







Sustainability report 2009 Targets


Target attainment: 2009 overview

During 2009, The Co-operative worked towards a series of targets set in prior years. Progress is classified within one of five categories throughout the Report:


Level of progress	Definition	2009 targets falling within each progress level
 Target achieved	Target attained	44 (56%)
 On track	Attained 75–99% of progress expected in 2009 (for longer-term targets)	11 (14%)
 Close to target	Attained 75–99% (for targets set for completion in 2009)	9 (11%)
 Behind schedule	Attained less than 75% of progress expected in 2009 (for short- and longer-term targets)	10 (13%)
 Target not achieved	No progress made	2 (3%)

In addition, two targets (3%) were dropped or revised in 2009, due to changes in business priorities and/or external changes. These are marked  in the Report.

Sustainability management






-  Ensure that The Co-operative's sustainability accounting and reporting systems are recognised as being at the leading edge of best practice in the retail and/or financial sectors in 2009.

The Co-operative continues to achieve recognition for its annual Sustainability Report. The 2008/09 Report was runner-up in the 'Best Report' category at the global CR Reporting Awards 2009. The 2007/08 Report was named the most 'Open and Honest' Report at the global CR Reporting Awards 2008. The 2008/09 Report achieved a GRI A+ rating. The Co-operative believes that no other UK company in the food retail, bank or insurance sectors produced an A+ report in 2008 or 2009.

-  Continue to contribute to the development of global standards for business accountability.
- For more than a decade, The Co-operative has been active in shaping sustainability accounting and reporting standards, at both a national and international level. During 2009, The Co-operative supported the revision of the AccountAbility Stakeholder Engagement Standard (AA1000SES).

Social responsibility

Community investment

-  Review current Co-operative activity supporting young people, and develop an 'inspiring young people' strategy. A strategy is under development; work in developing it will continue during 2010.
-  Raise £2m for The Co-operative Charity of the Year, RNID. A record £3.7m was raised for RNID; a 64% increase on the 2007 Charity of the Year fundraising total, and the largest amount ever raised for one charity by the business.
-  Complete development of a new two-year grant-making strategy for The Co-operative Foundation by the end of 2009. The new grants scheme 'Truth about Youth' is focused on 'inspiring young people' and aims to challenge and change negative perceptions held about young people. One grant of £140k each year for two years will be given to a charity in each of the seven democratic regions. By the end of 2009, grants of £280,000 each had been awarded to three organisations.
-  Provide financial support, through the Co-operative Membership Community Fund, to a minimum of 1,000 community groups across the UK, totalling at least £850,000 during 2009. 938 grants were awarded to community groups in 2009, totalling £1 million.
-  Trial a new methodology to assess community investment impacts across a minimum of three major community programmes. A methodology is being trialled with a view to demonstrating the value of community programmes to the business and to external stakeholders.

International development and human rights

-  Sustain at least 20% year-on-year sales growth of Fairtrade products in The Co-operative Food in 2009. Sales of Fairtrade products rose by 24% in 2009, up from £49m in 2008 to £61m in 2009.
-  Commence water access, sanitation and renewable energy project with Fairtrade sugar cane producer communities in southern Malawi during 2009. Own-brand Fairtrade sugar producers and their communities are being supported through a community investment contribution of £285,000 over three years. During 2009, 21 boreholes were constructed or repaired, construction of sanitation facilities commenced and over 1,300 adults and school pupils received hygiene education.
-  Ensure The Co-operative Food's own-brand tier-one production sites complete a self-assessment on Sedex and work with suppliers to progress corrective actions arising during 2009. Over 90% of tier-one sites have completed a self-assessment on Sedex.

- Extend awareness-raising and training sessions on sound sourcing for The Co-operative Food suppliers, with a focus on North Africa, South Africa, China and the UK during 2009.

Food Ethical Trading staff and locally-based experts delivered workshops and training to suppliers in Egypt, Morocco and China. As a result of the training, supplier working groups have been set up in Egypt and Morocco. Plans for additional training with South African suppliers have developed into a broader collaborative initiative with other retailers and local partners to develop a long-term training programme.

- Work with suppliers of The Co-operative Clothing to progress corrective actions during 2009, following the roll-out of Sedex to all overseas tier-one production sites.

In 2009, 68 improvement actions, resulting from independent social audits, were resolved.

- Develop a Fairtrade cotton product offering from The Co-operative Clothing during 2009.

In October 2009, The Co-operative Clothing launched a new range of Fairtrade cotton workwear clothing with plans to extend the use of Fairtrade cotton to further garments. The cotton is sourced from Fairtrade-certified cotton farmers in Mali and Burkina Faso.

- Increase the number of Travelife-accredited properties, used for The Co-operative Travel's own-brand holidays, to 25 by the end of 2009.

By the end of 2009, nine joint-venture hotels were Travelife-accredited. Plans for 2010 include training selected Travel employees on the Travelife Sustainability scheme, which will allow for increased support for suppliers pursuing accreditation.

- Launch two new microfinance schemes via The Co-operative Bank during 2009.

To date, this fund has lent to three microfinance schemes, helping to support the development of small businesses in some of the world's poorest countries, one of which was agreed in 2009.

- Establish one producer co-operative for tea smallholder farmers in the Kericho area of Kenya, with support from The Co-operative College UK and The Co-operative College Kenya.

The development of a co-operative is well underway, with support being provided to 8,000 small-scale Kenyan tea growers.

Animal welfare

- Extend the range of chicken products accredited to The Co-operative Elmwood higher welfare standard to include barbeque chicken and other processed and cooked chicken products.

During 2009, the range of products accredited to Elmwood standards was extended to include barbeque products and breaded products. All standard range, fresh and frozen whole chicken and all standard, plain, fresh and frozen chicken portions are produced to The Co-operative's own Elmwood higher welfare standard.

- Complete the switch to free-range egg ingredients in all prepared own-brand products containing egg. Only free-range eggs are used as ingredients in own-brand prepared product lines (eg, quiche).

- Introduce a web-based database that records key animal welfare indicators, by flock, on all Elmwood chicken supplier farms.

During 2009, an online database was introduced for all Elmwood chicken supplier farms, processors and packaging businesses, to record data on stocking densities, mortality rates and growth rates. The database will identify instances where production falls below agreed standards.

Diet and health

- Apply traffic-light labelling that meets FSA criteria to 200 products that are outside the FSA priority list during 2009. By the end of 2009, traffic-light labelling had been applied to 631 products outside the FSA priority list, enabling customers to quickly discern whether food has high, medium or low levels of fat, saturated fat, salt and sugars.

- Ensure FSA salt targets published in 2006 are met in all relevant Co-operative own-brand product categories by the end of 2009.

The FSA salt targets were met across all relevant own-brand product categories.

- Support at least one government diet and health initiative in-store every week throughout 2009.

This target was achieved through supporting initiatives including: The Department of Health's Change4Life programme, the FSA's salt and saturated fat reduction campaigns, and the Waste and Resources Action Programme (WRAP) Love Food, Hate Waste campaign.

- Increase participation in jogscotland to 5,000 in 2009.

In 2009, participation in the jogscotland 5km Challenge events, sponsored by The Co-operative, increased by over 30% to 4,771 over five venues, and participation in the corresponding junior runs at these events increased by over 200%, with junior runs taking place at all venues for the first time.

- Launch a targeted 'Health Club' mailing programme to raise awareness of healthy eating amongst member-customers in 2009.

A campaign consisting of direct mailings and e-mails was sent to 500,000 member-customers, including healthy recipes, exercise tips and money-off vouchers for fruit and vegetables.

Ethical finance

- ✔ Devise and implement a Co-operative Investments shareholder engagement programme on the effects of neonicotinoid pesticides on bee population decline. The Co-operative investments engaged with Bayer AG to urge them to consider the implications arising from a restriction on use of neonicotinoid pesticides on plants where bees are known to forage.
- ✔ The Co-operative Investments to launch two new ethically screened investment funds. In 2009, The Co-operative Asset Management launched two new unit trusts, The Sustainable Diversified Trust and the Sustainable World Trust. The new trusts operate the same 'best-in-class' approach to ethical investment as the established Sustainable Leaders Trust.
- ⊖ Consider the development of an arrangement whereby a deduction is made, at CFS' cost, from international payments fees, in order to support funding of The Co-operative's international development activities. Consideration is being given to the development of such an arrangement; progress will be dependent on the development of new IT systems infrastructure, among other factors.
- ⊖ Consider a distinctive social and ethical consumer proposition for the general insurance business. Work continued during 2009 on a project to consider a distinctive social and ethical proposition for the home and motor insurance business.

Social inclusion

- ✔ Develop and implement an annual award scheme for The Co-operative StreetGames Young Volunteers by the end of 2009. The Co-operative has launched a national annual awards scheme, which rewards the most deserving volunteers, based on improved skills, qualifications attained, personal achievements and impact on other young people. Six regional finalists were recognised for their achievements in 2009.
- ✔ Roll out the Credit Union Current Account to at least five credit unions in 2009. Credit unions are financial co-operatives that offer savings and low-cost loans to members, many of whom are unable or unwilling to use more traditional services. During 2009, the Credit Union Current Account became operational at a further seven credit unions, exceeding the 2009 target and bringing the total number of credit unions offering the account to 24.

Diversity

- ⊖ Design and deliver diversity awareness training to all CFS employees. A comprehensive diversity awareness training programme has been developed and will be delivered to all CFS employees during 2010.
- ✔ Develop and introduce a new Employee Recruitment Strategy at CFS that has been 'diversity-proofed'. A CFS Employee Recruitment Strategy, which includes an appreciation of the benefits of recruiting as diverse a selection of individuals as possible, was launched in June 2009.
- ⊖ Complete the Trading Group diversity data capture programme in The Co-operative Food stores in four regions by the end of 2009. The Trading Group has developed a new human resources system to manage employee data on diversity. A programme to capture missing diversity data in the new system has been rolled out to The Co-operative Food stores in the Central & Eastern, South West, Cymru/Wales and South East regions.
- ✔ Commence the roll-out of the Trading Group diversity data capture programme to one further business by the end of 2009. A programme to capture missing diversity data in the new system has been rolled out across The Co-operative Travel.
- ⊖ Formalise disability objectives for the Trading Group and CFS by the end of 2009. In early 2009, both the Trading Group and former CFS completed a management tool to evaluate and measure performance on disability. Completion of the tool generated a comprehensive report on disability performance for the businesses. Both the Trading Group and CFS will formalise disability objectives, as a result of the actions identified in the report, in 2010.
- ⊖ Achieve the Royal National Institute of Blind People (RNIB) 'See it Right' web accessibility standard for The Co-operative's main website by the end of 2009. Steps were taken in 2009 to improve the accessibility of the main website, with a view to meeting the RNIB 'See it Right' standard. The site will be audited by RNIB in 2010 with a view to achieving the 'See it Right' standard.

Ecological sustainability

Climate change

- ⊖ Reduce energy consumption across The Co-operative by 20% by 2010 and 25% by 2012, based on 2006 levels. During 2009, energy consumption across The Co-operative (including former Somerfield and former Britannia) decreased by 19% compared with 2006.
- ⊖ Generate 15% of energy requirements from sustainable energy sources by 2012, based on 2006 levels. The Co-operative has made significant progress in the development of its own renewables capacity. Output from The Co-operative's renewable energy installations in 2009 was approximately 29,800MWh.
- ✔ Reduce greenhouse gas emissions from refrigerant leakages in The Co-operative Food's stores by 20% by 2011, based on 2007 levels. The target was achieved in 2009, two years ahead of schedule. Comparison of like-for-like data for The Co-operative Food stores, excluding former Somerfield, shows a 33% reduction in tonnes of CO₂e and a 39% reduction in gas leakages compared with 2007. In addition, former Somerfield's refrigerant gas leakages and greenhouse gas emissions fell by 38% and 37% respectively, compared with 2007.
- ✔ Reduce transport CO₂ emissions from The Co-operative Food's distribution fleet by 15% by 2013, based on 2005 levels. In 2009, The Co-operative Food's distribution mileage and associated CO₂ emissions (excluding former Somerfield) decreased by 18% (17,045 tonnes of CO₂) compared with 2005. The Co-operative and former Somerfield Food Stores achieved a combined 22% reduction in distribution mileage and a 21% reduction in associated CO₂ emissions since 2005.
- ✔ Maintain carbon neutrality across CFS, The Co-operative Travel and The Co-operative Clothing. CFS maintained its policy of going 'beyond carbon neutral' by offsetting all its remaining operational and business travel emissions, including those of Britannia, together with an extra 10% to cover legacy issues. The Co-operative Travel and The Co-operative Clothing maintained carbon neutral status by offsetting all their remaining operational and business travel emissions.
- ✔ Phase out the sale of tungsten incandescent light bulbs in The Co-operative Food's stores by 2010. This was achieved by the end of 2009, with the cancellation of new orders for tungsten incandescent light bulbs and increasing the range of energy-efficient light bulbs sold in The Co-operative Food.
- ✔ Progress design of the new head office complex to deliver BRE Environmental Assessment Method (BREEAM) 'outstanding' rating. The Co-operative is developing new headquarter premises in Manchester. The design that was granted planning permission achieved a BREEAM 'outstanding' rating.

- ✔ Deliver a climate change Membership outreach initiative in partnership with Stop Climate Chaos. The Co-operative mobilised members to take part in The Wave climate change march, held in London on 5 December 2009.
- ✔ Complete Green Energy for Schools phase two, installing a further 60 photovoltaic systems and 20 small wind turbines, biomass boilers and ground source heat pumps. Since the launch of The Co-operative's Green Energy for Schools programme in 2007, The Co-operative has committed £2m and a further £1m has been secured from the Government's Low Carbon Buildings Programme, for the provision of renewable energy projects in schools. In 2009, 60 schools installed photovoltaic panels, 11 schools installed small wind turbines, six schools received a biomass boiler and three schools installed ground source heat pumps.
- ✔ Progress a climate change impacts and adaptation initiative. In 2009, as part of the initial design process for the new headquarter premises in Manchester, a review was undertaken to investigate the impact of projected temperature rises from climate change upon the building's cooling systems and energy consumption. As a result, the long-term impacts of climate change were considered in the design.

Waste and packaging

- ↩ Extend the consolidation of waste management contracts across The Co-operative to further improve accounting systems for general and recycled waste streams. The Co-operative is able to report on waste arisings across the majority of its businesses, however, further consolidation of waste management contracts will be required to improve the accuracy of waste reporting across some areas.
- ✔ Maintain less than 50% of total waste arisings being sent to landfill from The Co-operative Food. In 2009, The Co-operative Food generated 94,757 tonnes of waste, of which 31,409 tonnes was disposed of to landfill.
- ✔ Develop further projects to support the reduction in The Co-operative Food's own-brand packaging by 15% by 2010. At the end of 2009, The Co-operative Food had achieved a 12% reduction in own-brand primary packaging and a 25% reduction in transit packaging, resulting in a combined reduction of 16% (15,403 tonnes).
- ✘ Continue to increase the amount of waste recycled through the Manchester recycling centre. In 2009, the centre recycled a total of 786 tonnes (2008: 1,431 tonnes) of The Co-operative's waste. The reduction in the tonnage recycled at the centre is, in part, due to cans, cups and bottles now being recycled by the general waste contractor for head office sites.
- ✔ Reduce total waste arisings and maintain a 70% reuse/recycling rate across CFS' main offices. In 2009, former CFS reduced its overall waste arisings and recycled 897 tonnes of its waste, resulting in a stable CFS reuse/recycling rate of more than 70%. This recycling rate is considerably higher than that of the average office, which stands at 7.5%.
- ✔ Deliver 40 'Love Food, Hate Waste' events during 2009 to support a reduction in household food waste. The Co-operative Food and Membership teams delivered 46 'Watch Your Waste' events in 2009, in support of the 'Love Food, Hate Waste' campaign, exceeding the 2009 target. It is estimated that 4,600 members attended the events, which included advice on menu planning, the meaning of use by/sell by dates and food storage.
- ✔ Progress brochure recycling from The Co-operative Travel. In 2009, 286 tonnes of travel brochures were recycled.
- ✔ Increase the amount of cardboard and polythene recycled by The Co-operative Food. The Co-operative Food recycled 33,448 tonnes of card and polythene in 2009. Although this is a slight reduction compared with 2008, it can be accounted for by the increased use of returnable crates, which has reduced the amount of cardboard waste generated by stores.

Biodiversity

- ↩ Progress the sourcing of sustainable palm oil within The Co-operative Food. In 2009, The Co-operative joined the GreenPalm web-based CSPO (certified sustainable palm oil) certificate trading platform, but did not progress the actual sourcing of sustainable palm oil, partly due to the complexity of the commodity supply chain. Targets have been set to use only CSPO in all own-brand products by 2015 and for the conversion of products containing palm oil in 2010.
- ✔ Increase the number of Marine Stewardship Council (MSC) certified fish products sold by The Co-operative Food. During 2009, the number of Co-operative Food own-brand products containing MSC certified fish increased from 14 to 18. The four MSC-certified products launched during 2009 were: Alaskan pollock fishcakes, hoki in parsley sauce, fresh hake Provençal and hake fillets.
- ✔ Agree funding for four UK fisheries to progress MSC certification. In 2008, The Co-operative ring-fenced £200,000 to support the certification of UK fisheries to the MSC standard. Over half of this was committed in 2009 to support six fisheries through full MSC assessment, and the pre-assessment of a further one.
- ↩ Achieve FSC certification for The Co-operative Food's greaseproof paper by 2010. The Co-operative Food is continuing to work with suppliers to achieve FSC certification of greaseproof paper.
- ✔ Raise, through the RSPB credit card, £400,000 for Britain's threatened wetlands during 2009. Wetlands are an important and productive habitat, but are under threat from the demand for water, poor land management, agricultural drainage and housing development. In 2009, £408,912 was raised through RSPB credit cards, bringing the total raised since 1999 to £5.2m.
- ⊞ Progress wildflower seed trials on The Co-operative Farms' sites as part of Plan Bee, during 2009. As part of Plan Bee, The Co-operative Farms began a three-year project in 2009 to evaluate the benefit, to bees and other pollinators, of growing wildflowers. The development of a wildflower seed mix, best suited for honeybees, is underway, with seed trials carried out during 2009.
- ✔ Ensure 50% of The Co-operative Travel's point-of-sale material is FSC-certified by end 2009. During 2009, more than 50% of The Co-operative Travel's printed point-of-sale material was FSC-certified.

Persistent, bioaccumulative and toxic (PBT) chemicals

- ✔ Complete the roll-out of The Co-operative Food's Pesticides Policy across all frozen vegetable and potato categories, using a web-based pesticides portal system to aid delivery. The roll-out of the Pesticides Policy to frozen vegetable and potato categories was completed in 2009; however, full roll-out of the web-based portal system is behind schedule and will be completed in 2010.
- ✘ Review The Co-operative Food's pesticides residue testing programme to increase the scope of testing, and improve results analysis and online reporting. Work to review and improve the residue testing programme has been delayed and will begin in 2010.
- ↩ Progress the development of a Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) database within The Co-operative Food. Development of a REACH supplier database has been delayed until 2010 as a result of the integration with Somerfield.
- ✔ Review the European Chemicals Agency (ECHA) list of substances of very high concern (SVHCs) and amend The Co-operative Food's Chemicals Strategy as required. During 2009, suppliers were contacted and asked to notify The Co-operative Food of products that contain substances of very high concern (SVHC). As of December 2009, over 80% of suppliers had responded and confirmed that none were present. The Co-operative Food's list of Chemicals for Priority Action was reviewed and those SVHCs not already covered were added to the list. The list will be reviewed annually going forward.
- = Identify whether any products on sale within The Co-operative Food contain 0.1% or more of SVHCs by 2011 and notify ECHA (European Chemicals Agency). The Co-operative has committed to notify ECHA as to whether any products contain 0.1% or more of SVHCs, by 2011.

Delivering value

Membership and co-operation

- ✔ Increase the number of members trading with more than one business by 10% in 2009. In 2009, The Co-operative exceeded its target achieving an increase of 43%. Since the relaunch of the Membership scheme in 2006, the number of members cross-trading has increased by almost half a million.
- ✔ Develop a consolidated Membership scheme for the expanded society, following the recent mergers and acquisition. During 2009, The Co-operative's Membership scheme has expanded to incorporate 1.4 million Britannia members and 165,000 members from the Plymouth & South West Co-operative Society. The scheme was introduced to former Somerfield stores, as they were rebranded to The Co-operative, and has also been rolled out to all remaining Somerfield stores.

Economic impact

- ✔ Achieve a Trading Group Return on Capital Employed of 10% in 2009. The result achieved for 2009 was 10.4%, exceeding the 2009 target. Return on Capital Employed (ROCE) measures how effective the Trading Group is at earning a return on members' funds that are invested in the business.

Employees

- = Roll out the Trading Group employee survey to former Somerfield employees, to determine a baseline employee engagement score for the enlarged business in 2010. In 2010, all former Somerfield colleagues will be invited to complete the Talkback employee attitude survey.
- ✔ Complete a minimum of three self-sustaining pilot exercises across the Trading Group to progress a flexible working environment by the end of 2009. In 2009, the Trading Group met its target to complete three pilot exercises in flexible working, which involved over 100 staff.
- ↩ By the end of 2009, develop a people measurement strategy for CFS, following its merger with Britannia. A new employee measurement approach for the enlarged CFS business is under development, bringing together elements of both the former CFS and former Britannia approaches. Roll-out across the business is planned for 2010, at which point baseline data will be collected, enabling targets to be set for the following year.
- ✔ Review and promote guidance on flexible working at CFS during 2009. During 2009, CFS began to update its Flexible Working Guidelines, specifically addressing those areas which have generated the most queries. These guidelines will be further reviewed following consultation in 2010, to align both former CFS and Britannia flexible working policies.

Customers

- D** Review processes for generating competitor customer satisfaction scores, with a view to ensuring that benchmarks and measurable targets are in place for Food, Pharmacy and Travel businesses.

The generation of customer satisfaction scores for competitors has been explored, with a view to benchmarking performance. The creation of meaningful and measurable targets against a benchmark has not yet proved possible, but it is hoped that targets will be set in 2011.
- ✓** Ensure that at least 3,700 outlets have been rebranded by the end of 2009.

By December 2009, a total of 4,030 outlets had been rebranded, including 184 former Somerfield stores.

Public policy

- D** Review and make publicly available a Public Policy Intervention Policy.

Development of the Policy was not progress, but a new Political Strategy Working Group was formed and met for the first time in October 2009. It agreed the outlining principles that will inform the development of a new strategy for political engagement.