



ACCA UK AWARDS FOR SUSTAINABILITY REPORTING 2008

THE CO-OPERATIVE GROUP RUNNER-UP, BEST REPORT

The Co-operative Group comprises a Trading Group (food shops, farms, pharmacies, funeral care, travel and legal services), together with The Co-operative Financial Services (banking and insurance). All are run according to the co-operative values and principles. The Group's vision is to be the best co-operative business in the world. It aims to serve its members, deliver its social goals, and make a reasonable financial return to member-owners, both corporate and individual.

Whilst the Bank was the first of the Co-operative Group's businesses to produce a Sustainability Report in 1998, the 2006 publication (which achieved the ACCA runner up award) was the second Report to include performance information from across the Group's businesses, in the current format. The Report was assured by csnetwork in accordance with the AA1000 Assurance Standard, and achieved a GRI G3 rating of B+.

Transparency

Ruth Woodall, the Group's acting sustainability reporting and communications manager, underlines the benefits that reporting has to offer: 'The report is a very important document for us, because it demonstrates our open and honest approach, enables us to maintain and build stakeholder trust, and drives internal performance. It allows us to show that sustainable development is truly core to our business.' The Co-operative Bank produced its first Partnership Report in 1998, and it was referred to as "the world's most significant corporate publication" in that year by Tomorrow Magazine. In 2003, the performance of The Co-operative Bank, and The Co-operative Insurance was brought together in the first Co-operative Financial Services (CFS) Sustainability Report. And in 2005, performance from across the Group's Trading and Financial Services businesses was brought together in a single Sustainability Report in the current format; the Trading Group had previously produced a stand-alone Sustainability Report.

Report production is led by the Sustainability Reporting and Communications team, part of the Social Goals department. For eight to nine months of the year, two members of the team spend the majority of their time on activities relating to the production and dissemination of the report. They are helped by around ten other members of the department, and receive input from staff across the business, who are tasked with collating relevant data, and providing information and audit evidence.

Including views of key people

Stakeholder involvement is important and is sought widely as part of the Group's Sustainable Development activity. The Co-operative Group has over 1.7million economically active members, and these are key stakeholders that the Group engages with to help identify material issues to address. At the end of 2007 the Co-operative Food launched its Ethical Policy, based on the views of over 100,000 members, including staff and customers, who responded to the Ethical Policy consultation. In early 2009, the Group launched its new community strategy, following a member consultation, in which more than 50,000 took part. And in early 2009 the Co-operative Bank launched its new Ethical Policy, which was mandated by a record 80,000 customers.

In producing the Sustainability Report, leading opinion formers are also consulted, for example, the Group's most recent Report includes a commentary from Jonathon Porritt, chair of the UK Sustainable Development Commission. The assurance process also informs the Group's reporting, as does feedback from the previous reporting cycle. The Group's Values and Principles Committee, a senior committee of the Board that has responsibility for overseeing the Group's sustainability, community and membership strategies, plays a key role in reviewing and approving the Sustainability Report, prior to final sign-off by the Trading Group and CFS Chief Executives. That such authority should rest with a body made up entirely of non-executive directors, many of whom are drawn from the Group's ordinary membership is significant.

The report is available on the Group website, and members of the public can request copies of the Group's latest Report.

Maintaining rigour

Previously, Ruth has been part of the Sustainability Reporting team, but will be leading the development of the 2008/09 report: 'As the process has evolved, the scope of our reporting has expanded to reflect evolving material issues and changes to the business' structure; we intend to maintain a high level of detail in our future reporting, and to sustain the rigour with which we currently report. Although we include a summary of our Sustainable Development activities in the Group's annual report, we have no current plans to integrate the two documents.'

Despite a challenging economic climate, Ruth feels that sustainability reporting is more important than ever, especially for the Co-operative Group: ' Whilst posing challenges for businesses, the current climate also provides opportunities to stand ahead for those businesses that have an ethical, trusted approach at the heart of their operations. The Co-operative model is going from strength to strength and consumer perceptions of our brand and products, and our membership base continue to grow. Our sustainability reporting helps to differentiate us from those organisations that do not have ethics at the heart of their operations. The Co-operative movement has had a values-led approach since its inception in 1844, and the resulting trust placed in us by our stakeholders continues to be a positive driver across our activities.'