ul style="list-style-type: none"> • Sales growth in exports of over 20% • Encouraging demand for certified kosher chocolate • Gains in market share thanks to numerous new items, particularly in the seasonal business with Coop • Successful cooperation with cocoa farmers in Honduras increases quality and production volumes • Agroforestry projects lead to significant increases in productivity and income among cocoa farmers • Completion of the new building in Pratteln including Schoggi-hüsli and preparation for inauguration in February 2017
 sunray ▼ Factsheet	Dried fruits, nuts, seeds, dried mushrooms and vegetables, pulses, herbs and spices, sugar, edible oils, baking mixtures and dessert products, baking ingredients	<ul style="list-style-type: none"> • Growth in strategic product groups and exports as a result of the development of a multitude of new products, in close cooperation with customers • Expansion of sourcing at the origin • First delivery of cashews from a sustainability project in Benin (West Africa) • Completion of the new building in Pratteln and preparation for inauguration in February 2017



Cosmetics, detergents and cleaning products, hygiene products

- Growth in sales of sustainable products to retail and professional customers
- Over 100 product launches with customers in Switzerland and abroad
- Strengthening of sustainable ranges in professional care through product innovations such as a cleaning trolley made from recycled plastic
- Acquisition of new retail customers abroad for sustainable detergents and cleaning agents
- Start of distribution of Sherpa Tensing brand in Germany
- Investments in the automation of the bottling plant

▼ Factsheet

Coop Bakeries

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

- Inauguration of the biggest industrial bakery and confectionery unit in Switzerland at the new Schafisheim location
- Successful integration into the Schafisheim bakery of former bakeries in Basel and Wallisellen and of frozen baked goods production
- Closure of the bakery in Chur at the end of 2016 and integration into the Gossau bakery
- Increase in output quantities of the industrial bakeries to 44 300 tonnes
- Expansion of the number of in-store bakeries to 46 with total output of 6 300 tonnes

▼ Factsheet



Organic and Fair-trade rice, rice specialities and rice mixes

- Increase of 4.4% in export sales
- Sales growth of 5.8% from sustainable products; proportion of organic and Fairtrade in total output is now 50.8%
- Market share for Fairtrade rice in the EU has risen to 53%
- Successful introduction of new organic and Fairtrade mixtures
- Sustainable “sourcing at the origin” projects, already involving over 5 000 farmers

▼ Factsheet



Vinegar and vinegar specialities

- Sales growth of 7.7%
- Achieved Swiss market leadership with vinegar
- Share of organic products in sales increased to 21%
- Export growth of 70% with organic products
- Further reduction in waste volumes

▼ Factsheet



Mineral water and sugar-containing soft drinks

- New mineral water source approved for use
- Infrastructure for inauguration of new source completed
- Development of a bottle label based on solvent-free water colours

▼ Factsheet

Cave

White wines, rosé wines, red wines, dessert wines, sparkling wines

- Increase in vinification capacity
- Development of the Cave 2020+ strategy
- Completion of the new building in Pratteln and preparation for inauguration in February 2017; sparkling wines can now be produced

▼ Factsheet

Banana ripening plant

Bananas, exotic fruits such as pineapple and kiwi, dried fruits

- Inclusion of new tropical fruit ranges

▼ Factsheet



Employees

Coop creates the leading training centre in Swiss retail, Coop Campus. In Switzerland, 1 010 Coop Group apprentices successfully complete their apprenticeships, and over 40 000 employees take advantage of e-learning. Transgourmet Germany receives awards for its attractiveness as an employer.

In 2016, the Coop Group employed a total workforce of 85 001 in the Retail and Wholesale/Production business areas, including 3 505 apprentices. 64.7% of the jobs are located in Switzerland and the remainder abroad.

In the current climate, HR work is faced with many and varied challenges: demographic change presents a considerable challenge to companies, particularly with the low birth rate generations and the retirement of baby boomers. Professional activity is far more significant among women, the world of work is becoming increasingly multicultural, and working models are becoming more flexible. Technology trends are changing the world of work, and the digitalization of retail is progressing at a fast pace. In this environment, the Coop Group positions itself as a diverse, attractive and sustainable employer. According to a study by Inrate, Switzerland's biggest independent sustainability rating agency, Coop offers the best employment conditions in the Swiss retail sector. An excellent image as an employer is vital in order to attract and then retain the best qualified jobseekers as employees.

85 001

employees of
the Coop Group

In its HR work, the Coop Group's strategic priorities are: attractiveness as an employer, enterprise and management and change management. One of the main aims of Coop's HR work, besides recruiting new staff members, is to inspire enthusiasm for technological change and digitalization and to train employees accordingly.

Attractiveness as an employer

Coop increases payroll

Despite the challenging economic environment, Coop decided to increase its payroll by 0.5% in 2017. This amount is available for individual pay increases for employees on hourly and monthly pay arrangements. 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).

CPV/CAP Pensionskasse on a solid foundation

As at 31.12.2016, the CPV/CAP Pensionskasse Coop had a coverage ratio of 113.0%. This figure is slightly lower than the previous year (113.1%), due primarily to the more cautious valuation of commitments. Moreover, all employees aged 51 or over received a one-off payment to their old-age pension assets in connection with the lowering of the conversion rate from 6.15% to 5.50%. As an additional measure to raise future pensions again, savings contributions have been increased by 2.0% for all insured members. Fewer insured events occurred due to death and disability than expected, enabling the risk premium to be reduced by 2.0%. Consequently, contributions to the pension fund remain unchanged overall. The CPV/CAP now offers its members a choice of three savings contribution plans, enabling them to influence the saving process and their subsequent pension.

In 2016, despite the very difficult environment, the CPV/CAP achieved a return of 4.1%. This result is above the benchmark. The old-age pension assets of active members accrued interest of 2.0% in 2016. Therefore, the interest was 0.75% above the BGV minimum interest rate. The provisional interest rate for 2017 is 2.0%. Pensions remained unchanged in 2016, and this will also be the case in 2017. In 2016, the number of insured active members was 36 796, which is slightly higher than in the previous year, when there were 36 440 insured members. The number of pensioners rose by 172 people to 19 444 at the end of 2016. Owing to the new actuarial parameters and the change in the fund's risk tolerance, the Foundation Board will be reviewing the investment strategy in 2017.

Occupational health management at Coop@home and in Sales

As part of its occupational health management, in 2016 Coop implemented various new measures in two selected pilot areas, to improve employees' mental and physical health. Firstly, in cooperation with insurance partner Swica, Coop conducted surveys so as to thoroughly analyse the current situation in Coop@home's logistics. Based on the findings, individual and group coaching sessions were then held at which employees were given recommendations to improve well-being. In addition, in newly-created working groups, measures were devised in regard to leadership, behaviour and organization. To accompany this, Coop appointed an ergonomics specialist who visited Coop@home monthly to treat and advise employees suffering from musculoskeletal complaints.

Sales was another focal point. Here, Coop launched the pilot project Health Ambassadors, for which seven employees from various sales outlets were trained in a number of health-related topics. The new ambassadors now support and promote health-conscious behaviour among their colleagues. Initial feedback suggests that the interventions are having a positive impact.

Award and certification for Transgourmet Germany

Transgourmet Germany received two awards in 2016 which confirm its attractiveness as an employer. Firstly, according to a recent study by Focus and Focus Money, the company is one of the best training providers in Germany. The aspects rated included training success, the structural data on training, the number of trainers and mentors plus trainee pay, taking account of the variations in conditions in different industries.

Secondly, in June 2016 Transgourmet Germany was awarded the "beruf und familie" (work/life balance) certificate for the Cash & Carry division under Selgros Germany. Transgourmet has been certified since 2013 for its Wholesale Supplies division. The certification is evidence of Selgros Germany's numerous measures aimed at establishing a family-friendly HR policy and better work/life balance. Furthermore, the company is specifically devising more measures to provide the best possible support for employees in their family and life stages.

Training and staff development

Coop Campus – the leading training centre in Swiss retail

In 2016, Coop combined its entire training programme within the "Coop Campus", to create the leading training centre in Swiss retail. Employees benefit from tailored internal training programmes for every level of management and across all subject areas. The focus is on practical, authoritative and effective training, which is why many of the courses are run in situ, i.e. at the sales outlet or even at a supplier. By adopting a clear course structure, comprising the four levels Pro, Expert, Master and Leader, Coop increases employees' motivation to complete all the stages in succession, while also enabling specialist careers. To ensure that what has been learned is actually put into practice in daily work situations, a few weeks after attending each course Coop requires a proof of competence.

Coop Campus gives employees access to more than 350 internal courses at 17 locations and a wide range of external programmes. In addition, in 2016 the Coop Group trained 2 862 apprentices in Switzerland alone in 31 different professions.

45 million CHF

annual investment in training and professional development

Coop invests more than 45 million francs in total each year in the training and professional development of its employees, which is well above the sector average.

Using e-learning for improved knowledge transfer

Electronic learning formats are becoming increasingly prevalent in the training and professional development of employees. Over 40 000 Coop employees took advantage of e-learning in 2016, receiving training in areas such as hygiene, process applications in the area of invoice booking or even on more complex situations. Now, Coop offers a Group-wide e-learning programme on antitrust law compliance. The aim of the programme is to afford Coop even greater assurance that all exposed employees act in accordance with antitrust law on the sourcing and selling market. In 2016, Coop trained over 1 600 employees Group-wide in antitrust and competition law.

Strengthening managers in challenging times

During the year under review, Coop offered a sixth two-day professional development programme specifically for all members of middle and senior management. This time, participants looked at the issue of resilience, i.e. the ability to cope with challenging situations and, by drawing on personal and social resources, use them as an opportunity for their personal development. Particularly in such challenging times as we are currently experiencing, Coop wants to give its managers the opportunity to recognize their own strengths and use them effectively in their daily management activities.

Transgourmet Österreich: 270 degree feedback for management development

Following a pilot at Graz in the autumn of 2015, Transgourmet Österreich rolled out the 270-degree feedback development tool at other locations during the year under review. This enables managers to obtain comprehensive feedback which they can use in developing their own leadership behaviour, by means of an anonymous online survey of their own employees, the line manager and colleagues. The survey results are discussed with an external coach at a one-to-one meeting, during which the individual development needs are identified, and appropriate, specific measures such as training courses are defined.

Apprentices graduate with record success rate

With 2 862 apprentices in Switzerland alone, the Coop Group was once again the country's second-biggest training provider. In the summer, 1 010 (i.e. 99% of apprentices completing their training in Switzerland) successfully completed their basic training – a record figure. 66% of them went on to permanent employment within the Coop Group. Coop therefore once again exceeded its internal objective of recruiting at least 65% of apprentices who have completed their traineeship. Of the 1 151 young people in total who started their basic training at Coop in Switzerland in 2016, three are studying for the Federal VET diploma as Customer Dialogue Specialists. The new basic training is offered at Interdiscount. It focuses on communication and will become increasingly important for customer service in the online shops. In addition, since 2016 Coop@home has offered road haulage practitioner training. Coop provides apprenticeships in a total of 31 different professions.

99%

of Swiss apprentices
successfully complete
their apprenticeships

Big management conference with 3 000 participants

As part of its standard, top-down target-setting process, each year the Coop Group defines key objectives that apply for the Group as a whole. Every four years, Coop organizes a big management conference at which participants spend a whole day discussing in depth the Group objective for the following year. Another such conference was held in 2016. On 28 June, around 3 000 management employees from the entire Coop Group convened in Berne for the management conference and looked at the various aspects of the 2017 objective "We take the initiative". The insights gained were discussed further at the individual target-setting seminars in the autumn of 2016.

Change management

Job Centre offers support when changing roles

Coop's internal Job Centre, which was created in 2013, continued to support employees affected by various relocations during 2016 and implemented numerous change measures. Coop was therefore able to offer all 48 employees affected by the closure of the Chur bakery other positions within the Coop Group.

An alternative job offer was also made to all employees whose jobs were moved to Schafisheim due to the administrative merger of the two sales regions Nordwestschweiz und Zentralschweiz-Zürich and who did not wish to relocate.

Another project resulted from the inauguration of the logistics and production facilities at the new Schafisheim location. The Job Centre supported the logistics employees who had moved to Schafisheim from the locations in Basel, Wallisellen, Dietikon and Hinwil and made sure their integration was a success.

Organizational changes result in greater agility on the market

In May 2016, Coop formed the new IT/Production/Services Business Unit. The greater prominence of IT enables Coop to tackle the challenges raised by digitalization in an even more dynamic way.

Coop also announced the reorganization of the existing Marketing/Purchasing Business Unit in 2016 and, as of 1 January 2017, combined Purchasing, Category Management and Stock Management at all management levels. The categories are now accommodated within six organizational areas, each of which pursue specific strategic objectives. This massively increases the speed of decision-making and further reinforces customer focus. In undertaking the restructuring, Coop is creating the optimum conditions for operating with even greater agility on the market.

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 other 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.bellfoodgroup.com.

Group structure

The Coop Group Cooperative is based in Basel. At the end of 2016 the cooperative had over 2.5 million members. Any resident of Switzerland or the Principality of Liechtenstein can become a member. The Coop Group Cooperative holds stakes in a number of companies in Switzerland and abroad. Pages 100 and 101 of the Annual Report (Scope of consolidation) provide information on the group structure. There are no cross-holdings within the Coop Group. The Coop Group Cooperative is responsible for the general direction of business of the Coop Group. The executive bodies of the Coop Group Cooperative are the Regional Councils, Delegate Assembly, Board of Directors, Executive Committee and auditors.

Organization



Regional Councils

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

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

Delegate Assembly

The Delegate Assembly is endowed with the legal powers vested in the Annual General Meeting and the duties assigned to it in the Articles of Association. In particular, it is responsible for laying down the Articles of Association, electing and dismissing the Board of Directors and the statutory auditors, approving the Annual Report, granting discharge to 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 2016, the Delegate Assembly consisted of the following delegates:

Suisse Romande Region	Bern Region	Nordwestschweiz Region	Zentralschweiz-Zürich Region	Ostschweiz Region (incl. Liechtenstein)	Ticino Region
Vincent Albasini	Sabine Boschung	Alexandra Abbt-Mock	Silvia Banfi Frost	Maria Bieri	Mauro Bazzi
Patrick Csikos	Patrick Bruni	Sibylle Bader Biland	Beatrice Bertschinger	Suzanne Blaser	Lucia Gianoli
Doris Grobéty	Chantal Gagnebin	Evelyn Borer	Renato Blum	Fridolin Eberle	Fiorenzo Robbiani
Nicole Hosseini	Sandra Ghisoni Schenk	Sandra Nicole Engeler	Kurt Feubli	Markus Eugster	Gabriella Rossetti
Zohra Ottoz	Fränzi Grunder	Susanne Jäger	Anna Maria Forlano	Christa Flückiger	Raffaele Sartori
Benoît Santschi	Therese Ischi	Peter Jossi	Ronald Hauser	Michael Fuhrer	
Catherine Stern	Mario Kaiser	Pascal Konrad	Willy Rüegg	Kurt Gansner	
Marc Vauthey	Jürg Kradolfer	Daniel Münger	Alex Rutz	Roberto Godenzi	
	Corinne Lehmann	Heidi Straumann	Beda Schlumpf	Richard Kübler	
	Sibylle Miescher	Charles Suter	Liliane Waldner	Leonardo Longaretti	
	Felix Truffer			Gabi Senn	
	Annette Wisler Albrecht				
	Zippora Wüthrich				

Capital structure

The capital structure of the Coop Group can be seen in the consolidated balance sheet (page 81) and the corresponding notes (pages 84–101). The equity of the Coop Group Cooperative consists exclusively of self-generated funds. The members have no stake in the equity.

Board of Directors

Members of the Board of Directors

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

As at 31 December 2016, 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	2017

¹ Chairwoman of the Audit Committee

² Member of the Audit Committee

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:

Diploma in accounting and controlling, KV Zurich

Professional experience:

1982–1985 Controller, Dep. Director of Mövenpick Produktions AG, Adliswil; 1985–1992 Waro AG, Volketswil, latterly as Managing Director; 1992–1996 Purchasing Director Non-Food at Coop Switzerland, Wangen; 1992–1997 Managing Director of Coop Zürich, 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 AG, Basel (Chairman); Coop Mineraloel AG, Allschwil (Chairman); Swisscom AG, Ittigen (Chairman); Transgourmet Holding AG, Basel (Chairman)

Other functions and offices:

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



Peter Eisenhut

Swiss

Education/training:

Lic. oec. University of St. Gallen

Professional experience:

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

Further directorships:

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

Other functions and offices:

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



Michela Ferrari-Testa

Swiss

Education/training:

Lic. iur. University of Zurich, lawyer and notary

Professional experience:

since 1990, own law and notary practice in Capriasca

Further directorships:

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

Other functions and offices:

Board member, Fondation Sana



Hans-Jürg Käser

Swiss

Education/training:

Apprenticeship as an electrician

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

Other functions and offices:

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



Irene Kaufmann

Swiss

Education/training:

Dr. oec. publ. University of Zurich

Professional experience:

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

Further directorships:

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



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 producer of electrical drive systems, Sécheron SA, Geneva; since 2004, independent entrepreneur

Further directorships:

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

Other functions and offices:

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



Roman Kuhn

Swiss

Education/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, Schloss Hallwyl association; Melodyaarau association (President); Trustee, Töpferhaus Aarau 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, Lucerne

Further directorships:

Rebsamen Technocasa AG



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; Fondation Banque Cantonale Vaudoise second pillar, Lausanne; Socorex Isba S.A., Ecublens

Other functions and offices:

Committee of the Board of Directors, Economiesuisse (Vice-Chairman); Board member, Fondation de Beaulieu; Vaud Chamber of Commerce (Chairman)



Giusep Valaulta

Swiss

Education/training:

Lic. iur. University of Fribourg

Professional experience:

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

Election and term of office of the Board of Directors

Principles of the electoral procedure

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

First-time election and remaining term of office

The start of the term of office for members of the Board of Directors elected for the first time is set out in the section “Members of the Board of Directors”. The current term of office began in spring 2013 and ends in spring 2017.

Internal organization

Allocation of tasks within the Board of Directors

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

Audit Committee

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

The Audit Committee meets at least three times a year. A meeting generally lasts half a day. As a rule, the Chairman of the Executive Committee (CEO), the Head of the Finances Business Unit and the Head of Internal Auditing take part in the meetings in an advisory capacity. Depending on the agenda, the external auditors may be asked to attend. The members of the Board of Directors are kept informed on the work of the Audit Committee at regular intervals. Internal Auditing reports to the Chairwoman of the Audit Committee. The Audit Committee met four times in 2016.

Working method of the Board of Directors

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

In 2016, the Board of Directors convened for seven meetings lasting from one to two days. In addition, it visited subsidiaries abroad during a three-day visit. No external consultants were engaged.

Regulation of responsibilities

The Board of Directors is responsible for the general direction (strategic leadership) of the business of the Coop Group Cooperative and the Coop Group and oversees 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.

Instruments of information and control over the Executive Committee

Management information system

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

Planning and goal-setting process/balanced scorecard

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

Risk management

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

Internal control system

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

The quality of the Group-wide checks is examined by members of the Executive Committee every two years. As scheduled, an assessment of the Group-wide checks was carried out in 2015. The results of the internal control system evaluations are summarized in a comprehensive report issued each year.

Internal Auditing

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

Executive Committee

Members of the Executive Committee

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

On 1 May 2016, the former Head of the Finances/Services Business Unit, Reto Conrad, moved to the newly-formed IT/Production/Services Business Unit. Adrian Werren, former Head of Controlling, took over management of the Finances Business Unit.

Jean-Marc Chapuis and Leo Ebnetter are retiring at the end of June 2017. Christian Coppey will be taking up his role as new Head of the Property Business Unit on 1 May 2017. He previously spent ten years as Head of Division at Maus Frères SA in Geneva, in Real Estate & Shopping Center Management. Daniel Hintermann will be taking over as the new Head of the Logistics Business Unit, also from May. He was previously in charge of the Nordwestschweiz/Zentralschweiz-Zürich logistics region.

As at 31 December 2016, 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
Adrian Werren	1969	Vice-Chairman of the Executive Committee	2016
Philipp Wyss	1966	Deputy Chairman of the Executive Committee	2009

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

Professional experience:

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

Directorships:

Alliance Internationale de Distributeurs SA (Alidis), Vernier; Coop-ITS-Travel AG, Freienbach (Chairman); Palink UAB, Lithuania; Transgourmet Holding AG, Basel

Other functions and offices:

President of IG DHS (Swiss retailers' organization)



Jean-Marc Chapuis

Swiss

Education / training:

lic. ès sciences économiques et sociales, University of Geneva

Professional experience:

1981–1983 Sales Manager for a number of international markets and Head of the French branch at Zenith-Movado AG, Le Locle; 1983–1985 Deputy Managing Director Coop La Chaux-de-Fonds; 1986–1993 Managing Director Coop La Chaux-de-Fonds; 1994–2000 Managing Director Coop Neuchatel-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. University of St. Gallen; Swiss diploma in auditing, “Kammerschule” of the Schweizerische Treuhandkammer (Swiss Institute of Certified Accountants and Tax Consultants), Basel

Professional experience:

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

Directorships:

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

Other functions and offices:

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



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; 1978–1981 Dep. Warehouse Manager General Goods, Gossau; 1981–1985 Head of Logistics General Goods and Head of Transport Coop Ostschweiz, Gossau; 1985–1987 Head of Logistics Coop Gossau distribution centre; 1987–1990 Head of Food Goods Purchasing, Production, Logistics Coop Ostschweiz, Gossau; 1990–2000 Dept. Manager Coop Ostschweiz and Head of Goods Purchasing, Production, Logistics and IT Coop Ostschweiz, Gossau; 2001–2007 Head of Coop logistics region Ostschweiz-Ticino, Gossau; 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)



Daniel Stucker

Swiss

Education/training:

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

Professional experience:

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

Directorships:

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



Adrian Werren

Swiss

Education:

Lic. rer. pol. University of Basel

Professional experience:

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

Directorships:

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



Philipp Wyss

Swiss

Education/training:

Commercial apprenticeship and butcher apprenticeship

Professional experience:

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

Directorships:

AgeCore SA, Geneva (Chairman); Alliance Internationale de Distributeurs SA (Alidis), Vernier; Betty Bossi AG, Zurich (Chairman); Casa del Vino SA, Zurich; Eurogroup Far East Ltd., Hong Kong (Chairman); Hilcona AG, FL-Schaan; Marché Restaurants Schweiz AG, Dietlikon (Chairman); Palink UAB, Lithuania; Retail Marketing Switzerland AG, Basel (Chairman); Transgourmet Holding AG, Basel

Other functions and offices:

Board member, Biore Foundation

Management agreements

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

Compensation

Content and method of determining compensation and shareholding programmes

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

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

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

Compensation for the activities of the Board of Directors of the Coop Group Cooperative, the Coop Cooperative and Coop Immobilien AG in 2016 amounted to 1.3 million francs (2015: 1.4 million francs). The gross salaries of the Executive Committee totalled 4.0 million francs for 6.7 full-time equivalents in 2016 (2015: 3.8 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.

Rights of participation

Voting rights

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

Statutory quorums

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

Convening the Delegate Assembly

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

Adding an item to the agenda

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

Changes of control and defensive measures

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

Auditors

Duration of mandate and term of office of lead auditor

As the auditors are appointed for one year, the Delegate Assembly elects 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 Bruno Rossi has been in office since 2016.

Auditing fee

The auditors billed fees totalling 3.3 million francs (2015: 3.4 million francs) for fulfilment of their statutory mandate for the 2016 financial year.

Other fees

For performing additional services over and above the statutory mandate, PwC billed a total of 0.9 million francs during the 2016 financial year (2015: 1.0 million francs).

Information instruments pertaining to an external audit

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

The lead auditor took part in three meetings of the Audit Committee in 2016. Planning of the audit, the observations of the external auditors and the ensuing procedure adopted were discussed at these

meetings. In addition, the lead auditor reports to all members of the Board of Directors once a year. The external auditors and Internal Auditing additionally discuss the methods and further development of the internal control system.

Information policy

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

➔ report.coop.ch

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

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

➔ www.coop.ch/medien

Coop Group management

As at 1 March 2017

Coop Cooperative

Executive Committee (EC)

Joos Sutter, Chief Executive Officer
Jean-Marc Chapuis, Head of Property Business Unit
(until 30.4.2017)
Reto Conrad, Head of IT/Production/Services Business Unit
Christian Coppey, Head of Property Business Unit
(as of 1.5.2017)
Leo Ebnetter, Head of Logistics Business Unit (until 30.04.2017)
Daniel Hintermann, Head of Logistics Business Unit
(as of 1.5.2017)
Daniel Stucker, Head of Trading Business Unit
Adrian Werren, Head of Finances Business Unit
Philipp Wyss, Head of Marketing/Purchasing Business Unit

CEO Business Unit

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

Retail Business Unit

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

Bern (BE) Sales Region

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

Nordwestschweiz-Zentralschweiz-Zürich (NWZZ) Sales Region

Roger Vogt, Head of NWZZ Sales Region
André Aerne, Head of Sales Lake Zurich North
Urs Barmettler, Head of Sales ZG/SZ
Angelo Durante, Head of Business Management/Controlling
Besim Dushica, Head of Sales AG West/Olten
Martin Fürst, Head of Sales AG East
Markus Ingold, Head of Sales Lake Zurich South
Sandro Janko, Head of Sales BL and surrounding area
Herbert Müller, Head of Sales LU
Luc Pillard, Head of Personnel/Training

Jean-Claude Prosdocimo, Head of Sales Zurich North
Besim Ramadani, Head of Sales Zurich City
Monika Zander, Head of Sales BS and surrounding area

Ostschweiz-Ticino (OT) Sales Region

Ivo Dietsche, Head of OT Sales Region
Mario Colatrella, Head of Sales TI
René Dörig, Head of Sales SG East/AI/AR/FL/GL
Rolf Gurtner, Head of Sales GR
Shenasi Haziri, Head of Sales SG West/TG
Sven Herzog, Head of Sales Winterthur/SH
Christine Noichl, Head of Personnel/Training
Dominique Vela, Head of Business Management/Controlling

Trading Business Unit

Daniel Stucker, Head of Trading Business Unit
Markus Schärer, Head of Business Management/Controlling
Patrick Schaller, Head of Total Store/Expansion (as of 1.4.2017)
Martin von Bertrab, Head of Personnel/Training

Coop City

Felix Kubat, Head of Coop City
Christian Jochberg, Head of Sales Region Centre
Daniel Tona, 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 CM/Purchasing Building & Hobby
Marco Bertoli, CM Gardening/Plants
Adrian Fuchs, CM Leisure/Sport/Decorating
Robert Kronhofer, CM DIY/Electrical
Michael Renninger, CM Building/Interior Fittings
Marc Rheia, CM Garden Hard Goods

Interdiscount

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

Toptip/Lumimart

Oliver Roth, Head of Toptip/Lumimart Division

Import Parfumerie

Michael Susta, Head of Import Parfumerie Division

Christ Watches & Jewellery

Nina Müller, Head of Christ Watches & Jewellery Division

Coop Vitality AG

Daniel Stucker, Chairman of the Board of Directors
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
Peter Fankhauser, Head of Finance & Services
Marc Haselbach, Head of Electronics Division
Manfred Spiller, Head of Kitchen/Bathroom Division

RS Vertriebs AG

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

The Body Shop Switzerland AG

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

Siroop AG

Daniel Stucker, Vice-Chairman of the Board of Directors
Constantin Hilt, CEO

Marketing/Purchasing Business Unit

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

CM/Purchasing Fresh Food 1

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

Vladimir Cob, Managing Director of Alifresca AG

CM/Purchasing Fresh Food 2

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

CM/Purchasing Basic Foods/Cleaning

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

CM/Purchasing Beverages/Specialist Stores

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

CM/Purchasing Near Food/Non-Food

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

CM/Purchasing Services

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

Marketing/Digital Services

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

Betty Bossi AG

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

Marché Restaurants Schweiz AG

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

Eurogroup Far East Ltd.

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

Logistics Business Unit

Leo Ebnetter, Head of Logistics Business Unit (until 30.4.2017)
Daniel Hintermann, Head of Logistics Business Unit
(as of 1.5.2017), Head of BE Logistics Region
Christoph Eigenmann, Head of OT Logistics Region
Sébastien Jacquet, Head of SR Logistics Region
Lorenzo Pelucchi, Head of National Logistics Pratteln
Domenico Repetto, Head of NWZZ Logistics Region
Beat Zaugg, Head of National Logistics Wangen

Railcare AG

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

Finance Business Unit

Adrian Werren, Head of Finance Business Unit, Head of Controlling
Hansjörg Klossner, Head of Accounting
Beat Leuthardt, Head of Financial Services

Property Business Unit

Jean-Marc Chapuis, Head of Property Business Unit
(until 30.4.2017)
Christian Coppey, Head of Property Business Unit
(as of 1.5.2017)
Claudio Casal, Head of SR Property Region
Stefano Donzelli, Head of Business Management/Controlling
Victor Manuel Martinez, Head of BE Property Region
Klaus Sedlmeyer, Head of OT Property Region
Philippe Sublet, Head of National Shopping Centres
Fritz Ulmann, Head of NWZZ Property Region
Jan Zambaz, Head of National Property Projects

IT/Production/Services Business Unit

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

Update Fitness AG

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

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

Coop Meeting Centre

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

Société coopérative Centre de Séminaires "du Léman"

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

Other subsidiaries

Coop Mineraloel AG

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

Transgourmet Holding AG

Hansueli Loosli, Chairman of the Board of Directors

Transgourmet Central and Eastern Europe

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

Transgourmet Polska

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

Selgros Romania

Alexandru Vlad, Chief Executive Officer
Herwig Arvay, Managing Director Administration

Selgros Russia

Michael Zipfel, Chief Executive Officer
Jens Frerichs, Managing Director Purchasing &
Category Management
Przemyslaw Switakowski, Managing Director
Administration & Expansion

Transgourmet France

Eric Decroix, Chief Executive Officer
Caroline Besselièvre, Head of HR
Yves Cebron, Commercial Manager and Tender Process Manager
Edith Hertz, Vice-Chairwoman of the Executive Board
Serge Rey, Head of Supply Chain

Transgourmet Österreich

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

Transgourmet Switzerland

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

Bell AG

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

Bell Switzerland

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

Bell Germany

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

Bell International

Daniel Böhny, Head of Bell International Division
Stefano Bianchi, Head of Bell France
Jens Günther Hillebrand, Head of Bell Hungary
Johannes Huber, Head of Hubers
David Kureš, Head of Novak Branches
Eugeniusz Philip, Head of Bell Poland

Bell Finance/Services

Marco Tschanz, Head of Finance/Services Division

Hilcona

Martin Henck, CEO

Eisberg/Gastro Star

Christian Guggisberg, Chief Executive Officer

Coop Group in figures

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All values rounded up/down individually.

Key figures

Key figures at a glance

Total sales

28 322 CHF million

Net sales Group

27 259 CHF million

of which

19 251 CHF million Switzerland

8 008 CHF million abroad

Net sales segments

17 162 CHF million Retail

12 248 CHF million Wholesale/Production

Net sales online trading

565 CHF million Retail

824 CHF million Wholesale/
Production

Employees at 31.12

46 637 Retail

38 364 Wholesale/Production

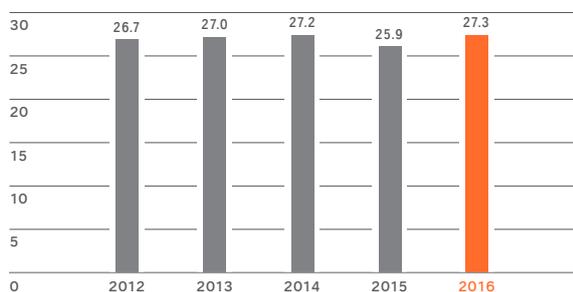
Trainees at 31.12

2 705 Retail

800 Wholesale/Production

Net sales

in CHF billion



Earnings

2 044 CHF million EBITDA

7.5% of net sales

763 CHF million EBIT

2.8% of net sales

Profit

475 CHF million

1.7% of net sales

Equity

8 928 CHF million

47.8% Equity ratio

Free cash flow

61 CHF million

Investments in tangible fixed assets

992 CHF million Switzerland

517 CHF million abroad

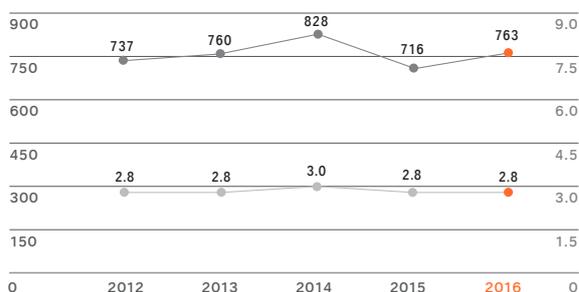
Sales outlets / markets

2 250 Retail

226 Wholesale/Production

Operating result (EBIT)

— in CHF million — as a % of net sales



Development of the Coop Group

in CHF million or as indicated	2012	2013	2014	2015	2016
Total sales		27 950	28 174	26 932	28 322
Retail		17 379	17 718	17 253	17 162
Wholesale / Production		11 329	11 193	10 611	12 248
Consolidation		-1 741	-1 749	-1 969	-2 151
Net sales from goods and services	26 731	26 967	27 163	25 895	27 259
of which net sales Switzerland	19 241	19 489	19 822	19 252	19 251
as a % of net sales	72.0	72.3	73.0	74.3	70.6
of which net sales abroad	7 490	7 478	7 341	6 643	8 008
as a % of net sales	28.0	27.7	27.0	25.7	29.4
Earnings before interest, tax, depreciation and amortization (EBITDA)	1 930	1 937	2 038	1 933	2 044
as a % of net sales (EBITDA margin)	7.2	7.2	7.5	7.5	7.5
Operating result (EBIT)	737	760	828	716	763
as a % of net sales (EBIT margin)	2.8	2.8	3.0	2.8	2.8
Profit	452	462	470	416	475
as a % of net sales (profit margin)	1.7	1.7	1.7	1.6	1.7
Cash flow from operating activities	1 711	1 667	1 551	1 653	1 582
as a % of net sales (cash flow margin)	6.4	6.2	5.7	6.4	5.8
Cash flow from investing activities	-950	-965	-1 700	-1 477	-1 939
as a % of net sales	3.6	3.6	6.3	5.7	7.1
Cash flow from financing activities	-275	-116	-166	-301	238
Free cash flow¹	842	628	327	234	61
Total assets	16 880	17 317	17 441	17 654	18 663
Equity incl. minority interests	7 262	7 738	8 089	8 401	8 928
Equity ratio incl. minority interests in %	Target value: > 40.0	43.0	44.7	46.4	47.6
Financial liabilities	4 872	4 840	4 753	4 700	5 043
Net financial liabilities	3 855	3 305	3 560	3 614	4 061
Debt coverage ratio	Target value: < 3.0	2.0	1.7	1.7	1.9
Interest coverage ratio	Target value: > 8.0	21.8	21.7	23.7	26.7
FTE (incl. trainees) at 31.12.	64 458	64 498	66 124	69 039	73 451
Employees (incl. trainees) at 31.12.	75 309	74 955	77 087	79 954	85 001
Trainees at 31.12	3 221	3 265	3 271	3 410	3 505
Retail number of sales outlets / markets at 31.12	1 917	1 933	1 978	2 198	2 250
Retail sales area in m² at 31.12	1 766 913	1 777 800	1 798 081	1 814 469	1 853 207
Wholesale / Production number of sales outlets / markets at 31.12	211	229	212	214	226
Wholesale / Production sales area in m² at 31.12	915 734	924 591	938 283	938 768	1 004 458
Number of members at 31.12	2 595 065	2 537 859	2 500 036	2 536 800	2 542 848

Prior-year figures restated

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

Net sales

in CHF million	2016	2015
Coop Supermarkets	10 274	10 290
Interdiscount	935	945
Coop City	778	806
Coop Building & Hobby	622	633
Toptip / Lumimart	200	202
Import Parfumerie	149	147
Coop@home	129	120
Christ Watches & Jewellery	87	91
Coop Mineraloel AG	2 159	2 247
Dipl. Ing. Fust AG	1 029	1 009
Coop Vitality AG	179	166
Coop Restaurant	254	252
Marché Restaurants Schweiz AG	114	114
Betty Bossi AG	84	83
The Body Shop Switzerland AG	33	35
Other companies and effects from segment consolidation	137	112
Specialist formats	6 888	6 963
Retail	17 162	17 253
Transgourmet Central and Eastern Europe	5 284	4 741
Transgourmet France	1 262	1 250
Transgourmet Österreich	536	
Transgourmet Switzerland	1 471	1 477
Transgourmet Group	8 551	7 468
Bell Group	3 346	2 781
Coop Cooperative Production	705	704
Other companies and effects from segment consolidation	-354	-342
Wholesale / Production	12 248	10 611
Consolidation Coop Group	-2 151	-1 969
Net sales	27 259	25 895
Other operating income	1 063	1 037
Total sales	28 322	26 932
of which net sales online trading	1 389	1 212
Online trading in home electronics	344	308
– Microspot.ch	181	172
– Nettoshop.ch	81	72
– Other	82	63
Coop@home	129	120
Other online trading Retail	93	82
Online trading Retail	565	510
Online trading Wholesale / Production	824	703
of which net sales Switzerland	19 251	19 252
of which net sales abroad	8 008	6 643

Prior-year figures restated

Sales outlets/markets

	Number at 31.12		Sales area m ² at 31.12	
	2016	2015	2016	2015
Coop Supermarkets	876	856	972 783	957 905
Interdiscount	192	187	65 892	67 332
Coop City	31	31	127 692	127 454
Coop Building & Hobby	74	74	305 786	303 519
Toptip / Lumimart	46	47	130 425	133 348
Import Parfumerie	123	124	10 151	10 163
Christ Watches & Jewellery	70	72	5 652	5 776
Hotels	3	3		
Coop Mineraloel AG	298	294	34 723	33 843
Dipl. Ing. Fust AG	160	162	89 801	89 624
Coop Vitality AG	69	64	8 833	8 159
Coop Restaurant	201	202	58 621	58 644
Marché Restaurants Schweiz AG	32	30	15 276	15 782
The Body Shop Switzerland AG	50	50	2 949	2 920
Update Fitness AG	23		24 623	
Tropenhaus Frutigen AG	1	1		
Tropenhaus Wolhusen AG	1	1		
Specialist formats	1 374	1 342	880 424	856 564
Retail	2 250	2 198	1 853 207	1 814 469
Transgourmet Central and Eastern Europe	97	93	825 800	811 477
Transgourmet Österreich	12		51 655	
Transgourmet Switzerland	30	30	123 037	123 037
Transgourmet Group	139	123	1 000 492	934 514
Bell Czech Republic	87	91	3 966	4 254
Bell Group	87	91	3 966	4 254
Wholesale / Production	226	214	1 004 458	938 768
Coop Group	2 476	2 412	2 857 665	2 753 237

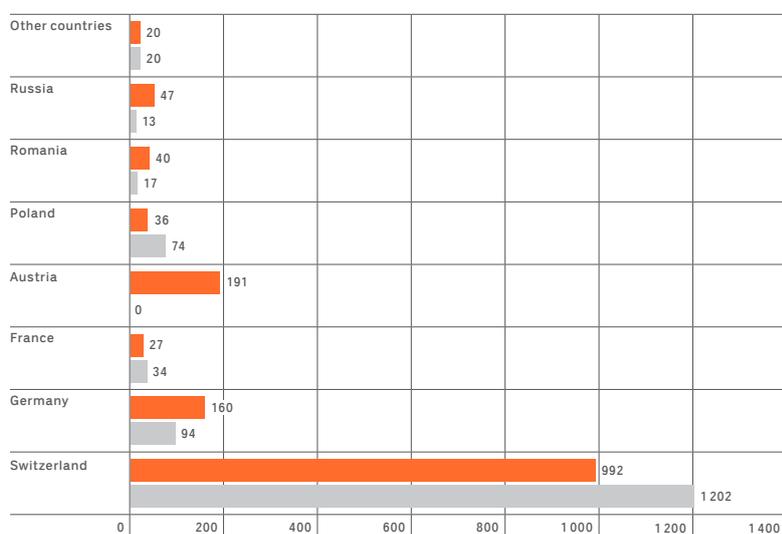
Prior-year figures restated

Investments

in CHF million	2012	2013	2014	2015	2016
Switzerland	651	862	975	1 202	992
Germany	129	81	119	94	160
France	17	49	51	34	27
Austria					191
Poland	38	26	38	74	36
Romania	11	8	12	17	40
Russia	20	52	12	13	47
Other countries	0	4	2	20	20
Abroad	216	219	233	253	517
Investments in tangible fixed assets	867	1 081	1 209	1 455	1 509
Disposals of tangible fixed assets	37	92	41	105	107
Net investments in tangible fixed assets	829	989	1 167	1 350	1 402
Other net investments	121	-24	533	127	537
Net investments	950	965	1 700	1 477	1 939

Investments in tangible fixed assets by country in CHF million

■ 2016 ■ 2015



Statement of added value

in CHF million	2016	2015	Index %
Net sales from goods and services	27 259	25 895	105.3
Other services rendered	1 105	1 080	102.3
Merchandise expense and other upstream services	20 832	19 790	105.3
Gross added value	7 532	7 185	104.8
Depreciation and amortization / other	1 206	1 158	104.2
Company added value	6 326	6 028	104.9
Employees			
Wages and salaries	3 410	3 189	106.9
Social security contributions / other contributions	1 073	1 063	101.0
Public sector	1 151	1 164	98.9
Investors	92	81	113.0
Minority interests	125	115	109.0
Retained profits (self-financing)	475	416	114.1
Distribution of added value	6 326	6 028	104.9

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 71% (previous year: 71%), the largest proportion of the newly created value goes to the Coop Group's employees. The Coop Group employed 73 451 FTE (previous year: 69 039).

The public sector receives 18% (previous year: 19%) from taxes, customs duties and charges.

The 2% (previous year: 2%) going to investors comprises interest paid. Due to low interest rates, this remains at a relatively low level.

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

Employees

FTE

	2016	2015	Change	Index %
Coop Supermarkets	18 769	18 859	-90	99.5
Interdiscount	1 647	1 640	7	100.4
Coop City	2 054	2 090	-36	98.3
Coop Building & Hobby	1 607	1 614	-7	99.6
Toptip / Lumimart	573	569	4	100.7
Import Parfumerie	515	512	3	100.6
Coop@home	333	318	15	104.7
Christ Watches & Jewellery	303	314	-11	96.5
Coop Mineraloel AG	100	94	6	106.2
Dipl. Ing. Fust AG	2 156	2 133	23	101.1
Coop Vitality AG	577	554	23	104.1
Coop Restaurant	1 642	1 627	15	100.9
Marché Restaurants Schweiz AG	672	674	-2	99.7
Betty Bossi AG	100	95	6	105.9
The Body Shop Switzerland AG	193	200	-7	96.7
Other companies	809	600	209	134.8
Logistics / Corporate services	5 226	5 041	185	103.7
Retail	37 277	36 934	342	100.9
Transgourmet Central and Eastern Europe	18 926	17 913	1 013	105.7
Transgourmet France	3 150	3 212	-62	98.1
Transgourmet Österreich	1 487		1 487	
Transgourmet Switzerland	1 623	1 633	-10	99.4
Transgourmet Group	25 186	22 758	2 428	110.7
Bell Switzerland	4 474	4 211	263	106.3
Bell abroad	4 799	3 497	1 303	137.3
Bell Group	9 273	7 707	1 566	120.3
Coop Cooperative Production	1 700	1 625	75	104.6
Other companies	16	14	2	114.3
Wholesale / Production	36 174	32 104	4 070	112.7
FTE (incl. trainees) at 31.12.	73 451	69 039	4 412	106.4

Prior-year figures restated

Employees

	2016	2015	Change	Index %
Coop Supermarkets	24 789	24 891	-102	99.6
Interdiscount	1 729	1 716	13	100.8
Coop City	2 571	2 616	-45	98.3
Coop Building & Hobby	1 998	2 000	-2	99.9
Toptip / Lumimart	659	659		100.0
Import Parfumerie	694	699	-5	99.3
Coop@home	344	329	15	104.6
Christ Watches & Jewellery	414	424	-10	97.6
Coop Mineraloel AG	101	95	6	106.3
Dipl. Ing. Fust AG	2 239	2 248	-9	99.6
Coop Vitality AG	795	757	38	105.0
Coop Restaurant	2 091	2 052	39	101.9
Marché Restaurants Schweiz AG	916	918	-2	99.8
Betty Bossi AG	127	122	5	104.1
The Body Shop Switzerland AG	238	223	15	106.7
Other companies	1 238	744	494	166.4
Logistics / Corporate services	5 694	5 506	188	103.4
Retail	46 637	45 999	638	101.4
Transgourmet Central and Eastern Europe	20 134	18 928	1 206	106.4
Transgourmet France	3 269	3 344	-75	97.8
Transgourmet Österreich	1 571		1 571	
Transgourmet Switzerland	1 818	1 823	-5	99.7
Transgourmet Group	26 792	24 095	2 697	111.2
Bell Switzerland	4 831	4 557	274	106.0
Bell abroad	4 950	3 591	1 359	137.8
Bell Group	9 781	8 148	1 633	120.0
Coop Cooperative Production	1 773	1 699	74	104.4
Other companies	18	13	5	138.5
Wholesale / Production	38 364	33 955	4 409	113.0
Employees (incl. trainees) at 31.12.	85 001	79 954	5 047	106.3

Prior-year figures restated

Trainees

	2016	2015	Change	Index %
Coop Supermarkets	1 490	1 475	15	101.0
Interdiscount	347	346	1	100.3
Coop City	164	169	-5	97.0
Coop Building & Hobby	126	130	-4	96.9
Toptip / Lumimart	38	38		100.0
Import Parfumerie	44	44		100.0
Coop@home	1		1	
Christ Watches & Jewellery	31	32	-1	96.9
Coop Mineraloel AG	3	3		100.0
Dipl. Ing. Fust AG	97	103	-6	94.2
Coop Vitality AG	115	111	4	103.6
Coop Restaurant	28	32	-4	87.5
Marché Restaurants Schweiz AG	20	30	-10	66.7
The Body Shop Switzerland AG	2	4	-2	50.0
Other companies	28	27	1	103.7
Logistics / Corporate services	171	167	4	102.4
Retail	2 705	2 711	-6	99.8
Transgourmet Central and Eastern Europe	428	388	40	110.3
Transgourmet France	93	105	-12	88.6
Transgourmet Österreich	88		88	
Transgourmet Switzerland	74	77	-3	96.1
Transgourmet Group	683	570	113	119.8
Bell Switzerland	61	69	-8	88.4
Bell abroad	34	33	1	103.0
Bell Group	95	102	-7	93.1
Coop Cooperative Production	22	27	-5	81.5
Wholesale / Production	800	699	101	114.4
Trainees at 31.12	3 505	3 410	95	102.8

Prior-year figures restated

Employee diversity

as %	2016	Retail 2015	Wholesale / Production 2016	2015	2016	Coop Group 2015
Type of employment						
Full-time employees	57.1	57.2	82.7	85.5	68.6	69.2
Part-time employees	42.9	42.8	17.3	14.5	31.4	30.8
Percentage of women	62.6	62.9	43.6	43.9	54.0	54.8
who are full-time employees	44.8	45.4	39.3	39.8	41.8	42.5
who are part-time employees	86.3	86.3	64.2	68.0	80.8	82.6
in management positions	40.9	40.4	31.0	30.4	36.7	36.4
on Board of Directors and Executive Committee of Coop Group Cooperative					21.1	22.2
Percentage of employees over 50 years of age	25.7	25.6	24.3	24.3	25.0	25.0
Trainees						
Sales	86.9	86.8	33.9	27.2	74.8	74.6
Commercial	4.4	4.9	37.9	36.9	12.1	11.4
Trades / Other	8.7	8.3	28.2	35.9	13.1	14.0
Country of work						
Switzerland	99.8	99.8	22.0	23.8	64.7	67.5
Germany			29.0	31.0	13.1	13.1
Poland			12.2	12.6	5.5	5.4
Romania			11.3	11.4	5.1	4.8
France			9.6	11.1	4.3	4.7
Austria			6.7	0.2	3.0	0.1
other	0.2	0.2	9.2	9.9	4.3	4.4
Nationality						
Switzerland	69.4	69.7	45.1	45.5	65.8	66.2
Abroad	30.6	30.3	54.9	54.5	34.2	33.8

Sustainability

Sustainable product ranges

	2012	2013	2014	2015	2016
Sales from sustainable products					
in CHF million					
Sales from sustainable products Coop Group				3 543	3 855
of which organic ¹	934	1 061	1 082	1 174	1 255
of which Fairtrade ¹	187	219	260	373	476

¹ 2012–2014 only retail

Packaging

in tonnes

Packaging reduction and optimization, Retail	530	1 285	1 045	85	230
Packaging reduction and optimization, Wholesale/Production			1 306	145	334

Resource efficiency and climate protection

	2012	2013	2014	2015	2016
Energy consumption					
in megawatt-hours					
Retail	1 157 428	1 146 711	1 116 389	1 127 499	1 134 156
Wholesale/Production ¹	1 043 461	1 252 099	1 255 910	1 441 986	1 527 834
Total energy consumption	2 200 889	2 398 810	2 372 299	2 569 485	2 661 990

¹ from 2013 incl. Bell International, from 2015 incl. Hilcona

Renewable energy sources

as a %

Retail	64.2	65.0	66.6	66.8	68.0
Wholesale/Production ¹	36.8	32.8	33.2	37.0	36.3
Percentage of renewable energy sources	51.2	48.2	48.9	50.1	49.8

¹ from 2013 incl. Bell International, from 2015 incl. Hilcona

Carbon dioxide emissions (CO₂)

in tonnes

Retail	116 045	112 541	106 356	107 135	103 849
Wholesale/Production ¹	252 610	331 881	338 992	350 062	367 049
Total carbon dioxide emissions (CO ₂)	368 655	444 422	445 348	457 197	470 898

¹ from 2013 incl. Bell International, from 2015 incl. Hilcona

	2012	2013	2014	2015	2016
Water consumption					
in thousands of cubic metres					
Retail	1 086	1 118	1 154	1 060	1 282
Wholesale / Production ¹	2 510	2 476	3 030	5 632	5 902
Total water consumption	3 596	3 594	4 184	6 692	7 184

¹ from 2014 incl. Bell International, from 2015 incl. Hilcona

Waste

Recycling rate

as %

Retail	77.6	79.5	80.8	80.0	80.2
Wholesale / Production	68.8	73.0	68.2	70.1	73.4

Waste production

in tonnes

Retail	124 956	125 494	126 595	129 875	134 065
Wholesale / Production ¹	58 294	57 527	64 207	65 409	84 080
Total waste production	183 250	183 021	190 802	195 284	218 145

¹ from 2016 incl. Bell International and Hilcona

Social commitment

	2012	2013	2014	2015	2016
Social commitment					
in CHF thousands					
Coop Group: Coop Sustainability Fund	15 871	15 309	16 550	17 000	18 655
Retail: Coop Aid for Mountain Regions	981	1 088	939	860	827
Retail: Additional contributions for social projects	6 770	7 983	6 306	6 477	5 486

Report of the financial year

Income statement

Net sales from goods and services

The Coop Group's net sales figure comprises net sales from the Retail and the Wholesale/Production segments.

In 2016, it rose by 5.3% in nominal terms and by 4.9% on a constant currency basis to a total of CHF 27259 million (previous year: CHF 25895 million). This rise is largely attributable to the trend in the Wholesale/Production segment.

With its online shops, the Group generated net sales of CHF 1389 million (previous year: CHF 1212 million). This equates to a rise of 14.6%, to which both segments contributed with double-digit growth rates.

Operating result (EBIT)

Personnel expenses amounted to CHF 4440 million and other operating expenses to CHF 2759 million. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to CHF 2 044 million (previous year: CHF 1 933 million), with the EBITDA margin unchanged year on year at 7.5%.

Depreciation and amortization of CHF 1282 million comprises depreciation of land and buildings and installations of CHF 583 million, depreciation of other tangible fixed assets of CHF 366 million, amortization of goodwill of CHF 249 million and amortization of other intangible assets of CHF 83 million. The operating result (EBIT) of CHF 763 million was above the prior-year figure of CHF 716 million, with the EBIT margin unchanged year on year at 2.8%.

Profit for the financial year

At CHF 12 million, the result of associated organizations was the same as the previous year. The result from foreign currencies and the financial result changed only marginally, amounting to a loss of CHF 75 million (previous year: loss of CHF 72 million).

Net of a non-operating result of CHF 46 million, income taxes of CHF 146 million and minority interests of CHF 125 million, profit was up by CHF 59 million year on year to CHF 475 million.

Segment report

Retail

Net sales in retail totalled CHF 17162 million (previous year: CHF 17253 million). This equates to a fall of 0.5%, due in part to price reductions affecting fuel and heating oil.

From its 876 Coop supermarkets in total (previous year: 856), Coop generated net sales of CHF 10 274 million (previous year: CHF 10 290 million), which equates to a slight decline of 0.2%. Coop City achieved net sales of CHF 778 million (previous year: CHF 806 million); the 3.5% decline is due chiefly to prices.

Coop Building & Hobby achieved net sales of CHF 622 million (previous year: CHF 633 million). At Interdiscount, net sales fell by 1.0% to CHF 935 million (previous year: CHF 945 million).

The trend was positive at Import Parfumerie, with net sales of CHF 149 million (previous year: CHF 147 million) and growth of 1.3%. Dipl. Ing. Fust AG with Nettoshop.ch and Schubiger

achieved net sales of CHF 1029 million (previous year: CHF 1009 million), which equated to growth of 2.0%. With net sales of CHF 2159 million (previous year: CHF 2247 million), Coop Mineraloel AG suffered a drop in sales of 3.9% due to lower fuel prices; in real terms, the decline was just 0.1%. With net sales of CHF 179 million (previous year: CHF 166 million), Coop Vitality AG achieved growth of 7.3%.

The Coop Restaurants reported growth of 0.8% to CHF 254 million (previous year: CHF 252 million), while Marché Restaurants Schweiz AG's net sales were on a par with the previous year at CHF 114 million.

The online retail shops performed particularly well, showing an increase of 10.9% on net sales of CHF 565 million. Microspot.ch increased its net sales to CHF 181 million (growth of 4.7%), while Coop@home achieved net sales of CHF 129 million, which equated to an increase of 7.2%.

The Retail segment's operating result (EBIT) decreased by CHF 35 million to CHF 457 million (previous year: CHF 492 million). The number of sales outlets in the segment (including restaurants) rose by 52 to 2250. The Coop Group employed 46 637 people in retailing (previous year: 45 999).

Wholesale/Production

In the Wholesale/Production segment, net sales increased to CHF 12 248 million (previous year: CHF 10 611 million). This equates to growth of 15.4%, or 14.5% on a constant currency basis.

The Transgourmet Group, which operates in the cash & carry and wholesale supplies sector in Germany, Poland, Romania, Russia, France, Austria and Switzerland, generated net sales of CHF 8 551 million (previous year: CHF 7 468 million). This equated to growth of 14.5%, or 13.5% on a constant currency basis.

This includes Transgourmet Österreich, which joined the Group in 2016 and contributed to the growth with net sales of CHF 536 million. Transgourmet operated a total of 139 cash & carry markets (previous year: 123) and employed 26 792 people (previous year: 24 095).

The Bell Group is one of Europe's leading meat and convenience food processors. With its brands Bell, Hilcona and Eisberg, the group covers a whole variety of customer requirements. Its customers include retail, foodservice and the food industry.

At CHF 3 346 million, net sales were 20.3% up on the previous year (CHF 2 781 million). On a constant currency basis, net sales increased by 19.8%. Various acquisitions also contributed to this growth. The Bell Group employed 9 781 people in 2016 (previous year: 8 148).

The Wholesale/Production segment's operating result (EBIT) increased by CHF 23 million to CHF 306 million (previous year: CHF 283 million).

Financial position and cash flows

Balance sheet

The Coop Group's total assets increased by CHF 1 009 million year on year. On the assets side, current assets rose by CHF 333 million to CHF 5 797 million, set against a decrease in cash and cash equivalents and an increase in receivables from goods and services and inventories. Non-current assets rose by CHF 675 million to CHF

12 866 million. Set against the depreciation and amortization expense here are higher investments and additions originating from the acquisitions. Liabilities rose by CHF 481 million year on year to CHF 9 735 million. Short-term liabilities rose by CHF 84 million to CHF 4 555 million and long-term liabilities by CHF 396 million to CHF 5 179 million. Within long-term liabilities, the Coop Group financed itself through bonds and deposits.

Equity including minority interests rose to CHF 8 928 million. At 47.8%, the equity ratio was therefore well above the strategic target of 40%. It climbed by 0.2 percentage points year on year.

Cash flow statement

The cash inflow from operating activities was CHF 1 582 million, which was CHF 71 million lower than the previous year. The cash outflow from investing activities was CHF 462 million higher than a year earlier at CHF 1 939 million. This was due both to higher expenditure on acquisitions and higher net investments in tangible and intangible assets. A net amount of CHF 1 521 million was invested in tangible and intangible fixed assets and a further CHF 382 million in acquisitions. In the case of financial assets/securities, a net amount of CHF 36 million was invested. This resulted in free cash flow of CHF 61 million. The cash inflow from financing activities amounted to CHF 238 million. The Coop Group Cooperative issued two bonds totalling CHF 580 million and made a bond repayment of CHF 500 million. The Bell Group also posted a cash inflow from the issue of a bond totalling CHF 300 million. Short and long-term financial liabilities decreased by CHF 55 million in net terms. In addition, dividends totalling CHF 85 million were paid to minority interests.

Annual consolidated financial statements

Consolidated income statement

in CHF million	Notes	2016	2015
Net sales from goods and services	1	27 259	25 895
Other operating income	2	1 063	1 037
Merchandise expense		19 078	18 191
Personnel expense	3	4 440	4 208
Other operating expenses	4	2 759	2 600
Earnings before interest, tax, depreciation and amortization (EBITDA)		2 044	1 933
Depreciation on tangible fixed assets	5	950	886
Amortization on intangible assets	5	332	331
Operating result (EBIT)	1	763	716
Result of associated organizations		12	12
Result from foreign currencies		0	0
Financial result	6	-75	-72
Ordinary result		700	655
Non-operating result	7	46	39
Result before income taxes (EBT)		746	694
Income taxes	8	146	163
Result after income taxes		600	531
Minority interests		125	115
Profit		475	416

Consolidated balance sheet

in CHF million	Notes	31.12.2016	31.12.2015
Cash and cash equivalents	9	972	1 080
Securities		10	6
Receivables from goods and services	10	1 084	893
Other short-term receivables	11	337	309
Prepayments and accrued income		384	351
Inventories	12	3 011	2 825
Current assets		5 797	5 464
Tangible fixed assets	13	11 543	10 911
Financial assets	14	196	185
Intangible assets	15	1 126	1 095
Non-current assets		12 866	12 191
Assets		18 663	17 654
Payables from goods and services		1 905	1 792
Short-term financial liabilities	16	927	1 017
Other short-term liabilities	17	457	389
Short-term provisions	18	315	358
Accrued liabilities and deferred income		951	915
Short-term liabilities		4 555	4 471
Long-term financial liabilities	19	4 116	3 683
Long-term provisions	20	1 063	1 100
Long-term liabilities		5 179	4 783
Liabilities		9 735	9 254
Retained earnings		7 907	7 475
Profit		475	416
Equity excluding minority interests		8 382	7 891
Minority interests		547	510
Equity incl. minority interests		8 928	8 401
Liabilities and equity		18 663	17 654

Consolidated cash flow statement

in CHF million	2016	2015
Result after income taxes	600	531
Depreciation and amortization	1 144	1 117
Impairment loss	174	119
Reversal of impairment	-5	-11
Profit (-)/ loss on disposal of fixed assets	-53	-52
Result non-cash items	3	29
Result of associated organizations	-12	-12
Dividends received from associated organizations	5	9
Increase/ decrease (-) in long-term provisions	-39	11
Cash flow before change in net current assets	1 817	1 741
Increase (-)/ decrease in receivables from goods and services	-89	-18
Increase (-)/ decrease in other short-term receivables, prepayments and accrued income	-46	48
Increase (-)/ decrease in inventories	-124	-32
Increase/ decrease (-) in payables from goods and services	39	-75
Increase/ decrease (-) in other short-term liabilities, accrued liabilities and deferred income	49	-35
Increase/ decrease (-) in short-term provisions	-64	24
Cash flow from operating activities	1 582	1 653
Investments in tangible fixed assets	-1 509	-1 455
Disposals of tangible fixed assets	107	105
Investments in financial assets/ securities	-51	-30
Disposals of financial assets/ securities	15	43
Payment for the acquisition of consolidated organizations	-382	-71
Receipts from the disposal of consolidated organizations	0	1
Investments in intangible assets	-120	-72
Disposals of intangible assets	0	3
Cash flow from investing activities	-1 939	-1 477
Inflows from bonds issuance	880	500
Outflows for bonds repayments	-500	-500
Increase/ decrease in minority interests	-2	1
Dividends to minority shareholders	-85	-80
Increase/ decrease (-) in short-term financial liabilities	24	-42
Increase/ decrease (-) in long-term financial liabilities	-79	-181
Cash flow from financing activities	238	-301
Cash flow	-118	-126
Cash and cash equivalents at beginning of the reporting period	1 080	1 178
Cash flow	-118	-126
Effect of exchange rate changes on cash and cash equivalents	10	29
Cash and cash equivalents at end of the reporting period	972	1 080

Statement of changes in equity

in CHF million	Retained profits	Accumulated currency differences	Profit	Equity excl. minority interests	Minority interests	Equity incl. minority interests
Equity at 1.1.2016	8 072	-597	416	7 891	510	8 401
Changes to the scope of consolidation					-1	-1
Appropriation of prior-year profit	416		-416			
Profit			475	475	125	600
Dividends					-85	-85
Effect of exchange rate changes		16		16	-3	14
Equity at 31.12.2016	8 488	-581	475	8 382	547	8 928
Equity at 1.1.2015	7 607	-412	470	7 665	424	8 089
Changes to the scope of consolidation	-5			-5	64	59
Appropriation of prior-year profit	470		-470			
Profit			416	416	115	531
Dividends					-80	-80
Effect of exchange rate changes		-185		-185	-12	-198
Equity at 31.12.2015	8 072	-597	416	7 891	510	8 401

Notes to the annual consolidated financial statements

Consolidation and accounting principles

Basis of accounting

The annual consolidated financial statements are based on the annual financial statements of the Group companies prepared as at 31 December 2016 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.

Changes in accounting principles as of 1 January 2016

New rules on revenue recognition: Amendments to the Swiss GAAP FER Framework, FER 3 and FER 6

Under the amendments, revenue is required to be recognized when a service has been performed or a tangible or intangible asset delivered and the benefits and risks as well as control have been transferred to the buyer. It is also explained that net sales from goods and services are revenues resulting from usual business activity, which comprise the value of the work performed less sales deductions. In the event of agency transactions, only the value of the service rendered by the entity itself should be reported. In the event of transactions involving discrete components, these must be recognized and measured separately.

The amendments do not have any effect on the Coop Group's reporting and therefore the prior-year amounts did not need to be adjusted.

Cash flow statement

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

Scope of consolidation

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

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

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

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

Consolidation method

Fully consolidated organizations

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

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

A negative goodwill (badwill) is credited to the income statement in the period of acquisition. Organizations sold are included up until the date on which control is lost, which is usually the date of sale.

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	
		2016	2015	31.12.2016	31.12.2015
1	EUR	1.090	1.067	1.074	1.084
1	CZK	0.040	0.039	0.040	0.040
1	HKD	0.127	0.124	0.131	0.128
100	HUF	0.350	0.344	0.347	0.343
1	PLN	0.250	0.255	0.243	0.254
1	RON	0.243	0.240	0.237	0.240
1	RUB	0.015	0.016	0.017	0.013
1	USD	0.989	0.964	1.019	0.995

Net sales from goods and services

Net sales from goods and services result from the sale of goods and the provision of services in the course of ordinary activities during the reporting period. Sales reductions such as discounts, rebates and other allowances are deducted from the net sales reported. Sales are recognized when the significant risks and rewards incidental to ownership of the products sold as well as control have transferred to the customer and it is reasonably certain that the resulting receivables will be collectible. Net sales from services are recognized in the accounting period in which the service was rendered. In the event of agency transactions, only the value of the service rendered by the entity itself is reported.

Cash and cash equivalents

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

Securities

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

Receivables from goods and services and other short-term receivables

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

Inventories

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

Financial assets

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

Assets from employer contribution reserves are recognized as financial assets.

Tangible fixed assets

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

Depreciation periods in years

Land and buildings

Plots of land	no depreciation
Buildings	40–67

Installations	15–30
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Furniture, machinery and IT

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

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

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

Leases

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

Intangible assets

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

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

Amortization periods in years

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

Impairment

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

Liabilities

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

Provisions

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

Income taxes

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

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

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

Derivative financial instruments

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

Pension benefit obligations

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. The major pension fund of the Coop Group is located in Switzerland.

Related party transactions

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

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

Off-balance sheet transactions

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

in CHF million

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

	2016		2015	
	Net sales from goods and services	Operating result (EBIT)	Net sales from goods and services	Operating result (EBIT)
Retail	17 162	457	17 253	492
Wholesale / Production	12 248	306	10 611	283
Consolidation	-2 151		-1 969	
Exceptional employer contribution to CPV/CAP				-60
Coop Group	27 259	763	25 895	716

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

Net sales from goods and services by geographic market

	2016	2015
Switzerland	19 251	19 252
Abroad	8 008	6 643
Coop Group	27 259	25 895

2 Other operating income

	2016	2015
Operating rental income	189	189
Gain on the disposal of fixed operating assets	6	7
Own work capitalized	22	20
Other income from services	846	820
Total	1 063	1 037

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

3 Personnel expense

	2016	2015
Wages / salaries	3 410	3 189
Social security contributions	773	808
Social security contributions as a %	22.7	25.3
Other personnel expense	257	212
Total	4 440	4 208

4 Other operating expenses

	2016	2015
Advertising expense	500	494
Rental expense	705	679
Office and administrative expense	252	240
Charges and insurance premiums (non-life)	80	76
Operations-related taxes	42	41
Maintenance and replacement costs	389	360
Energy and supplies	412	395
Transport costs	188	156
Miscellaneous expenses	190	159
Total	2 759	2 600

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

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

in CHF million

5 Depreciation and amortization	2016	2015
Goodwill, planned amortization	211	250
Goodwill, extraordinary amortization	38	4
Other intangible assets, planned amortization	79	71
Other intangible assets, extraordinary amortization	4	7
Amortization on intangible assets	332	331
Tangible fixed assets, planned depreciation	852	795
Tangible fixed assets, extraordinary depreciation	100	102
Reversals of depreciation charges on tangible fixed assets	-3	-10
Depreciation on tangible fixed assets	950	886
Total	1 282	1 217

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 73 million was recognized as part of the review of the real estate portfolio. Extraordinary depreciation of CHF 27 million was recognized in respect of other tangible fixed assets.

6 Financial result	2016	2015
Dividends and revaluation gains on securities	1	0
Other financial income	16	10
Financial income	17	10
Revaluation losses on securities	0	1
Interest and other financial expenses	61	76
Value adjustments to financial assets	31	5
Financial expenses	92	83
Total	-75	-72

7 Non-operating result	2016	2015
Rental income	1	1
Profits on the disposal of fixed non-operating assets	49	46
Other non-operating income	4	0
Non-operating income	54	47
Non-operating property expenses (incl. depreciation on non-operating fixed assets)	6	4
Other non-operating expenses	2	4
Non-operating expenses	8	8
Total	46	39

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

in CHF million

8 Income taxes	2016	2015
Current income taxes	172	169
Change in deferred taxes	-26	-6
Total	146	163
Average tax rate as %	19.6	23.5

	2016		2015	
	Tax rate as %	Tax amount in CHF million	Tax rate as %	Tax amount in CHF million
Average applicable tax rate / expected income taxes	20.6	153	20.0	139
Losses in the current year for which no deferred tax assets were recognized		14		10
Use of unrecognized loss carryforwards		-17		-9
Average applicable income tax rate after loss carryforwards	20.1	150	20.2	140
Other effects		-4		23
Effective income tax rate / Effective income taxes	19.6	146	23.5	163

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

No deferred tax assets were recognized for loss carryforwards of CHF 867 million (31.12.2015: CHF 931 million).

9 Cash and cash equivalents	31.12.2016	31.12.2015
Cash on hand, postal and bank account balances	894	974
Reka cheques / cheques / vouchers	23	32
Term deposits	56	74
Total	972	1 080

10 Receivables from goods and services	31.12.2016	31.12.2015
Receivables from goods and services	1 125	937
Value adjustment	-42	-44
Total	1 084	893

11 Other short-term receivables	31.12.2016	31.12.2015
Other receivables	333	307
Prepayments to suppliers	7	4
Value adjustment	-3	-2
Total	337	309

12 Inventories	31.12.2016	31.12.2015
Merchandise	2 600	2 466
Finished goods (production)	192	162
Unfinished goods, work in progress	143	137
Raw materials	129	119
Supplies and packaging materials	49	39
Prepayments to suppliers	37	31
Value adjustment	-140	-130
Total	3 011	2 825

in CHF million

13 Tangible fixed assets	Undeveloped property	Land and buildings	Installations	Furniture, machinery and IT	Vehicles	Finance leases	Assets under construction	Total
Tangible fixed assets 2016								
Cost 1.1.2016	152	9 766	5 234	4 535	441	22	1 087	21 237
Changes to the scope of consolidation	8	100	19	100	30	0	5	263
Investments	31	310	459	335	84	0	289	1 509
Disposals	-1	-108	-86	-310	-41	0	-4	-549
Effect of exchange rate changes	6	-2	-8	-5	-2	0	3	-9
Reclassifications	-5	359	188	249	3	0	-794	0
Cost 31.12.2016	192	10 425	5 806	4 905	515	22	586	22 451
Accumulated depreciation at 1.1.2016	4	3 760	2 962	3 322	252	18	9	10 326
Changes to the scope of consolidation		28	11	76	20	0		135
Planned depreciation		186	320	291	57	1		854
Extraordinary depreciation		73	10	16	0		1	101
Reversals of extraordinary depreciation		-3	0					-3
Disposals		-69	-83	-305	-38	0		-495
Effect of exchange rate changes	0	-1	-4	-5	-1	0	0	-11
Reclassifications		7	1	0	0	0	-9	0
Accumulated depreciation at 31.12.2016	4	3 981	3 217	3 396	290	18	2	10 908
Net carrying amount 31.12.2016	188	6 444	2 588	1 509	225	4	585	11 543
of which non-operating		34						34
of which prepayments							45	45
Tangible fixed assets 2015								
Cost 1.1.2015	110	9 395	4 977	4 224	424	26	709	19 865
Changes to the scope of consolidation	10	319	113	232	10		23	706
Investments	40	284	281	279	61		510	1 455
Disposals		-122	-98	-172	-38	-1	0	-430
Effect of exchange rate changes	-4	-183	-76	-67	-19	-3	-6	-358
Reclassifications	-3	73	36	39	3	0	-149	-2
Cost 31.12.2015	152	9 766	5 234	4 535	441	22	1 087	21 237
Accumulated depreciation at 1.1.2015	4	3 537	2 727	3 074	244	20	10	9 615
Changes to the scope of consolidation		102	47	170	7	0		327
Planned depreciation		176	295	278	48	1		797
Extraordinary depreciation		65	21	16	0		0	103
Reversals of extraordinary depreciation		-10						-10
Disposals		-73	-96	-170	-36	0	0	-375
Effect of exchange rate changes	0	-40	-32	-46	-11	-2	0	-130
Reclassifications		2	0	-1	0	0	0	0
Accumulated depreciation at 31.12.2015	4	3 760	2 962	3 322	252	18	9	10 326
Net carrying amount 31.12.2015	148	6 006	2 272	1 213	189	4	1 078	10 911
of which non-operating		29						29
of which prepayments							18	18

Prior-year figures restated

In the financial year, a further breakdown was made between buildings and the installations located inside them. Their presentation in the statement of changes in tangible fixed assets was amended accordingly; the net carrying amount reclassified from "Land and buildings" to "Installations" as at 1 January 2015 amounts to CHF 1 923 million.

in CHF million

14 Financial assets

	Employer contribution reserve	Associated organizations	Other financial assets	Total
Financial assets 2016				
Net carrying amount 1.1.2016	11	77	97	185
Changes to the scope of consolidation		1	1	2
Investments	0	7	41	48
Disposals	-1		-14	-15
Write-ups (+) / Value adjustments (-)		7	-30	-22
Effect of exchange rate changes		-1	0	-1
Reclassifications				
Net carrying amount 31.12.2016	10	91	95	196

Financial assets 2015

Net carrying amount 01.01.2015	12	163	118	294
Changes to the scope of consolidation			1	1
Investments	0	1	29	30
Disposals	-1	-8	-25	-35
Write-ups (+) / Value adjustments (-)		4	-4	0
Effect of exchange rate changes		-2	0	-2
Reclassifications		-80	-22	-103
Net carrying amount 31.12.2015	11	77	97	185

Other financial assets

	31.12.2016	31.12.2015
Loans	64	36
Miscellaneous financial assets	74	73
Value adjustments to other financial assets	-43	-13
Total	95	97

in CHF million

15 Intangible assets	Goodwill	Trademarks / Patents / Licences	Software	Other intangible assets	Assets under construction	Total
Intangible assets 2016						
Cost 1.1.2016	3 285	604	432	41	29	4 390
Changes to the scope of consolidation	247	1	5	2		254
Investments		3	71	1	44	120
Disposals		-1	-72	-3	0	-77
Effect of exchange rate changes	-5	0	-1	0	0	-6
Reclassifications		26	1	0	-27	0
Cost 31.12.2016	3 527	632	435	41	46	4 681
Accumulated amortization at 1.1.2016	2 642	280	335	38		3 296
Changes to the scope of consolidation		1	4	1		6
Planned amortization	211	32	45	1		290
Extraordinary amortization	38	0	3	1		42
Disposals		-1	-72	-3		-77
Effect of exchange rate changes	-1	0	-1	0		-2
Accumulated amortization at 31.12.2016	2 890	311	315	38		3 554
Net carrying amount 31.12.2016	636	321	120	3	46	1 126
Intangible assets 2015						
Cost 1.1.2015	3 254	597	403	41	12	4 307
Changes to the scope of consolidation	44	10	10	1	0	64
Investments		0	51	1	19	72
Disposals	-1	-1	-29	-1		-32
Effect of exchange rate changes	-12	-3	-7	-1	0	-23
Reclassifications	0		4	0	-2	2
Cost 31.12.2015	3 285	604	432	41	29	4 390
Accumulated amortization at 1.1.2015	2 395	252	313	38		2 998
Changes to the scope of consolidation	4	1	7	1		14
Planned amortization	250	29	40	1		321
Extraordinary amortization	4		7	0		11
Disposals	-1	0	-27	-1		-29
Effect of exchange rate changes	-10	-2	-5	-1		-18
Accumulated amortization at 31.12.2015	2 642	280	335	38		3 296
Net carrying amount 31.12.2015	642	324	96	3	29	1 095

in CHF million

16 Short-term financial liabilities	31.12.2016	31.12.2015
Bank current accounts	4	0
Bank loans	34	34
Other short-term financial liabilities	55	20
Pension fund obligations	200	200
Short-term portion of long-term financial liabilities	633	762
Total	927	1 017

All pension fund obligations are obligations to CPV/CAP. They bear interest at 0.25% and are callable annually.

17 Other short-term liabilities	31.12.2016	31.12.2015
Vouchers in circulation	64	66
Prepayments from customers	135	125
Other taxes	132	88
Other short-term liabilities	126	110
Total	457	389

18 Short-term provisions	Benefit obligations	Restructurings	Supercard	Other provisions	Total
Short-term provisions 2016					
Carrying amounts 1.1.2016	82	16	190	70	358
Changes to the scope of consolidation				0	0
Creation	21	17	179	79	296
Use	-76	-13	-182	-68	-339
Reversal	-8	-1	-3	-3	-15
Effect of exchange rate changes	0	0		-1	-1
Reclassifications short term/long term	3	10		2	15
Carrying amounts 31.12.2016	22	28	185	80	315
Short-term provisions 2015					
Carrying amounts 1.1.2015	23	19	192	93	327
Changes to the scope of consolidation				1	1
Creation	81	2	186	29	298
Use	-18	-13	-183	-27	-241
Reversal	-4	0	-6	-23	-33
Effect of exchange rate changes	0	0		-3	-3
Reclassifications short term/long term	1	7		1	9
Carrying amounts 31.12.2015	82	16	190	70	358

Other short-term provisions mainly include provisions for personnel in the amount of CHF 32 million (31.12.2015: CHF 28 million) and sales outlets in the amount of CHF 19 million (31.12.2015: CHF 22 million).

in CHF million

19 Long-term financial liabilities	Currency	Term	Interest rate as % (weighted)		31.12.2016	31.12.2015
Deposit accounts			0.5		1 751	1 754
Medium-term notes		2–8 years	1.5		241	269
Coop-Gruppe Genossenschaft	CHF	Sep 2010–2017	2.0	250		
Bell AG	CHF	May 2013–2018	1.0	175		
Coop-Gruppe Genossenschaft	CHF	Jul 2012–2019	1.25	250		
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2020	0.25	300		
Coop-Gruppe Genossenschaft	CHF	Jun 2014–2021	0.875	200		
Bell AG	CHF	May 2013–2022	1.75	175		
Coop-Gruppe Genossenschaft	CHF	Sep 2016–2022	0.25	200		
Coop-Gruppe Genossenschaft	CHF	Sep 2014–2023	1.0	200		
Coop-Gruppe Genossenschaft	CHF	Jul 2015–2024	0.88	200		
Bell AG	CHF	Mar 2016–2025	0.625	300		
Coop-Gruppe Genossenschaft	CHF	May 2016–2026	0.5	380		
Bonds					2 630	2 250
Bank loans					3	15
Mortgages			3.7		99	124
Finance leases					0	1
Other loans					26	32
Short-term portion of financial liabilities					-633	-762
Total					4 116	3 683

At the balance sheet date, 17.4% of the liabilities arising from deposit accounts were classified as short-term.

20 Long-term provisions	Benefit obligations	Restruc- turings	Deferred taxes	Other provi- sions	Total
Long-term provisions 2016					
Carrying amounts 1.1.2016	97	41	789	172	1 100
Changes to the scope of consolidation	4		8	5	17
Creation	3	1		19	24
Use	-3	-2		-5	-10
Reversal	-7	-8		-6	-21
Change in deferred taxes			-25		-25
Effect of exchange rate changes	0		-6	0	-6
Reclassifications short term / long term	-3	-10		-2	-15
Carrying amounts 31.12.2016	90	22	767	184	1 063
Long-term provisions 2015					
Carrying amounts 1.1.2015	90	47	777	155	1 069
Changes to the scope of consolidation	7		25	1	33
Creation	4	1		40	44
Use	-1	0		-16	-16
Reversal	0			-6	-6
Change in deferred taxes			-10		-10
Effect of exchange rate changes	-3		-3	0	-6
Reclassifications short term / long term	-1	-6		-2	-9
Carrying amounts 31.12.2015	97	41	789	172	1 100

Other short-term provisions mainly include provisions for personnel in the amount of CHF 71 million (31.12.2015: CHF 63 million) and sales outlets in the amount of CHF 10 million (31.12.2015: CHF 11 million).

in CHF million

21 Pension fund	Nominal value ECR 31.12.2016	Balance Sheet 31.12.2016	Balance Sheet 31.12.2015	Pension benefit expenses within personnel expense 2016	2015
Employer contribution reserve (ECR)					
Patronage funds / patronage pension institutions			1	-1	-1
Pension fund	10	10	10		
Total	10	10	11	-1	-1
	Surplus / deficit 31.12.2016	Economic share of the Coop Group 31.12.2016	31.12.2015	Pension benefit expenses within personnel expense 2016	2015
Economic benefit / economic obligation and pension benefit expenses					
Pension funds without surpluses / deficit				266	272
Pension funds with surpluses / deficit	1			0	
Total	1			266	272

Statutory employer contributions				266	272
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As at 31 December 2016, the CPV/CAP shows a funding ratio of 113.0% (2015: 113.1%). In terms of Swiss GAAP FER 16 there is no excess or shortfall, as the target for the fluctuation reserve has not yet been reached.

22 Off-balance-sheet transactions	31.12.2016	31.12.2015
Guarantees, guarantee obligations	63	88
Other quantifiable commitments with a contingent character	119	121
Other non-recognisable commitments	5	10
Carrying amount of pledged assets	235	272

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 quantifiable commitments with a contingent character".

23 Obligations under off-balance sheet operating leases	31.12.2016	31.12.2015
due within one year	9	9
due in 1 to 5 years	36	29
due in more than 5 years	34	32

24 Commitments from long-term rental and right-to-build agreements	31.12.2016	31.12.2015
due within one year	729	723
due in 1 to 5 years	2 508	2 574
due in more than 5 years	3 789	3 793

in CHF million

25 Open derivative financial instruments		Contract values		Assets			Liabilities
		31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Underlying asset	Purpose						
Foreign exchange	Hedging	750	714	5	2	4	6
Total recognized in balance sheet				5	2	4	6
Foreign exchange	Hedging	267	637	2	2	1	5
Interest rates	Hedging	8	28		0	0	1
Equity instruments	Without hedging	10	4	0		0	0
Total not recognized in balance sheet				2	2	2	6

There are call options on minority interests in consolidated organizations which are presented as equity instruments.

26 Related-party transactions

Transactions with associated organizations	2016	2015
Net sales from goods and services	25	27
Other operating income	5	2
Merchandise expense	152	191
Office and administrative expense	2	0
Rental expense	2	2
Miscellaneous expenses	1	1
	31.12.2016	31.12.2015
Receivables from goods and services	3	1
Prepayments and accrued income	3	20
Loans	44	13
Payables from goods and services	9	12
Short-term financial liabilities	5	5
Accrued liabilities and deferred income	0	0
Long-term financial liabilities	1	1

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

27 Significant changes to the scope of consolidation

2016

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

2015

Company		Change	Date	31.12.2015 as %	31.12.2014 as %
Eurogroup Far East Ltd.	CN-Hong Kong	Interest increased and company fully consolidated	01/2015	100.00	33.33
Sump & Stammer GmbH International Food Supply	DE-Hamburg	Acquired	01/2015	75.00	
Tropenhaus Frutigen AG	CH-Frutigen	Capital increased / Interest increased	02/2015	99.74	72.88
Bell Nederland B.V.	NL-Dr Houten	Interest increased	02/2015	66.29	50.38
siroop AG	CH-Zürich	Established	04/2015	50.00	
Hilcona AG	FL-Schaan	Interest increased and company fully consolidated	05/2015	33.81	32.48
Abraham France SARL	FR-Bussy-Saint-Georges	Merged into Bell France SAS	06/2015	66.29	66.29
Transgourmet Seafood GmbH	DE-Bremerhaven	Merged into OHG Transgourmet GmbH & Co.	07/2015	100.00	100.00
EGV Lebensmittel für Grossverbraucher AG	DE-Unna	Acquired	08/2015	100.00	
siroop trading AG	CH-Basel	Established	09/2015	100.00	
Transgourmet Polska Sp. z o.o.	PL-Poznan	Renamed (formerly: SELGROS Sp. z o.o.)	10/2015	100.00	100.00
Alifresca AG	CH-Basel	Established	10/2015	100.00	
ZIMBO Czechia s.r.o.	CZ-Praha-Holesovice	Interest increased	10/2015	66.29	59.66
FrischeParadies GmbH & Co. KG	DE-Frankfurt	Acquired	11/2015	100.00	
Eurogroup SA	BE-Bruxelles	Sold	12/2015		50.00

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

in CHF million

28 Most significant components at acquisition of organizations

2016	Transgourmet Österreich GmbH	Huber Group	Eisberg Group	Geiser AG	Other entities
Cash and cash equivalents	10	14	2	4	7
Receivables, prepayments and accrued income	44	48	11	5	9
Inventories	43	14	2	3	12
Tangible fixed assets	16	59	22	8	23
Financial assets	0		1		1
Intangible assets (excl. goodwill)	1	0	0		1
Liabilities, accrued liabilities and deferred income	75	35	8	4	15
Financial liabilities	8	0	8		3
Provisions	6	6	1	2	1
2015	Hilcona AG	000 Eurogroup Immobilien	EGV Lebens- mittel für Grossver- braucher AG	FrischePara- dies GmbH & Co. KG	Richard Sump GmbH
Cash and cash equivalents	23		4	3	
Receivables, prepayments and accrued income	61		24	12	5
Inventories	42		10	16	5
Tangible fixed assets	284	8	31	57	
Financial assets	1				
Intangible assets (excl. goodwill)				9	
Liabilities, accrued liabilities and deferred income	61	6	26	19	8
Financial liabilities	140		5	41	5
Provisions			4	4	

29 Most significant components at disposal of organizations

2015	Hygedis SAS
Receivables, prepayments and accrued income	14
Inventories	12
Tangible fixed assets	3
Liabilities, accrued liabilities and deferred income	20
Financial liabilities	16

30 Scope of consolidation (significant companies)

			Interest held ¹		Share capital	Method of inclusion
			31.12.2016 as %	31.12.2015 as %	31.12.2016 in million	
Coop-Gruppe Genossenschaft	CH-Basel	Equity investment company				
Coop Genossenschaft	CH-Basel	Retail, production	100.00	100.00	0.0 CHF	☐
Betty Bossi AG	CH-Zürich	Magazine publisher	100.00	100.00	0.2 CHF	☐
Coop Immobilien AG	CH-Bern	Real estate	100.00	100.00	200.0 CHF	☐
Dipl. Ing. Fust AG	CH-Oberbüren	Electrical appliances, multi-media	100.00	100.00	10.0 CHF	☐
RS Vertriebs AG	CH-St. Gallen	Online trading of electrical appliances, multimedia	100.00	100.00	1.0 CHF	☐
Service 7000 AG	CH-Netstal	Repairs service	50.06	50.06	1.6 CHF	☐
Pearlwater Mineralquellen AG	CH-Termen	Mineral waters	100.00	100.00	22.4 CHF	☐
siroop AG	CH-Zürich	Online trading	50.00	50.00	CHF	●
siroop trading AG	CH-Basel	Online trading	100.00	100.00	0.1 CHF	☐
Soc. Coopération de Collaboration Intern.	BE-Bruxelles	Purchasing company	25.00	25.00	EUR	●
The Body Shop Switzerland AG	CH-Uster	Beauty and cosmetic products	100.00	100.00	0.4 CHF	☐
Tropenhaus Frutigen AG	CH-Frutigen	Tropical products, aquaculture	100.00	99.74	28.2 CHF	☐
Tropenhaus Wolhusen AG	CH-Wolhusen	Tropical products, aquaculture	94.31	94.31	2.6 CHF	☐
Alifresca AG	CH-Basel	Purchasing company	100.00	100.00	0.1 CHF	☐
Bell AG	CH-Basel	Holding	66.29	66.29	2.0 CHF	☐
Bell Deutschland Holding GmbH	DE-Seevetal	Sub-holding	100.00	100.00	0.0 EUR	☐
Bell Deutschland GmbH & Co. KG	DE-Seevetal	Charcuterie	100.00	100.00	1.0 EUR	☐
Interfresh Food GmbH	DE-Seevetal	Sub-holding	100.00	100.00	0.1 EUR	☐
Bell Polska Sp. z o.o.	PL-Niepolomice	Charcuterie	100.00	100.00	10.0 PLN	☐
Bell Benelux Holding N.V.	BE-Zellik	Sub-holding	100.00	100.00	5.3 EUR	☐
Bell Benelux N.V.	BE-Zellik	Trade in meat products	100.00	100.00	0.6 EUR	☐
Bell Nederland B.V.	NL-AX Breda	Trade in meat products	100.00	100.00	2.7 EUR	☐
Sanchez Alcaraz S.L.U.	ES-Casarrubios del Monte	Air-dried ham	100.00	100.00	0.6 EUR	☐
ZIMBO Czechia s.r.o.	CZ-Praha-Holesovice	Retail	100.00	100.00	30.0 CZK	☐
ZIMBO Húsipari Termelő Kft.	HU-Perbal	Meat and sausage products	99.75	99.74	400.0 HUF	☐
Bell France Holding SAS	FR-Teilhède	Sub-holding	100.00	100.00	20.0 EUR	☐
Salaison Polette & Cie SAS	FR-Teilhède	Cured sausages	100.00	100.00	2.6 EUR	☐
Bell Schweiz AG	CH-Basel	Fresh meat, charcuterie, poultry, seafood	100.00	100.00	20.0 CHF	☐
Cher-Mignon SA	CH-Chermignon	Charcuterie	100.00	0.00	1.5 CHF	☐
Geiser AG	CH-Schlieren	Charcuterie	100.00	0.00	0.5 CHF	☐
Centravo Holding AG ²	CH-Zürich	Processing of by-products	30.10	29.80	CHF	●
Hilcona AG	FL-Schaan	Fresh convenience foods	51.00	51.00	27.0 CHF	☐
Eisberg Holding AG	CH-Dänikon	Sub-holding	100.00	0.00	0.7 CHF	☐
H.L. Verwaltungs-GmbH	AT-Pfaffstätt	Sub-holding	100.00	0.00	0.3 CHF	☐
CapCo AG	FL-Vaduz	Insurance company	100.00	100.00	5.0 CHF	☐
Centre Commercial Moncor S.A.	CH-Villars-sur-Glâne	Real estate	100.00	100.00	1.2 CHF	☐
Centre de formation «du Léman»	CH-Jongny	Training	100.00	100.00	0.0 CHF	☐
Chocolats Halba S.A. de C.V.	HN-San Pedro Sula	Cocoa production	75.00	75.00	0.1 USD	☐
Coop-ITS-Travel AG	CH-Freienbach	Travel agency	50.00	50.00	CHF	●
Coop Mineraloel AG	CH-Allschwil	Filling stations with shops	51.00	51.00	10.0 CHF	☐
Coop Tagungszentrum	CH-Muttenz	Training	100.00	100.00	0.4 CHF	☐
Coop Vitality AG	CH-Bern	Pharmacies	51.00	51.00	5.1 CHF	☐
Elektronik Distribution AG	CH-Basel	Purchasing alliance	100.00	100.00	0.1 CHF	☐

			Interest held ¹		Share capital	Method of inclusion
			31.12.2016 as %	31.12.2015 as %	31.12.2016 in million	
Eurogroup Far East Ltd.	CN-Hong Kong	Purchasing company	100.00	100.00	0.1 HKD	□
HiCoPain AG	CH-Dagmersellen	Frozen baked goods	40.00	40.00	CHF	●
Marché Restaurants Schweiz AG	CH-Dietlikon	Restaurant	100.00	100.00	8.0 CHF	□
Palink UAB	LT-Vilnius	Retail	20.00	20.00	EUR	●
Panflor AG	CH-Zürich	Cereals and ground products	100.00	100.00	0.1 CHF	□
railCare AG	CH-Härkingen	Railway company operations	100.00	100.00	1.0 CHF	□
Retail Marketing Switzerland AG	CH-Basel	Retail	100.00	100.00	0.1 CHF	□
SC Swiss commercial GmbH	DE-Konstanz	Distribution company	100.00	100.00	0.0 EUR	□
Steinfels Swiss GmbH	DE-Konstanz	Distribution company	100.00	100.00	0.0 EUR	□
Transgourmet Holding AG	CH-Basel	Holding	100.00	100.00	520.1 CHF	□
Transgourmet Beteiligungs GmbH	AT-Wiener Neudorf	Sub-holding	100.00	100.00	1.0 EUR	□
OOO Selgros	RU-Moskau	Cash & Carry	100.00	100.00	10.1 RUB	□
Transgourmet Central and Eastern Europe AG	CH-Basel	Sub-holding	100.00	100.00	0.1 CHF	□
Transgourmet Deutschland GmbH & Co. OHG	DE-Riedstadt	Wholesale supplies	100.00	100.00	0.1 EUR	□
EGV Lebensmittel für Grossverbraucher AG	DE-Unna	Wholesale supplies	100.00	100.00	0.6 EUR	□
Der Milchbauer Grosshandels-gesellschaft mbH	DE-St. Gangloff	Wholesale supplies	100.00	0.00	0.0 EUR	□
FrischeParadies GmbH & Co. KG	DE-Frankfurt	Wholesale	100.00	100.00	0.0 EUR	□
Transgourmet Central and Eastern Europe GmbH	DE-Riedstadt	Sub-holding	100.00	100.00	17.7 EUR	□
Richard Sump GmbH	DE-Hamburg	Sub-holding	75.00	75.00	1.0 EUR	□
Sump & Stammer GmbH International Food Supply	DE-Hamburg	Wholesale supplies	100.00	100.00	2.5 EUR	□
SELGROS CASH & CARRY S.R.L.	RO-Brasov	Cash & Carry	100.00	100.00	288.3 RON	□
Transgourmet Polska Sp. z o.o.	PL-Poznan	Wholesale	100.00	100.00	310.0 PLN	□
Transgourmet France SAS	FR-Valenton	Wholesale supplies	100.00	100.00	486.9 EUR	□
Transgourmet Österreich GmbH	AT-Traun	Wholesale supplies	100.00	0.00	1.0 EUR	□
Transgourmet Schweiz AG	CH-Basel	Wholesale	100.00	100.00	66.5 CHF	□
Casa del Vino SA	CH-Zürich	Beverage trade	100.00	0.00	0.3 CHF	□
update Beteiligungen AG	CH-Uzwil	Equity investment company	51.00	0.00	0.1 CHF	□

□ = Fully consolidated company

● = Company included by using the equity method

¹ Stake held by respective parent company

² Proportion of the shares in circulation

31 Events after the balance sheet date

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

- At the beginning of January 2017, the Coop Group acquires the Aperto Group based in Ebikon, Switzerland. The latter is active in the retail sector, operating train station and filling station shops in Switzerland.
- At the beginning of January 2017, the Transgourmet Group acquires Weinkeller Riegger AG, Riegger Holding AG and Domaines Châteaux Vins Birrhard SA based in Birrhard, Switzerland. This group of companies operates in the wine trade.
- At the beginning of January 2017, the Bell Group acquires Frostag Food-Centrum AG, based in Landquart, Switzerland. The company specializes in the manufacture of pasta and vegetarian products.

The Board of Directors approved the annual consolidated financial statements of the Coop Group on 9 February 2017. They have to be approved by the Delegate Assembly on 6 April 2017.



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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Coop Group Cooperative and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated income statement, consolidated cash flow statement and statement of changes in equity for the year then ended, and notes to the annual consolidated financial statements, including a summary of significant accounting principles.

In our opinion, the consolidated financial statements (pages 80 to 101) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 130 million

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

Our audit scope addressed over 95% of the net sales from goods and services and 94% of the assets of the Group.

In addition, specified procedures were performed on a further 3 reporting units.

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

- Impairment of goodwill
- Impairment of trademarks
- Impairment of inventories

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Audit scope

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

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

Materiality

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

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

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

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

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

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



Impairment of goodwill

Key audit matter

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

- As of 31 December 2016, the balance sheet includes goodwill of CHF 636 million, which is a significant amount. The biggest items result from acquisitions made in recent years.
- In addition, judgement is required to determine the assumptions relating to the future business results and the discount rate applied to the forecasted cash flows.

Please refer to the consolidation and accounting principles (page 86) and Appendix 15 Intangible assets (page 93).

How our audit addressed the key audit matter

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

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

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

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

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



Impairment of trademarks

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>We consider the assessment of the carrying value of trademarks (amortised over a period of up to 20 years) to be a key audit matter for the following reasons.</p> <ul style="list-style-type: none"> • As of 31 December 2016, the balance sheet includes trademarks, patents and licenses of CHF 321 million, which is a significant amount. • In addition, judgement is required to determine the assumptions relating to the future business results and the discount rate applied to the forecasted cash flows. <p>Please refer to the consolidation and accounting principles (page 86) and Appendix 15 Intangible assets (page 93).</p>	<p>We discussed with Management the results and the prospects for the future of the individual trademarks and we examined the relevant minutes of meetings of the Board of Directors and of the Executive Committee. This gave us an overview over potential impairment indicators.</p> <p>Based on our considerations of risk and materiality, we tested the trademarks for impairment by calculating the capitalised value of potential revenues based on the multi-year plans approved by the Board of Directors and the licensing agreements. We discussed the results of our tests with Management and the Audit Committee.</p> <p>The results of our audits confirm the estimates made by Management regarding the carrying value of the trademarks in the year.</p>

Impairment of inventories

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>We consider the assessment of the carrying value of inventories to be a key audit matter due to the book value of CHF 3.0 billion as of 31 December 2016.</p> <p>We focussed on the risk of an overstatement of inventories due to goods that can no longer be used or that are difficult to sell.</p> <p>Please refer to the consolidation and accounting principles (page 85) and Appendix 12 Inventories (page 90).</p>	<p>We assessed the principles for calculating the impairment of inventories and discussed with Management the results of the analysis concerning the required impairment charges. We examined the relevant minutes of meetings of the Board of Directors and of the Executive Committee in order to identify impairment indicators.</p> <p>We reviewed on a sample basis the compliance with the obsolete inventory management process and the calculations of the correct valuation of goods. In addition, selected inventory counts were observed with regard to the identification and write-down of obsolete inventory.</p> <p>Our audit results support Management's assessment of the carrying value of inventories as of 31 December 2016.</p>

Responsibilities of the Board of Directors for the consolidated financial statements

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



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

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

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

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

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

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

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



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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

A blue ink signature of Bruno Rossi on a white background with a faint grid pattern. To the right of the signature is a small red circular stamp with a white cross, indicating a Swiss official seal.

Bruno Rossi
Audit expert
Auditor in charge

A blue ink signature of Pascal Bucheli on a white background with a faint grid pattern. To the right of the signature is a small red circular stamp with a white cross, indicating a Swiss official seal.

Pascal Bucheli
Audit expert

Basel, 9 February 2017