



co
op

Ethics and sustainability management

Co-op Way reporting 2015

We're re-establishing our distinct Co-op way of doing business. One that puts community and ethical responsibility at the heart of all we do. We're setting ourselves challenging goals that will be relevant and inspiring to our Members. We'll be clear about our objectives, open in our reporting, and look to take leadership positions.

We engaged leaders from across the business and representatives from our Members' Council to review and prioritise the issues that are most material for our business

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We came 4th in the 2016 Corporate Register Reporting Award for 'Openness and Honesty'

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We set 54 targets for 2015, of which we have achieved or are on track to achieve 47

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Our reporting is in accordance with the Global Reporting Initiative (GRI) G4 Guidelines

More on page 6

We've received principles-based independent assurance of our reporting

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Ethics and sustainability: our strategy and how we work

We've led the way in many areas of ethics and sustainability over the years, from Fairtrade to sustainability reporting; and as we progress through our [Rebuild](#), we're re-establishing our distinct Co-op way of doing business - placing Members and their communities at the core.

Our return to being Co-op

We've made progress in 2015 and early 2016 to establish a new ethics and sustainability governance structure. This will help us to make our approach to ethics and sustainability more consistent across the business, and identify the areas where we want to be leaders. In line with our ethical values and our Members' expectations, open and honest reporting remains a priority.

How are we doing?

Re-established

our ethics and sustainability governance across the business.

Engaged

We engaged leaders from across the business and representatives from our Members' Council to review and prioritise the issues that are most material for our business.

Open and honest

We came fourth in the Corporate Register Reporting Awards for 'Openness and Honesty'.

Where data has been restated, for example when a methodology for calculating data has changed or an inaccuracy identified, this is indicated by the following symbol: 

Governance and management

In 2015 and into 2016, we re-established our Co-op-wide ethics and sustainability governance.

Co-op-wide governance

Our new Co-op-wide ethics and sustainability governance structures include a new Co-op Way Policy Committee. The committee is chaired by the Chief Executive and made up of Group Executives and Members elected from the Members' Council. Co-op-wide oversight of activities relating to sustainability and ethics is as follows:

- our Group Board and Council have joint responsibility for the approval of policies relating to Co-op values, principles and ethics;
- our Executive is responsible for delivery of the policies through the businesses;
- our internal audit function is responsible for providing assurance on compliance with the policies; and
- the Co-op Way Policy Committee is responsible for reviewing and developing the policies, and for reporting on their implementation into the businesses.

Members' Council

Our Members' Council is a structure that gives Members appropriate powers to hold the Board properly to account for the performance of the business and adherence to co-operative Values and Principles.

The Council has key responsibilities, as set out in our Rule Book, with regard to sustainability, campaigning and community investment, including reviewing and commenting on our sustainability reporting, as part of its 'holding to account' role.

The Council has a number of sub-committees, including the Ethics and Social Responsibility Committee (E&SRC) and the Food Policy Working Group. Responsibilities of the E&SRC include being the guardian of our Values and Principles; providing oversight of our Ethical and Social Responsibilities; and assisting in the development of our Member proposition and development of our Member engagement strategy. The role of the Food Policy Working Group is to work with the business as a consultative body on Food Policy issues.

Over the coming three years, the Council will continue to develop its Meaningful Holding to Account Framework. Within this, there are four emerging priority areas:

- Member value - how it is created, developed and sustained;
- ethical and sustainability leadership;
- Member voice and experience; and
- leadership within the national and global Co-operative Movement.

Embedding sustainability in our businesses

At a business level, the development and oversight of policies relating to sustainability, ethics and co-operative Values and Principles is delivered by forums including the Food Policy Group, which oversees progress on issues relating to food ethics such as healthy lifestyles, animal welfare and Fairtrade; and the Employee Relations and Policy Forum.

These policies are implemented and embedded within our businesses both by a central function, which provides a Co-op-wide perspective, and by functions within the business. These business-based functions include teams within Food, Consumer Services, Strategy, Human Resources, Finance, Procurement, Estates and Membership.

Strategy and materiality

Businesses are faced with a wide range of issues they could address and report on. We aim to focus on the issues that matter most to our stakeholders and our business, reflecting our significant social, environmental and economic impacts.

Within our new sustainability governance structure, we've started to establish a coherent Co-op-wide approach to addressing co-operative values, principles and ethical, social, environmental and people issues. This is a crucial part of our Rebuild programme and overall business strategy, and is overseen by our new Co-op Way Policy Committee.

UN's Sustainable Development Goals

The year 2015 has seen the launch of the [UN's Sustainable Development Goals](#), which highlight the importance of businesses playing their role alongside governments, non-governmental organisations, civil society and individuals in tackling the global challenges which face us all. They are focused on targets for Dignity, Prosperity, People, Partnership, Planet and Justice.

The Goals link closely to activity we are already involved in, ranging from our ethical trade and Fairtrade programmes to our responsible sourcing. We're exploring where our work currently contributes to the aims and targets of the Goals; and where we can enter into partnerships to innovate and support the work of the UN and the thousands of others who are seeking to achieve these ambitious Goals.

Our process of prioritising sustainability issues covers:

- Member and other stakeholder views;
- our Purpose and business strategy;
- issues raised through the Group's risk management framework;
- our co-operative approach, Values and Principles;
- external standards and benchmarks; and
- societal norms and emerging issues.

It is important to us, as a co-operative business, that our approach incorporates Member input. During the first part of 2016, we engaged leaders from across the business, along with elected Members from our Members' Council, to review and prioritise the issues that are most material for our business.

We did this through a series of scoping and prioritising exercises and calibration workshops. The outcome was to plot our most material issues on a matrix, which will provide a framework for policy review and strategy development that will focus on specific priority issues, as detailed in the diagram below.



2015 target	Progress against target	2016 target
		Carry out a review of our policies and their implementation across our material sustainability and ethical issues (as identified by the prioritisation exercise we conducted in early 2016). Overseen by the Co-op Way Policy Committee, agree a programme of work to further embed each of these in a consistent way across the business



Stakeholder engagement

Engagement with stakeholders is key to creating an accountable and strategic response to sustainability. We have identified six key stakeholder groups: Members; customers; colleagues; suppliers; the Co-operative Movement; and wider society.

During 2015, our stakeholder engagement activities included:

- engaging with business leaders and Council Members to prioritise our sustainability issues;
- giving our Members a stronger voice across our business; for example, in summer 2015, almost 80,000 Members and colleagues voted, and led to us adopting the [campaign](#) to tackle loneliness, and a Charity Partnership with the British Red Cross;
- enabling Members to continue to participate democratically via the tabling of motions and voting at our AGM. In 2015, we implemented governance reforms, and held our first AGM under One Member One Vote (as detailed in the [Annual Report](#)); at our 2016 AGM, 99,000 [Members voted](#), and of these, 750 voted in person (2015: 90,000 and 500 in-person); all six Board, Council and Independent Society motions that were tabled related to issues of sustainability, ethics and co-operation (detailed throughout this report);
- engaging with specific groups: we engaged, for example, with the Co-operative Young Members' Board, an advisory panel of 15 Members aged 16-25, established to encourage our young Members to be [actively involved](#) in our business; and
- continuing customer research on issues of ethics and sustainability for our Food business.

Risk management

We have established a new Co-op-wide risk management process, as detailed in the [Annual Report](#). Persistent risk areas identified on our risk register include sustainability issues such as our reputation as a trusted corporate citizen and ethical sourcing.

2016 AGM Motion: ethics and sustainability

A Council motion was tabled at our 2016 AGM, setting out that ethics and sustainability form 'the backbone of our co-operative identity', supporting the Board in placing ethics and sustainability at the centre of the Group, and calling on the Board to continue progress in 2016/17.

Of [Members](#) voting, 97.73% voted in favour of the motion.

Reporting, target-setting and assurance

For over a decade now, our [sustainability reporting](#) has set out how we are addressing the key sustainability issues for our business. The process of accounting, assurance and reporting on our material social, ethical and environmental issues is important to drive performance and it provides crucial information to our stakeholders.



Performance recognition:

Our 2015 sustainability reporting was recognised as amongst the most open and honest globally, at the Corporate Register Reporting awards 2016, and was ranked fourth.

Openness and honesty

As we re-establish our approach to sustainability management and reporting within our new governance structure, we aim to review our target-setting process, and remain committed to setting ourselves challenging targets and reporting back to our stakeholders on our performance, whether it is good or bad.

We set ourselves 54 targets for 2015, 47 of which have been achieved or are 'on track', as detailed throughout our report.

As well as tracking progress against targets, we believe that better sense can be made of how we're doing if we compare our performance to that of our peers. We include relevant performance benchmarks throughout our reporting, detailing not only where we lead, but also where we strive for improvements¹. We present four years' of performance data to allow year-on-year comparison where possible.

Members' Council review

Our sustainability reporting is reviewed by nominated members of our Members' Council, in line with responsibilities set out in our Rule Book.



2015 target	Progress against target	2016 target
Continue to set new standards for openness and honesty globally	Target achieved	Continue to set new standards for openness and honesty globally

Assurance and the Global Reporting Initiative (GRI)

We engaged [DNV GL](#) to carry out assurance of our sustainability performance both in our annual and sustainability reporting, using their assurance methodology, VeriSustain². DNV GL evaluated how this adhered to the principles of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability; and how performance data adhered to the reliability principle. The areas of performance data in scope are detailed in the [Assurance statement](#).

Our reporting is in accordance with GRI G4 Guidelines (core).

Scope of reporting

Performance relates to the calendar year 2015 (unless otherwise stated) and to our operations and stakeholders. It covers those businesses wholly owned by the Co-operative Group Limited as at 31 December 2015.

Reporting on products sold by the Co-op Food focuses on Co-op brand products. Co-op brand accounted for 45.7% of total Co-op Food turnover in 2015 (a 1.1% increase compared to 2014). Like other retailers, we have greater influence over Co-op brand than we do other branded products, and our priority continues to be to improve the sustainability of these products.

1. In previous years, we have reported our performance in the BITC CR index. We have not completed the index for 2015, as we have focused our efforts on re-establishing our approach to sustainability management and reporting.
 2. VeriSustain is based on DNV GL's professional experience, international assurance best practice including the AA1000 Assurance Standard, International Standard on Assurance Engagements 3000 (ISAE 3000) and the GRI Sustainability Reporting Guidelines.

Independent assurance statement

Scope and approach

The Co-operative Group Ltd (The Co-op) commissioned **DNV GL Business Assurance Services UK Limited** (“DNV GL”) to undertake independent assurance of sustainability reporting within The Co-op Group Limited Annual Report 2015 (the “Report”) for the year ended 31 December 2015. The scope of the assurance includes the information reported in the Sustainability Review section of the Annual Report and also sustainability related aspects of the Business Review and Our People. This forms the first stage of a two-stage assurance engagement that will also include assurance over additional on-line sustainability performance.

We performed our work using DNV GL’s assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including AA1000 Assurance Standard, International Standard on Assurance Engagements 3000 (ISAE 3000), and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. We evaluated the report for adherence to the VeriSustain™ Principles (the “Principles”) of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability.

We agreed with The Co-op that selected claims would be within the scope of our review and we analysed evidence provided for each claim. DNV GL selected claims to be reviewed, based on their perceived materiality, from the following sections of the Report only:

- Sustainability Review section
- Business Review section
- Co-op People section.

We provide no assurance over data, information or claims in any other section of the Report.

We evaluated the performance data using the reliability principle together with The Co-op’s data protocols for how the data are measured, recorded and reported. The areas of performance data/KPIs in scope were:

- Energy Use and Greenhouse Gas Emissions (including emissions by source)
- Carbon intensity
- Financial support provided to the Co-operative movement
- UK and International community investment
- Community activities and volunteering

We understand that the Co-op intends to report more detailed data on a wider range of issues in its online data centre in July 2016. An evaluation of this performance data will be carried out as part of the second phase of our assurance engagement, and will cover material issues including responsible sourcing.

We understand that any reported financial data and information are based on data which are subject to a separate independent audit process. The review of financial data is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a ‘moderate level’ of assurance.

Responsibilities of the Directors of The Co-op and of the assurance providers

The Directors of The Co-op have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of The Co-op; however our statement represents our independent opinion and is intended to inform all of The Co-op's stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL is also contracted to undertake a review of selected online data that is relevant to the year ended 31 December 2015 and will also post a further opinion online (on The Co-op's web-site) at the time that information is made available publicly. We have no other contract with The Co-op and this is the eighth year that we have provided assurance.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect The Co-op and are of interest to stakeholders;
- Review of The Co-op's approach to stakeholder engagement and recent outputs including an interview with the Secretary of The Co-op Members' Council;
- Review of information provided to us by The Co-op on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. The interviewees were selected from a long list proposed by DNV GL;
- Site visits to a Co-op store (Littleborough), a Co-op Funeralcare home (Rochdale) as well as The Co-op's support centre (Manchester) to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. These sites were chosen as being representative of typical operational Co-op sites;
- Review of supporting evidence for key claims and data in the report. Our checking processes were prioritised according to the materiality of issues at a consolidated Group level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe The Co-op's adherence to the Principles. In terms of reliability of the performance data for the sections of the Report within our scope, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

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

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

We observed wide and inclusive processes that provide channels for The Co-op's stakeholders to express their views. These mechanisms are founded upon The Co-op's unique and democratic membership structure.

Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

The Co-op has processes to determine its main sustainability priorities and has relevant mechanisms in place to take stock of emerging priorities. The Co-op Way Policy Committee will now prioritise the policy development programme through The Co-op's "Rebuild" phase and an extension of this process, to sustainability issue prioritisation, would be a positive development.

Responsiveness

The extent to which an organisation responds to stakeholder issues.

The newly transitioned Members' Council and the new Co-op Way Policy Committee provide a refreshed opportunity to reflect upon how stakeholders' views are incorporated into Co-op policy.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

We understand The Co-op plan to disclose further relevant data and information online later this year, in addition to their reporting on the most material issues in this Report. We recommend that The Co-op should review the information included in future reports, taking into account key external developments such as COP 21 and the United Nations Sustainable Development Goals.

Neutrality

The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone.

The Report is well balanced. As the company moves to the end of the "Rebuild" phase of its strategy, future reports should provide a clearer explanation of challenges faced in delivering on its sustainability priorities.

Reliability

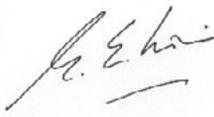
The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

Overall we have confidence in the processes in place to ensure reasonable accuracy for the information presented in the Report, for the sections that are in the scope of our assurance. In the light of the changes occurring across the business, we recommend that a full review of data protocols used for the Report is carried out, as previously recommended.

For and on behalf of DNV GL Business Assurance Services UK Limited

London, UK

15th March 2016



Mark Line
Senior Principal Consultant and Lead Assuror
UK Sustainability, DNV GL – Business Assurance



Jon Woodhead
Regional Assessment Services Manager and Reviewer
UK Sustainability, DNV GL – Business Assurance

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Independent assurance statement addendum

Scope and approach

The Co-operative Group Ltd (The Co-op) commissioned DNV GL Business Assurance Services UK Limited ("DNV GL") to undertake a two-phase assurance engagement. As part of the first phase, DNV GL conducted independent assurance of sustainability reporting within [The Co-op Group Limited Annual Report 2015](#) (the "Report") for the year ended 31 December 2015. The assurance statement for this phase can be found on pages 7–10.

The second phase included assurance over additional selected performance indicators in the Online Sustainability Reporting. This addendum relates only to the second phase of assurance.

We evaluated the performance indicators in the Online Sustainability Reporting using the reliability principle, together with The Co-op's data protocols for how the data are measured, recorded and reported. Performance indicators were also reviewed for completeness and neutrality, however for detailed findings on these principles please refer to our full assurance statement.

Selected performance indicators in scope for the Online Sustainability Reporting were:

- **Supplier payments**
- **British Sourcing** (% of fresh beef, chicken, ham, pork, sausages, duck, turkey, salmon, milk and eggs sourced from UK farmers)
- **Waste** (total waste, % waste recycled, redistribution of food waste, packaging waste handled by material, % reduction of weight of own brand packaging)
- **Animal welfare** (£m sales of RSPCA Welfare Freedom Food, organic, free range, outdoor bred and traditional breed products, proportion of sales by welfare standard of own-brand eggs and milk, proportion of sales by welfare standard of own-brand fresh meat, poultry and fish)
- **Diet and health** (proportion of products carrying traffic-light labelling that are 'healthy', proportion of promotions for healthier products)
- **Biodiversity** (% of the fisheries used to supply wild fish and seafood products assessed as 'well managed' or 'reasonably managed' fisheries, % own-brand wood or paper products sold in the Co-operative Food that were FSC-certified or recycled, Food business purchase of wood and paper products that were FSC certified or recycled, % FSC certified coffins and caskets manufactured by Funeral care)
- **Energy from renewable sources** (% of electricity from renewables, % from own renewable energy projects)
- **General Insurance ethical screening** (number of fixed-income investment opportunities screened, number of investment opportunities referred to the Ethical Policy Unit, and number of those referred approved)
- **Ethical Trade** (Number of sites and workers on Sedex, and location of audits in 2015, number of supplier events carried out in UK, Italy, Spain, Egypt and Kenya, number of delegates, hours of supplier training /engagement, and number of sites that sell Co-op-brand products in Food stores)
- **Fairtrade** (£m estimated Fairtrade premium, number of Fairtrade products, number of own-brand Fairtrade products, % of Fairtrade sales from seven core categories)

Opinion

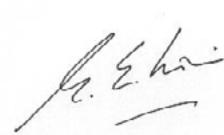
On the basis of the work undertaken, and in terms of the reliability of the performance data, nothing came to our attention to suggest that the data reviewed for the Online Sustainability Reporting have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Overall we have confidence in the processes in place to ensure reliability of the data presented in the Online Sustainability Reporting, for the indicators that are in the scope of our assurance. Taking into account the sustainability related information presented in both The Co-op Group Limited Annual Report 2015 and the 2015 Online Sustainability Reporting, the Co-op has delivered reporting that is complete and neutral and covers material issues.

For and on behalf of DNV GL Business Assurance Services UK Limited

London, UK

26th May 2016



Mark Line

Senior Principal Consultant and Lead Assuror
UK Sustainability, DNV GL – Business Assurance



Jon Woodhead

Regional Assessment Services Manager and Reviewer
UK Sustainability, DNV GL – Business Assurance

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Performance against targets

Ethical trade and human rights

Ethical trade

2015 target	Progress against target	2016 target
By the end of 2017, ensure all key suppliers in focus countries ¹ have participated in supplier engagement activities, and encourage the establishment of local forums, promoting strong human rights systems and colleague engagement	On track During 2015, 17 supplier events were carried out, in the UK, Italy, Spain, Egypt and Kenya. These reached 696 delegates who represented 530 sites, amounting to over 4,815 hours of supplier training/engagement	By the end of 2017, ensure all key suppliers in focus countries have participated in supplier engagement activities, and encourage the establishment of local forums promoting strong human rights systems and colleague engagement. We will deliver 20 events reaching 800 delegates, across 6 countries in 2016.
Continue to champion our Human Rights and Trade Policy, which sets out the conditions under which we will, as a last resort, curtail trade with a particular state or settlement	Target achieved Own-brand food suppliers continue to be reviewed against our Human Rights and Trade Policy	Continue to champion human rights in our supply chains through our Human Rights and Trade Policy, which sets out the conditions under which we will, as a last resort, curtail trade with a particular state or settlement
Continue to implement our Sustainable Procurement and Supplier Policy (SPSP) to goods and services of high or medium ethical risk	Target achieved We continued to implement our SPSP during 2015	Carry out a review of our SPSP and its role in helping us meet our commitments on ethical procurement

1. Current focus countries in our supplier engagement activities are the UK, Spain, Italy, Egypt, Morocco, Kenya and South Africa.

Fairtrade

Remain the UK's largest convenience supporter of Fairtrade

Target achieved

In November 2015, an independent report was commissioned, that demonstrated that we are the largest convenience seller of Fairtrade products in the world. Full year 2015 Kantar data shows that we have a 75% share of the UK Fairtrade convenience market

Remain the UK's largest convenience supporter of Fairtrade

Extend commitments on the Fairtrade Foundation's focus commodity areas. In 2016, investigate how we can support cocoa farmers beyond our chocolate category; and extend our commitment in horticulture beyond roses and into other varieties

Continue our Beyond Fairtrade programme through the implementation of two new projects with our wine producers and the creation of two additional community support projects funded by donations through growingstories.coop, completing our £25,000 share fund by November 2016

Continue to promote Fairtrade and Fairtrade products and launch a community-focused Fairtrade campaign

Target achieved

In September, we started a 15-month period of in-store Fairtrade promotion, each month seeing at least one Fairtrade communication on one of our core categories

We also launched our growingstories.coop hub and 12-month online social media campaign, which was highlighted at Fairtrade Fortnight through in-store activity, events, new resources and competitions

Continue to promote Fairtrade and Fairtrade products, and promote Growing Stories in store until the campaign ends in November 2016

Community and society

UK communities

2015 target	Progress against target	2016 target
Continue to be socially inclusive, maintaining a physical presence in every postal area in the UK	Target achieved There is a Co-op store in every postal area, with over 2,800 food stores and almost 1,000 funeral homes across the UK	
Invest money from our entire carrier bag range in UK-wide community projects, above and beyond investment made in community projects through the carrier bag levy	On track In May 2016, we announced how we will invest money from our entire carrier bag range in UK-wide community projects, above and beyond investment made in community projects through the carrier bag levy	Invest money from our entire carrier bag range in UK-wide community projects, above and beyond investment made in community projects through the carrier bag levy
Extend our Community Pioneers programme to at least 650 stores and local communities and invest in the ongoing development of our existing Community Pioneers, by delivering a training and development programme to 500 Pioneers	Close to target We expanded our in-store Community Pioneers programme to 829 stores by the end of 2015 (2014: 500) 350 colleagues, including 266 Community Pioneers, attended a Community Pioneer Development Day, equating to 2,800 hours of development	Extend our Community Pioneers programme to 1,100 stores and local communities during 2016
Establish a go-forward position for the Co-operative Foundation, including an appropriate management structure, Trustee body, strategy and funding	Close to target The new Trustee board composition has been agreed; a Foundation Manager appointed; and broad strategic direction has been set by the Trustees. Existing funding arrangements continued in 2015, pending finalisation of the new strategy	Appoint Trustees in line with agreed new board structure. Conduct stakeholder consultation, develop three-year strategic plan and launch new programmes
		Launch our new Membership offer, including a donation of 1% of the value of Co-op brand products or services bought by Members to local causes

International communities

2015 target	Progress against target	2016 target
Continue to raise money through sales of Fairbourne Springs bottled water to raise vital funds for global poverty charities	Target achieved In 2015, sales of Fairbourne Springs bottled water led to a donation of £745,000, which went to water projects in rural communities across Africa	Continue to raise money through sales of Fairbourne Springs bottled water to raise vital funds for global poverty charities

Campaigning

2015 target	Progress against target	2016 target
Encourage Members and colleagues to vote to choose a national issue that is relevant to our communities, on which we will fundraise and campaign with a charity partner	Target achieved In summer 2015, almost 80,000 Members and colleagues voted for us to tackle loneliness in a charity partnership with the British Red Cross	Launch a campaign to make a long-lasting difference on the issue of loneliness
		Raise £3.5m by January 2017 to support those experiencing loneliness

Co-operation

2015 target	Progress against target	2016 target
Expand the Co-operative Power Energy Club further, to include a greater number of organisations	Target achieved The Club has expanded during 2015, and now offers energy services for 40 organisations throughout the UK, including 15 Co-operatives and five charities	
		Transfer our business archive into the National Co-op Archive in Holyoake House, Manchester
		Provide support to Co-op News to become more financially self-sufficient by providing an improved digital service to its readers
Continue our sponsorship of the Academies programme via the Co-operative Academies Trust	Target achieved Our sponsorship has continued, and an eighth academy joined the Trust in 2016	Continue our sponsorship of the Academies programme via the Co-operative Academies Trust, to support its target to grow to 14 academies by 2018

Healthy living

2015 target	Progress against target	2016 target
Ensure that Co-op brand healthier range products are no more expensive than standard equivalent lines	Target achieved 100% compliant	Ensure that Co-op brand healthier range products are no more expensive than standard equivalent lines
Ensure that the nutritional content of Simply Value products is at least as good as standard equivalent lines	Target achieved The Simply Value range is being dropped. We monitored this target until mid-2015, at which point the nutritional value of the range was at least as good as standard equivalent lines	
Continue to target salt, saturated fat and sugar reductions in key products, while maintaining food safety and product quality	Target achieved We aim to ensure that all new or reformulated products meet the Department of Health's 2017 salt reduction targets subject to technical, quality and food safety constraints, and at the end of 2015, 87% of products complied. We also reduced sugar in our Co-op brand chilled juices, low fat yogurts and breakfast cereals. We have reduced the saturated fat in our range of Truly Irresistible sausages by an average of 12%	Continue to target salt, saturated fat and sugar reductions in key products, while maintaining food safety and product quality. Focus will include drinks, breakfast cereals, flavoured milks and sauces
Support our customers to drink responsibly by running alcohol awareness campaigns and offering customers a choice of lower alcohol and alcohol-free products	Target achieved We supported the Drinkaware 'Cut Back and Feel Better' campaign in 2015. We will continue to support our customers to drink responsibly in 2016	
Ensure at least 30% of Co-op brand food products that carry traffic-light labelling are healthy	Target achieved 42% of Co-op brand food products that carry traffic light labelling were healthy	Ensure at least 30% of Co-op brand food products that carry traffic-light labelling are healthy
A minimum of 30% of food promotions will be for healthier offerings	Target achieved 32% of food promotions in 2015 were for healthier offerings	A minimum of 30% of food promotions will be for healthier offerings
Encourage Members to increase their consumption of fruit and vegetables through targeted incentives such as money-off coupons	Target achieved We continued our smart coupon scheme for fruit and vegetables in 2015. In July 2015, we also made major improvements in the availability and price of fresh fruit and vegetables in all our stores - Fresh Three is a new promotional offer that gives customers the choice of three great quality products all at low prices, which changes every three weeks. We will continue our work in this area in 2016	

Food and farming: respecting animal welfare

2015 target	Progress against target	2016 target
Report the impact of our farming group animal welfare standards	<p>Target achieved All farms in our farming groups supply monthly input and outcome health and welfare data to our database</p> <p>We have reported on animal welfare performance against these Key Performance Indicators</p>	Report input, outcome and quality and consistency measures relating to animal welfare from all farms in our farming groups on an annual basis
		Assess ourselves against external animal welfare benchmarks
Continue to ensure that shoppers operating on a variety of budgets have the opportunity to support higher baseline animal welfare standards, and that all shell eggs and egg ingredients in Co-op brand products are at least free range	<p>Target achieved We have provided customers with a range of higher welfare products</p> <p>All shell eggs and egg ingredients in Co-op brand products are at least free range</p>	
Continue to take a lead on the issue of animal testing of cosmetic and household products	<p>Target achieved All our Co-op brand toiletry and household products are accredited to Cruelty Free International's Humane Cosmetics and Humane Household Products standards, operating to strict fixed cut-off dates</p>	Continue to take a lead on the issue of animal testing of cosmetic and household products

Food and farming: backing British food

2015 target	Progress against target	2016 target
		Extend the British lamb season and stock three lamb lines that are exclusively British all year round
		Invest a total of £1.5bn to source 'own-brand' British meat, produce and dairy products from the UK between 2015 and 2018
		Launch new farming groups to cover eggs, turkey and standard beef and lamb

Environment and resource use

Climate change

2015 target	Progress against target	2016 target
Reduce direct GHG emissions from operations by 50% by 2020, compared with 2006	On track Direct GHG emissions from operations have reduced by 43%, compared with 2006	Reduce direct GHG emissions from operations by 50% by 2020, compared with 2006
Having completed the construction of our business support centre that sets new standards in sustainable design and construction, we will work towards a BREEAM 'Outstanding' rating 'In-Use'	Behind schedule BREEAM 'In-Use' requires two years of full occupancy before data can be assessed. Over the past two years, we have been working to ensure all building systems are working optimally; and collating and reviewing the post-occupancy data that's required to secure the BREEAM 'In-Use' rating, to assess whether securing the rating remains appropriate	Having completed the construction of our business support centre that sets new standards in sustainable design and construction, we will review the data to assess whether it remains appropriate to work towards a BREEAM 'Outstanding' rating 'In-Use'
Generate the equivalent of 25% of our electricity needs from renewable sources by 2017	On track Output from our renewable energy installations in 2015 represented approximately 15% of our electricity requirements (2014: 12%). Our fourth wind farm development is currently under construction and due to be operational by the end of 2016. It is projected to generate 83 GWh per year	Generate the equivalent of 25% of our electricity needs from renewable sources by 2017
Continue to source carbon offsets from a portfolio including international co-operative projects	Target achieved In 2015, we continued to source carbon offsets from a portfolio including international co-operative projects	We will continue to source carbon offsets from a portfolio including international co-operative projects

Waste

2015 target	Progress against target	2016 target
Having rolled out waste backhauling across nearly 2,800 Food stores, we will strive to achieve zero waste to landfill and continue to drive up recycling levels and reduce overall waste	Close to target Reuse/recycling rates have increased significantly due to the roll out of waste backhauling, and overall waste volumes have remained stable in 2015	Having rolled out waste backhauling across nearly 2,800 Food stores, we will strive to achieve zero waste to landfill and continue to drive up recycling levels and reduce overall waste
Expand our work with charities such as FareShare on food waste	Target achieved We redistribute surplus fresh food from our operations to people and communities suffering from food poverty, via the charity FareShare. We increased our efforts during 2015, distributing 306 tonnes of food from depots (up from 82 tonnes in 2014). This redistributed food was enough to provide 730,000 meals for those in need. We also carried out a trial in Leeds to explore redistribution of food waste from small stores	Redistribute 500 tonnes of surplus fresh food from depots via FareShare and other charities
Work with the industry and the British Retail Consortium (BRC) to develop a standard method for measuring and reporting the food waste generated within the food retail sector	Target achieved In 2015, a methodology for reporting food waste was developed and the Co-op along with six other food retailers (accounting for 87% of the UK grocery sector) collectively reported food waste data. As a result it has been estimated that the food retail sector accounts for 1.2% of UK food waste	
As part of the IGD's Working on Waste project, we will continue to raise awareness of how household food waste can be reduced	Target achieved We have continued to raise awareness of how household food waste can be reduced. In 2015, we published intranet articles for colleagues, produced a short online video that was sent to 500,000 Members, set up a dedicated webpage on Make Your Food Go Further and engaged with Members, colleagues and customers through all our social media channels. This household waste-focused campaign from the IGD has now ended and for 2016, will instead focus on leadership events	
Work with suppliers to increase the recyclability of our packaging	Close to target In 2015, the recyclability of our own-brand packaging remained stable. We have been engaging with local authorities, recyclers, expert trade bodies and suppliers to develop a plan of changes we will make to our packaging to improve recyclability and to encourage more local authorities to collect more packaging for recycling. We have also been working with RECOUP (a plastics recycling industry body) to find ways to positively influence future plastics recycling	Work with suppliers to increase the recyclability of our packaging

Waste (continued)

2015 target	Progress against target	2016 target
Reduce the number of carrier bags used by Co-op Food by 75%	Close to target We reduced the number of carrier bags distributed in 2015 by 74% compared to 2006. With the introduction of the carrier bag levy in England from October 2015, we expect a reduction of more than 80% in subsequent years	

Water

2015 target	Progress against target	2016 target
Reduce water consumption across our operations by 30% by 2016, based on 2010	On track Water consumption has reduced by 9% compared with 2010. Water consumption per site has reduced by 23% over the same period	Reduce water consumption across our operations by 30% by 2016, based on 2010

Biodiversity

2015 target	Progress against target	2016 target
Maintain our position as one of the UK's most responsible retailers of fish	On track Implemented our Responsible Fish Sourcing Standard. Removed high-risk fisheries from supply where there was no sign of improvement	Maintain our position as one of the UK's most responsible retailers of fish, and increase the number of MSC-label products we sell
Aim to be the UK's leading retailer on forest protection and maintain our leading work on wood and paper products	On track We maintained our Graduate Status of the WWF-UK Forest and Trade Network and were awarded the highest level 'three trees' in the WWF UK Timber Scorecard	Aim to be the UK's leading retailer on forest protection and maintain our leading work on wood and paper products
Continue to work towards ensuring palm oil used in all Co-op brand products comes from a sustainable, segregated CSPO source, by reducing our reliance on GreenPalm certification	On track 100% of our palm oil (both food and non-food products) is from certified sustainable sources; 90% of palm oil used within food products is from Segregated, Mass Balance or Identity Preserved CSPO sources (2014: 84%); and the remainder is covered by GreenPalm Certificates	Ensure palm oil used in all Co-op brand products comes from a sustainable, segregated CSPO source by 2020 by reducing reliance on GreenPalm
		Develop our Responsible Soya roadmap, which will aim to bring us into line with our work on other areas of concern for deforestation such as wood, paper and palm oil Buy RTRS credits to cover some of the soya within our animal feed

Chemicals

2015 target	Progress against target	2016 target
Following our Pesticide Management Evaluation exercise, develop a recommendation paper in 2015, and formalise details of our management approach and the timescales for implementation	Target achieved The new system was implemented in December 2015	
Maintain the number of residue tests conducted per annum at the same level as the previous year	Target achieved 223 tests were conducted both in 2014 and 2015	Increase the number of residue tests conducted in 2016 to over 400
Review activity to ensure compliance with REACH regulations, with a risk-assessed programme to be initiated in 2015	Target achieved In 2015, our REACH testing programme included all of our toothbrushes, Christmas toys and Halloween products. In 2016, this testing programme will be widened to incorporate both medium- and high-risk categories/products	

Business ethics and behaviour

Economic impact

2015 target

Progress against target

2016 target

Maintain our Fair Tax Mark through an annual reaccreditation process

Ethical investments

2015 target

Progress against target

2016 target

Continue to screen investment opportunities against our Ethical Policy

Target achieved
37 fixed-income investment opportunities were screened in 2015

Continue to screen investment opportunities against our Ethical Policy

Our people

Colleagues

2015 target	Progress against target	2016 target
Deliver a new Target Operating Model for all our businesses to ensure Members and customers remain central to our work	On track We continue to work to deliver a new Target Operating Model for certain areas of the Co-op	Complete the delivery of a new Target Operating Model across the Co-op
Monitor whether colleagues feel they are treated with respect by their leaders, managers and fellow colleagues, and aim to improve on the scores achieved in 2014	On track In 2015, 80% of colleagues felt that they were treated with respect by our leaders (2014: 77%). 88% of colleagues felt that they were treated with respect by their colleagues (2014: 89%) and 88% felt that they were treated with respect by their manager (2014: 87%)	Monitor whether colleagues feel they are treated with respect by their leaders, managers and fellow colleagues, and aim to improve on the scores achieved in 2015, particularly in 'respect by leaders'
		Continue to refresh the emotional connection between colleagues and the Co-op, empowering colleagues to bring the Co-op difference to life every day. We'll measure progress through our colleague survey, Talkback
		Invest in the development of 5,000 leaders through a programme which will equip them to inspire, support and release the potential of every colleague in a way that is true to Being Co-op
Develop a reward proposition that is fit for purpose and communicate this to all colleagues to help attract and retain colleagues	Target achieved In 2015, we agreed a pay deal for approximately 40,000 colleagues in front-line roles within Co-op Food Stores, taking us above the Government's new National Living Wage. We also reviewed our pensions scheme to make it affordable and ensure it continues to meet more of our colleagues' needs	Continue to improve our reward proposition to help attract, retain and engage colleagues

Membership

2015 target	Progress against target	2016 target
Encourage new Members to join us each year	Target achieved 215,748 new Members joined us in 2015	We will recruit one million new Members between 2016 and 2021
Continue to reward our Members for their trade with us	Target achieved As indicated last year, we made no dividend payments to Members in 2015 and we have been clear that this will continue while we are in the Rebuild phase While we did not pay a dividend in 2015, Members redeemed £23.9m of Member-exclusive money-off coupons in Food stores (2014: £22m). Members were also invited to participate in Swipe and Win prize draws with the cash equivalent of £3.6m of prizes (2014: £600,000)	Launch our new Membership offer in autumn 2016, including rewards for Members and rewards for their communities, based on Member-purchases of Co-op brand products; and a focus on Member voice We will double sales to Members across our family of businesses by 2021
Implement and embed our Governance reform programme	Target achieved We implemented our new governance structure in 2015, including the creation of a new Group Board. For more, see our Governance review in our Annual Report	
Implement One Member One Vote (OMOV). To be used for our May 2015 Annual General Meeting	Target achieved May 2015 saw our first Annual General Meeting under new governance rules, with the implementation of OMOV	
Support the establishment and operation of our new Member Council	Target achieved We have established the structure and ways of working for our Members' Council	The Members' Council will work with Co-operatives UK to develop a set of measures to fulfil the Council role of 'holding the board to account'. The Council will agree effective Key Performance Indicators (KPIs) with the Board to demonstrate that these measures are being delivered
		Increase the number of female nominees for the Member Council and proportion of female Members elected to the Member Council in 2016
Following sign-off from the Executive in 2015, the Co-operative Young Members' Board (CYMB) will launch and begin to deliver its Manifesto for Young People, providing our vision for youth engagement throughout our business	Target achieved The CYMB has published and began work to deliver its Manifesto for Young People. They have been working with the business in the development of products and services, and actively encouraging young Members to get involved in the AGM	The CYMB will continue work to deliver its Manifesto and publish an annual report in 2017, detailing progress against each pledge
As part of our work on developing a new Membership proposition, launch around 50 Community Pilots in 2015, including Member-led pilots, known as Co-op Local Forums	Target achieved We've been running over 50 Community Pilots, including Co-op Local Forums which are facilitated by Member Pioneers. See UK communities for more	Complete evaluation of Community Pilots and formulate next steps

Customers

2015 target	Progress against target	2016 target
Achieve a customer satisfaction score of 7.7 out of 10 for Co-op Food	Behind schedule The Food business achieved an average customer satisfaction score of 7.4 out of 10, which was the same as 2014, although below the target of 7.7	Achieve a customer satisfaction score of 7.7 out of 10 for Co-op Food
Maintain a Funeral Excellence Score (FES) of at least 91.5	Target achieved Funeralcare's Excellence Score for 2015 was 94.6, exceeding its target of 91.5	Maintain a Funeral Excellence Score (FES) of at least 91.5

Suppliers

Targets

See [Ethical trade](#), [Fairtrade](#), [Biodiversity](#), and [Backing British Food](#) sections

Ethics and sustainability management

Our strategy

2015 target	Progress against target	2016 target
		Carry out a review of our policies and their implementation across our material sustainability and ethical issues (as identified by the prioritisation exercise we conducted in early 2016). Overseen by the Co-op Way Policy Committee, agree a programme of work to further embed each of these in a consistent way across the business
Continue to set new standards for openness and honesty globally	Target achieved Our 2014 report came 4th in the Corporate Register Reporting Awards (CRRRA) 'Openness and honesty' category 2016	Continue to set new standards for openness and honesty globally