

Image: Poppy, The Co-operative Farms at Goole.

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Focus on independent assurance

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

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

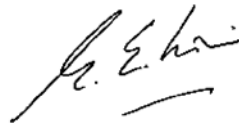
There remain a number of areas that involve the manual collation and adjustment of data. While The Co-operative has paid particular attention to ensuring the accuracy of performance data derived from the complex systems that capture animal welfare, climate change and water performance information, automation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



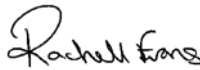
Richard Evans
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Two Tomorrows (Europe) Limited trading as Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. www.twotomorrow.com



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Reporting in accordance with the GRI G3 guidelines



This Report is aligned with the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines¹, and has been checked by GRI to be consistent with an application level of A+². For a more detailed summary of performance and a full description of each of the GRI indicators summarised below along with reporting against the financial services sector supplement, see the online Report [v](#).

Level of reporting

- Full reporting
- R Reported as fully as possible/appropriate, given information availability, business confidentiality, and relevance
- ⦿ Partial reporting
- Don't report, will consider
- ⊗ Don't report, not considered to be of material importance
- x Not applicable

Unless otherwise stated, all page references relate to this Report.

Key

- ARA = Co-operative Group Annual Report and Accounts 2009 (relevant page numbers in brackets)
- CFS = Co-operative Financial Services Financial Statements 2009 (relevant page number in brackets)
- ADD = Additional
- IFC = Inside front cover
- M/S = Materiality and Strategy sections of all report chapters – these are on the following pages: 8–9, 15, 19–20, 30, 36, 40, 47, 51, 57–58, 69, 75, 82, 88, 95, 99, 108, 112
- GRI = Full GRI table in the online Report [v](#)

Additional notes

1 www.globalreporting.org/ReportingFramework/G3Guidelines

2 For further information on G3 application levels, see: www.globalreporting.org/GRIReports/ApplicationLevels

GRI Indicator	Level	Where to find the indicator (page number)
1. Vision and Strategy		
1.1 Chief Executive's statement on relevance of sustainability	●	2–3, 11
1.2 Key impacts, risks and opportunities	●	7, 8–11, 15, 19–20, 30, 36, 40, 47, 51, 57–58, 69, 75, 82, 88, 95, 99, 108, 112, ARA (26–29)
2. Profile		
Organisational Profile		
2.1 Name of reporting organisation	●	IFC
2.2 Primary brands, products and/or services	●	IFC
2.3 Operational structure of the organisation	●	IFC
2.4 Location of organisation's headquarters	●	IFC
2.5 Number of countries where the organisation operates	●	IFC
2.6 Nature of ownership and legal form	●	IFC
2.7 Markets served	●	IFC, ARA (6–23)
2.8 Scale of the reporting organisation	●	IFC, 95, 100, ARA (6–23, 47)
2.9 Significant changes during the reporting period	●	IFC, 6, 89, 101–102
2.10 Awards received in the reporting period	●	11, 20, 30, 41, 53, 59, 76, 109–110, 121
3. Report Profile		
3.1 Reporting period for the information provided	●	7
3.2 Date of most recent Report	●	7
3.3 Reporting cycle	●	7
3.4 Contact point for questions regarding the Report	●	Back cover
Report Scope and Boundary		
3.5 Process for defining Report content	●	7, 8–10, 15, 19–20, 30, 36, 40, 47, 51, 57–58, 69, 75, 82, 88, 95, 99, 108, 112
3.6 Boundary of the Report	●	7
3.7 Specific limitations on the scope or boundary of the Report	●	7
3.8 Joint ventures, subsidiaries, outsourced operations etc	●	7
3.9 Data measurement techniques	●	7, 11, 16, 21, 51, 58, 61, 69, 100, 108, 112
3.10 Explanation of restatements	●	Online Report v
3.11 Significant changes from previous reporting periods	●	6, 7
GRI Content Index		
3.12 Standard Disclosures Table		119–120
3.13 External assurance policy and practice		12–13, 117–118
4. Governance, Commitments and Engagement		
4.1 Governance structure	●	10–11, 89–90, ARA (30–33)
4.2 Whether Board Chair is an executive officer	●	10–11, ARA (30–31)
4.3 Board members that are independent and/or non-executive	●	10–11, ARA (4–5, 35–36)
4.4 Shareholders/employees communication to Board	●	11, 88–91, ARA (99–100)
4.5 Board remuneration linkage to organisation's performance	●	ARA (37–42)
4.6 Processes in place for Board to avoid conflicts of interest	●	ARA (30)
4.7 Board Qualifications/expertise to guide SEE strategy	●	10, 91, ARA (32)
4.8 Statements of mission etc on SEE performance	●	IFC, 6, 11, ARA (17–20)
4.9 Board procedures for overseeing SEE management	●	8–11, ARA (27–33)
4.10 Processes for evaluating Board SEE performance	●	ARA (32–33)
4.11 Precautionary approach or principle	●	10, ARA (26–32)
4.12 Externally developed SEE charters or other initiatives	●	7, 11, 12–13, 16, 20–21, 25, 30–34, 37, 44, 52–54, 57–58, 67, 75, 76–79, 82–83, 103, 110
4.13 Memberships in associations	●	16–17, 24, 28, 49, 63–64, 72–73, 76, 79–80, 92–94, 113–115
Stakeholder Engagement		
4.14 List of stakeholder groups engaged by the organisation	●	10
4.15 Identification and selection of stakeholders for engagement	●	8–11, 15, 19–21, 30, 36, 40, 47, 51, 57–58, 62, 69, 75, 82, 88, 95, 99, 100, 108, 112
4.16 Approaches to stakeholder engagement	●	8–9, 11, 13, 21–23, 27–28, 39, 42, 46, 50, 66, 80–81, 89–93, 98, 99–101, 106, 108–111
4.17 Key topics raised through stakeholder engagement	●	See 4.16

GRI Indicator	Level	Where to find the indicator (page number)
Economic Performance Indicators		
Management Approach	●	40–46, 89, 95–98
CORE – EC1: Direct economic value generated and distributed	●	16–18, 89, 95–98, 103–104
CORE – EC2: Risks and opportunities due to climate change	●	56–68
CORE – EC3: Defined benefit plan obligations	●	103–104, ARA (23, 27, 38–39)
CORE – EC4: Government financial assistance	●	65
CORE – EC6: Practices and spending on locally-based suppliers	R	31–33, 96
CORE – EC8: Public benefit infrastructure/service investments	●	15–18, 47–50, 66, 73, Online Report
ADD – EC9: Indirect economic impacts	○	20–21, 23–25, 45–50, 64, 79
ADD – EC5; CORE – EC7	X	
Environmental Performance Indicators		
Management approach	●	8–13, 56–86
CORE – EN3: Direct energy consumption by primary source	●	58–59
CORE – EN4: Indirect energy consumption by primary source	●	59
ADD – EN5: Energy saved	●	58–63
ADD – EN6: Energy-efficient products and services	●	59–67
CORE – EN 8	○	Online Report
ADD – EN9	○	
ADD – EN7: Reduction of indirect energy consumption	●	57–67
CORE – EN11: Land in/next to areas of high biodiversity value	●	77–78, 84, GRI. Further information on responsible farming practices on The Co-operative Farms is available at www.co-operative.coop/farms/responsiblefarming/Sustainability
CORE – EN12: Impacts on biodiversity	●	75–81. Information on the sustainable sourcing of fish is also available online www.co-operative.coop/food/food/Own-brand-fish
ADD – EN13: Habitats protected or restored	●	75–81
ADD – EN14: Managing impacts on biodiversity	●	75–81, 83–85
CORE – EN16: Total direct and indirect greenhouse gas emissions	●	58–59, 61, 62
CORE – EN17: Other indirect greenhouse gas emissions	●	61, 62
ADD – EN18: Initiatives to reduce greenhouse gas emissions	●	57–67
CORE – EN19: Emissions of ozone-depleting substances	●	60–61
CORE – EN20: NO _x , SO _x and other significant air emissions	●	Online Report
CORE – EN22: Total weight of waste	●	69–70
CORE – EN26: Product/service environmental impact mitigation	●	57–73, 75–81, 82–85, Online Report
CORE – EN27: Products sold/packaging materials reclaimed	●	71–73
CORE – EN28: Fines relating to environmental laws & regulations	●	GRI
ADD – EN29: Environmental impacts of transportation	●	61–62
ADD – EN30: Expenditure on environmental protection	○	57–67, 71–74, 78–81, 104
CORE – EN1, CORE – EN2, ADD – EN10, ADD – EN15, CORE – EN21, CORE – EN23, ADD – EN24, ADD – EN25	⊗	
Social Performance Indicators		
Labour Practices and Decent Work		
Management approach	●	19–20, 51–53, 99–106
CORE – LA1: Total workforce	●	100, 106
CORE – LA2: Total number and rate of employee turnover	●	102, GRI
ADD – LA3: Benefits that are only provided to full-time employees	●	103–104
CORE – LA4: Collective bargaining agreements	●	101
CORE – LA5: Minimum notice period regarding operational changes	●	101–102
ADD – LA6: Percentage of total workforce represented in formal joint management–worker health and safety committees	○	11, 105
CORE – LA7: Injury, absenteeism, work-related fatalities	R	105–106, GRI
CORE – LA8: Education, counselling etc on serious diseases	●	105
ADD – LA9: Health and safety topics included in agreements with trades unions	●	GRI
CORE – LA10: Average hours of training per year per employee	●	Online Report
ADD – LA11: Programmes for skills management and lifelong learning	●	91, 102–103
CORE – LA13: Composition of governance bodies	●	52–53, 91, 103, GRI, ARA (4)
ADD – LA12, CORE – LA14	X	
Human Rights		
Management approach	●	19–24, 40–45, 51–53, 99–101
CORE – HR1: Investment agreements with human rights clauses	●	25, 41
CORE – HR2: Supplier and contractor screening on human rights	●	21–24
ADD – HR3: Employee training on human rights	R	23–24
CORE – HR4: Incidents of discrimination	R	23, 52
CORE – HR5: Freedom of association/collective bargaining	R	23, 40–41
CORE – HR6: Child labour risk	R	21–24, 40–41
CORE – HR7: Forced or compulsory labour risk	R	21–24, 40–41
ADD – HR9: Violations involving rights of indigenous people	R	22–25, 40–41
ADD – HR8	⊗	
Society		
Management approach	●	15, 47, 112–113
CORE – S05: Participation in public policy development/lobbying	●	112–115
ADD – S06: Financial and in-kind contributions to political parties	●	114–115
CORE – S01, CORE – S02, CORE – S03, CORE – S04	X	
ADD – S07	●	6
CORE – S08	●	GRI
Product Responsibility		
Management approach	●	7, 15–24, 30–35, 36–39, 40–46, 47–50, 63–64, 69–73, 75–81, 82–85
CORE – PR1: Lifecycle assessment of health and safety impacts	R	37–38, 82–85
CORE – PR3: Product and service information	R	20, 30, 34, 38, 73
ADD – PR5: Practices related to customer satisfaction	●	108–111
CORE – PR6: Marketing communications compliance	●	38
CORE – PR9: Monetary value of significant fines	●	GRI
ADD – PR2, ADD – PR4, ADD – PR7, ADD – PR8	○	

Recognition



Social responsibility

- In the 2010 Business in the Community Corporate Responsibility Index, The Co-operative achieved the highest 'Platinum +' ranking.
- The Co-operative is the only major food retailer or financial services organisation to have received the Queen's Award for Enterprise in the Sustainable Development category across its operations; the award runs until 2013.
- In 2010, The Co-operative ranked first in the Tomorrows Value Rating, which assessed the business' approach to sustainability.
- In June 2010, The Co-operative Bank was named Sustainable Bank of the Year by the Financial Times.
- In March 2010, The Co-operative was named Responsible Retailer of the Year for the third year running in the Oracle Retail Week Awards.
- At the 2010 international CR Reporting Awards, The Co-operative Group Sustainability Report was runner-up in the 'Best Report' category.
- The Co-operative won the People's Choice Supermarket Award for the most animal-friendly supermarket in October 2009, and polled 59% of the public vote.
- At the Grocer Own-Label Excellence Awards in June 2009, The Co-operative won an award for its Fairtrade tea. In the Fairtrade Wine Awards, November 2009, The Co-operative won the awards for Best Fairtrade Rosé and Best Fairtrade Sparkling.
- In December 2009, The Co-operative was named as the best large employer of people with learning disabilities by charity ENABLE Scotland, and won the 'Diversity Employment Award' for its Mencap programme at the Springboard Awards for Excellence, in November 2009.
- In 2009, The Co-operative's scheme to enable prisoners to open bank accounts received a Big Tick Award from Business in the Community, and was highly commended in their national examples of excellence.



Ecological sustainability

- The Co-operative was awarded the Business in the Community Environmental Leadership Award in 2009, recognising the way it has embedded environmental strategy into core business processes.
- The Co-operative was fourth in the 2010 Sunday Times Best Green Companies, and the highest ranking large business in the medium environmental impact category.
- In 2009, The Co-operative became the first organisation to have won the Renewable Energy Association's Pioneer Award twice.
- In March 2010, The Co-operative was named as one of only five worldwide recipients of a Seafood Champion Award and topped the Marine Conservation Society's supermarkets seafood ranking.
- At the Grocer Gold Awards, June 2009, The Co-operative won the Own-Label Range of the Year Award for its responsibly-sourced fish range.



Delivering value

- The Co-operative Food was rated the number one supermarket for addressing social and environmental issues, for the second consecutive year, in the Concerned Consumer Index, March 2009.
- In October 2009, at the Scottish Retail Excellence Awards, The Co-operative won the title of Retailer of the Year, and was also named Green Retailer of the Year for the second year running.
- The Co-operative is ranked within the UK's best 50 workplaces by the Great Places to Work[®] Institute.
- The Co-operative won Best Marketing Campaign at the Green Awards for its 'Blowin' in the Wind Campaign, November 2009.
- The Co-operative Farms won Farm Business Magazine's 'Farm Business of the Year', Horticultural Magazine's 'Top Fruit Grower of the Year' and the inaugural Co-operatives^{UK} Innovation in Co-operative Business Award, in recognition of its 'Grown by us' range that is sold in Co-operative Food stores.
- The Co-operative Travel was named Large Travel Retailer of the Year at the UK British Travel Awards, in November 2009.