

# Independent assurance statement



## Scope and objectives

**Two Tomorrows (Europe) Limited** has undertaken independent assurance of The Co-operative Sustainability Report 2009 (the Report).

The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide moderate level Type 2 assurance, covering:

- Evaluation of adherence to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness (the Principles).
- The reliability of specified sustainability performance information.

The performance information included in scope was all key data and claims in the printed Report and the sections on Water, Inspiring Young People and Co-operative Clothing Audit data in the online Report. We have not checked the collation of data for the financial information taken from The Co-operative's audited Annual Report and Accounts. Source energy data provided by The Co-operative's Energy Services team and historical Somerfield and Britannia data have not been subject to review. We did not review the GRI table or GRI application level in the Report.

We were also engaged to provide high-level assurance on the data and claims in the Ethical Finance chapter (pages 40–46).

We used the Global Reporting Initiative (GRI) Quality of Information Principles as criteria for evaluating performance information.

## Responsibilities of the directors of The Co-operative and of the assurance providers

The directors of The Co-operative have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all of The Co-operative's stakeholders in a balanced way.

We were not involved in the preparation of any part of the Report. However, having reviewed and provided feedback on drafts of the Report, in a number of instances changes were made to the final version.

We have had one other contract with The Co-operative in the past year to provide a Tomorrow's Value Rating benchmark report. This is the fourth year that we have provided assurance for The Co-operative. Some members of our team have acted as assurance providers to Co-operative Financial Services for the previous 3 years and to The Co-operative Bank for its Partnership Report for the 6 years prior to that.

Our team comprised Mark Line, Richard Evans, Adrian Henriques, Judith Murphy, Rachell Evans and Sini Forssell. Further information, including individual competencies relating to the team, can be found at: [www.twotomorrows.com](http://www.twotomorrows.com)

## Basis of our opinion

In our work, designed to gather evidence with the objective of providing the agreed level of assurance as defined in AA1000AS (2008), we undertook the following activities:

- Review of sustainability issues that are of interest to stakeholders, could affect The Co-operative or were discussed with its management.
- Interviews with members of the social goals team and selected managers in the businesses responsible for the management of sustainability issues.
- Review of The Co-operative's approach to stakeholder engagement and the outputs of recent stakeholder engagement. We had no direct engagement with stakeholders other than staff.
- Assessment of information provided to us by The Co-operative on its reporting and management processes relating to the Principles.
- Assessment of supporting evidence for key claims in the Report.
- Review of the processes for gathering and consolidating data and, for selected samples, checking the data consolidation.
- Review of referrals to the bank Ethical Policy Unit to support a high level of assurance that the data presented in the Report is accurate.

## Findings and opinion

The Report demonstrates how The Co-operative has maintained its commitment to sustainability in terms of the extent to which sustainability is integral to its business model and the transparency with which it reports on its sustainability impacts and programmes.

We reviewed and provided feedback on drafts of the Report and where necessary changes were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe The Co-operative's adherence to the Principles or its performance.

We believe the claims in the Ethical Finance section on which we are providing high-level assurance are reliable. The Ethical Finance team has undertaken significant additional workload in the complete review of Britannia investments against the bank Ethical Policy during 2009 and ongoing compliance with the Ethical Policy continues to be comprehensive.

In terms of data accuracy, nothing came to our attention to suggest that data have not been properly collated from information reported at operational level, or that the assumptions used were inappropriate. We are not aware of any errors that would materially affect the data reported.

## Observations

Without affecting our assurance opinion we also provide the following observations.

### **Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.**

We believe The Co-operative's co-operative ethos can be seen in its concern for and involvement of stakeholders. The past year has seen the continuing development of Membership systems and processes, a substantial growth in Membership and the increasing engagement of members with The Co-operative in areas ranging from governance to purchasing.

The Co-operative Food has also introduced an innovative system to engage customers at the point of sale on a range of issues of concern to customers.

### **Material issues are those which are necessary for stakeholders to make informed judgments concerning The Co-operative and its impacts.**

We believe the Report describes the great majority of The Co-operative's material impacts. This has now been extended further with the inclusion of reporting on water impacts; we recommend further work to explore water vulnerabilities in the supply chain. In addition, we are pleased to see the development of a method to assess community impacts, as this is an area which is particularly hard to assess consistently.

Overall, while the Report does address the majority of material issues, the link between the mechanisms that influence materiality decisions, as described on page 9, and those issues that are covered in the various sections of the Report, as well as those considered insufficiently material to report, should be better described. This would help to identify any gaps in the current reporting.

In future years The Co-operative might also consider profiling the sustainability impacts and performance of individual businesses in more detail.

### **Responsiveness concerns the extent to which an organisation responds to stakeholder issues**

The Co-operative has demonstrated its responsiveness in many areas. The past year has been one of national financial and economic difficulty; it has also been a period in which The Co-operative has begun or continued the integration of external businesses in both food and finance. This has resulted in a high level of staff turnover. Despite this, results from the staff survey indicate that both the morale and positive commitment of staff have been maintained. This is a real achievement.

The past year has also been one of increasing competition on ethical grounds. In that context it is important to strengthen the use of benchmarks against which to judge The Co-operative's performance. Specific areas in which that would be useful include diversity, nutrition and animal welfare.

It is a positive development that this Report has been published three months earlier than in previous years.

## Performance information

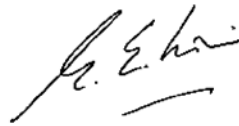
There remain a number of areas that involve the manual collation and adjustment of data. While The Co-operative has paid particular attention to ensuring the accuracy of performance data derived from the complex systems that capture animal welfare, climate change and water performance information, automation would help to further reduce the risk of error.

In general, suitable protocols have been drafted and reported in footnotes. These provide clarity over the data being reported and help to ensure data is reported consistently and accurately from year to year. This should remain a focus and in some areas clearer data protocols would help to improve reporting. Reporting calendar year data for the areas where this was not possible in 2009 should also be a goal.

We note the extensive work this year in integrating Somerfield and Britannia within the Co-operative's sustainability programme. It is welcome that in many areas 2009 performance across the enlarged business has been reported, given the mergers completing towards the end of the year.

### **Two Tomorrows (Europe) Limited**

London  
April 2010



**Mark Line**  
Director



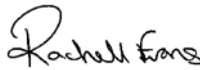
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