



***COOP'S ACTIONS AND PROPOSALS FOR A
SOCIAALLY RESPONSIBLE SUPPLY CHAIN***

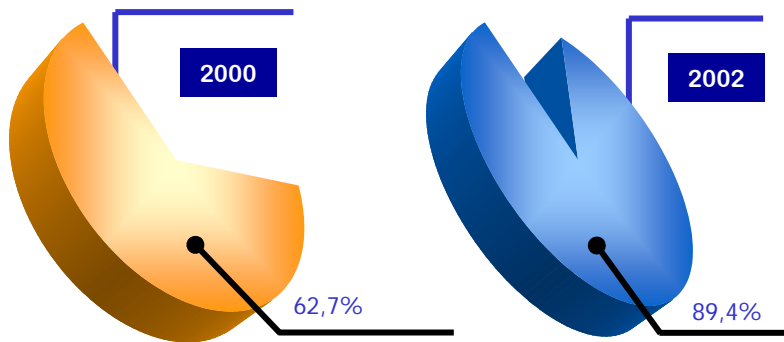
Vincenzo Tassinari

Oslo, 1 September 2003

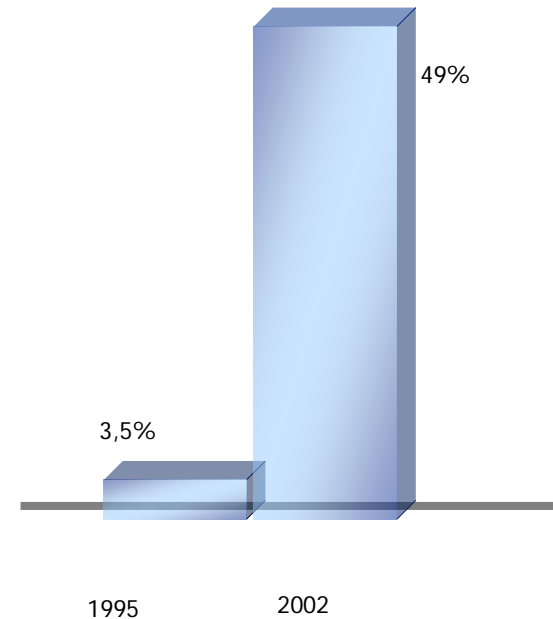


Large-scale Retail in Europe and Italy

Market share of the 5 first Retail groups in Italy



Market share of the Buying centrals linked to International groups





Development of Coop's System structure

Coop 1982 – 2002: 20 years of growth and innovation

| | 2002 | 1982 | variation | |
|--|--------|--------|-----------|------|
| Cooperatives | 178 | 493 | -315 | -64% |
| Outlets | 1.265 | 1.386 | -121 | -9% |
| SqM x 1000 | 1.230 | 361 | +869 | 241% |
| Members x 1000 | 4.995 | 1.171 | +3.824 | 327% |
| Employees | 47.300 | 15.710 | +31.590 | 201% |
| Sales (€ x 1000) <i>prices 2002</i> | 9.860 | 3.023 | +6.837 | 226% |



2002-2005 Coop's system development

91 New outlets (Super and Hyper)

+ 300.000 SqM Area of Sale

10.000 new employees



Annual Sales: + 2.500 Mln €

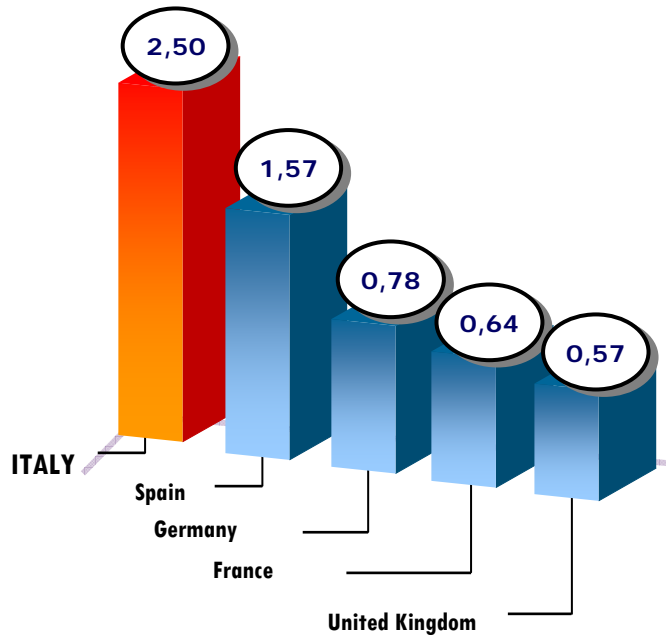
Potential market share increase + 4%

2 Bln € Investments



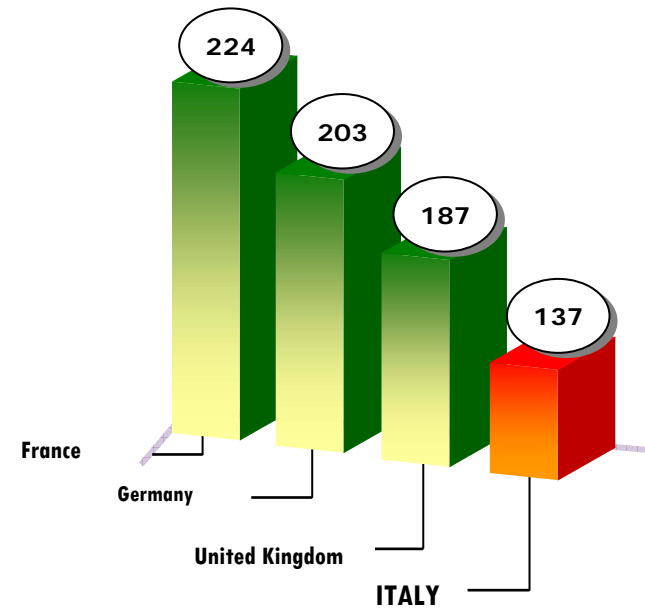
Qualified and responsible development of Coop's channels

Grocery outlets every 1.000 inhabitants-2001



Source: AcNielsen

SqM Super+Hyper every 1.000 inhabitants-2001

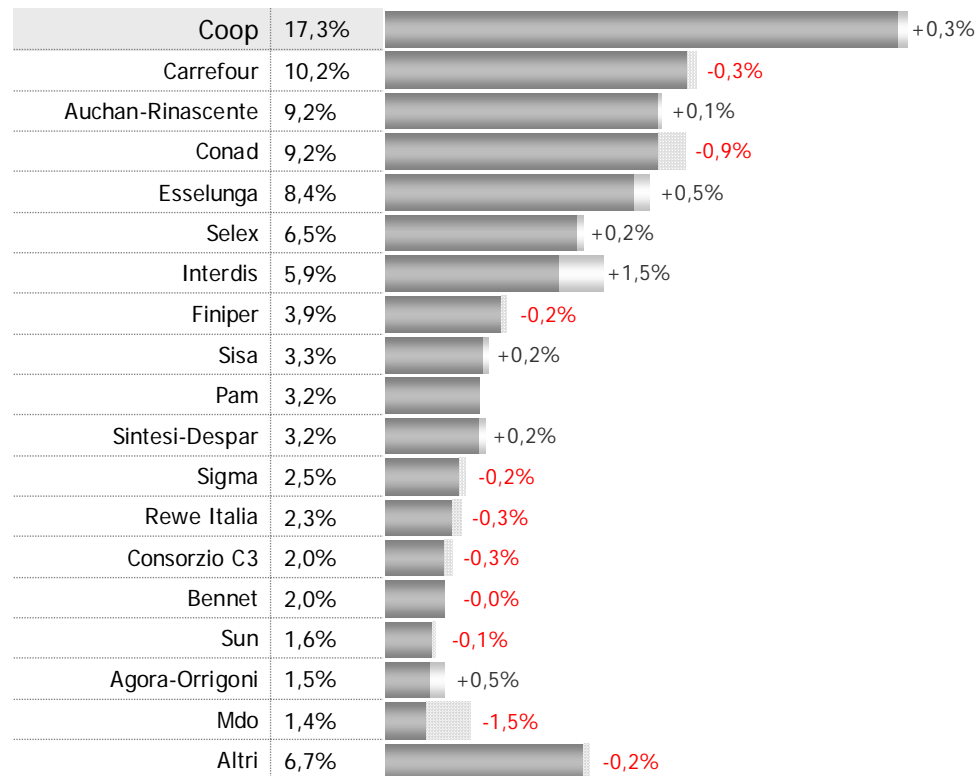


Source: TradeLab



Leadership – Sign and Distinctiveness

Sign shares Super+Hyper - Grocery



Source: Coop Italia elaborations on Information Resources data



Coop Private Label



SAFE

Products are inspected with laboratory tests and the suppliers' production processes are also inspected

GOOD VALUE

Large quantities of products sold at the national level so that an excellent quality/cost ratio is maintained



APPROVED BY MEMBERS

Coop brand products are examined by a group of tasters formed by members in all the major cooperatives

ETHICAL

Coop has the SA 8000 certification and its suppliers have accepted and respected this ethic code of conduct

ENVIRONMENT FRIENDLY

Product packaging is reduced to the minimum and, if possible, recyclable

No GMO

Coop has chosen caution: all Coop products are certified as not containing genetically modified organisms



Coop Private label Sales- 2002

The excellent development of Coop Private label in 2002 has produced a share increase of over 1 point on Coop total Sales.

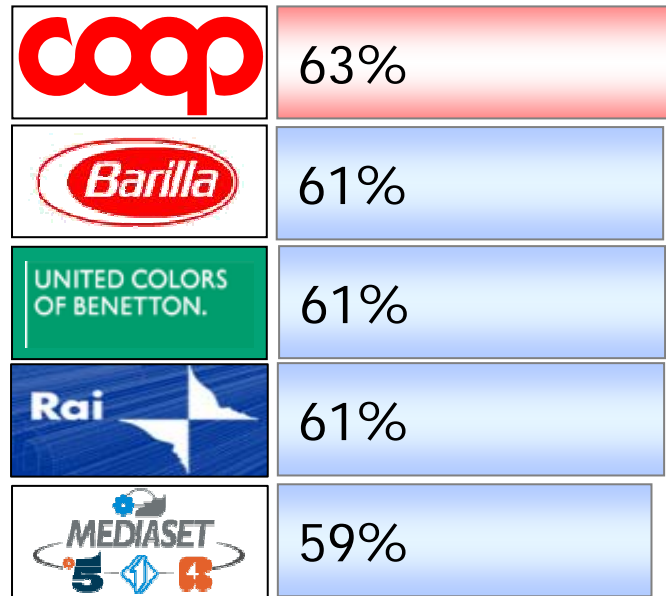
| | 2001 | 2002 | delta |
|-------------------------|--------------|--------------|----------------|
| Grocery | 673 | 743 | + 10,4% |
| Meat | 456 | 576 | + 26,5% |
| Fruit & Vegetable | 259 | 291 | + 12,3% |
| Non Food | 38 | 50 | + 32,6% |
| TOT COOP PRODUCT | 1.425 | 1.660 | + 16,5% |

Share on Coop Sales 2002= 17,4% (+1,3)



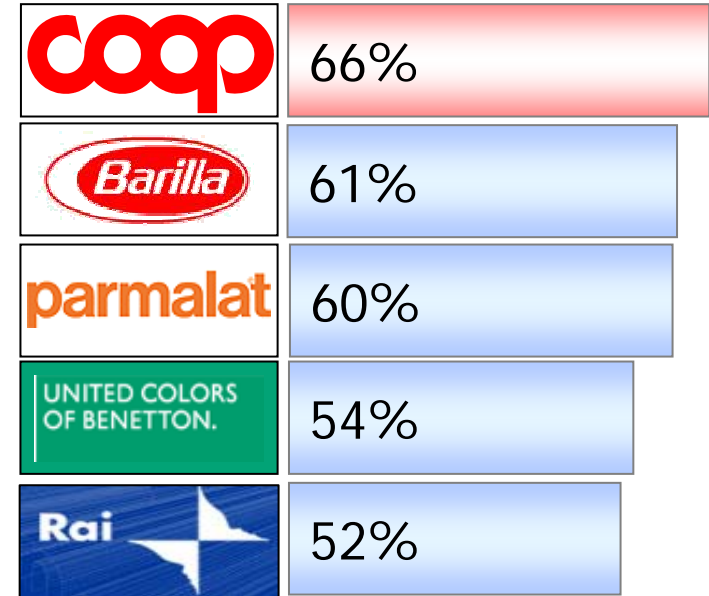
Reputation

ENGAGEMENT IN GOOD CAUSES



Positive ratings 0 20 40 60

ENVIRONMENT RESPONSIBILITY



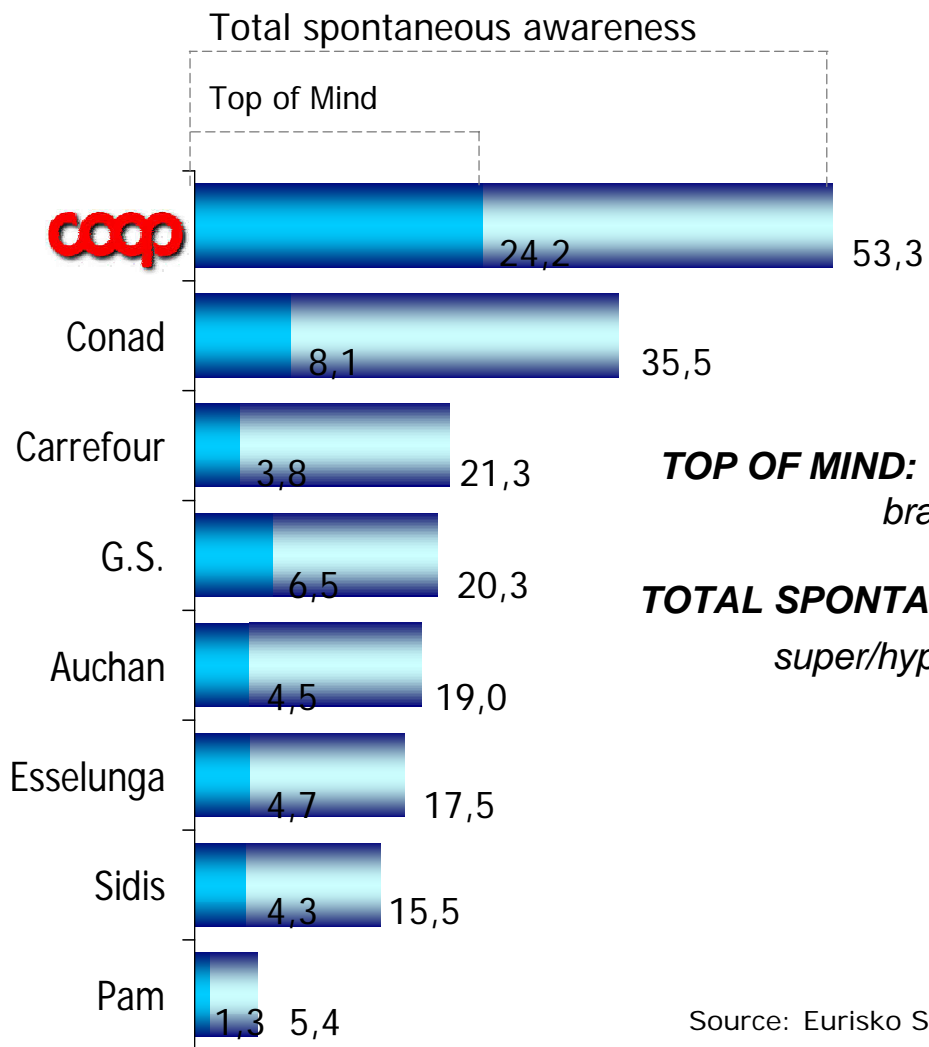
Positive ratings 0 20 40 60





Brand Awareness

Coop confirms its n.1 position for brand awareness and improves considerably with respect to 2001 (+3,5)



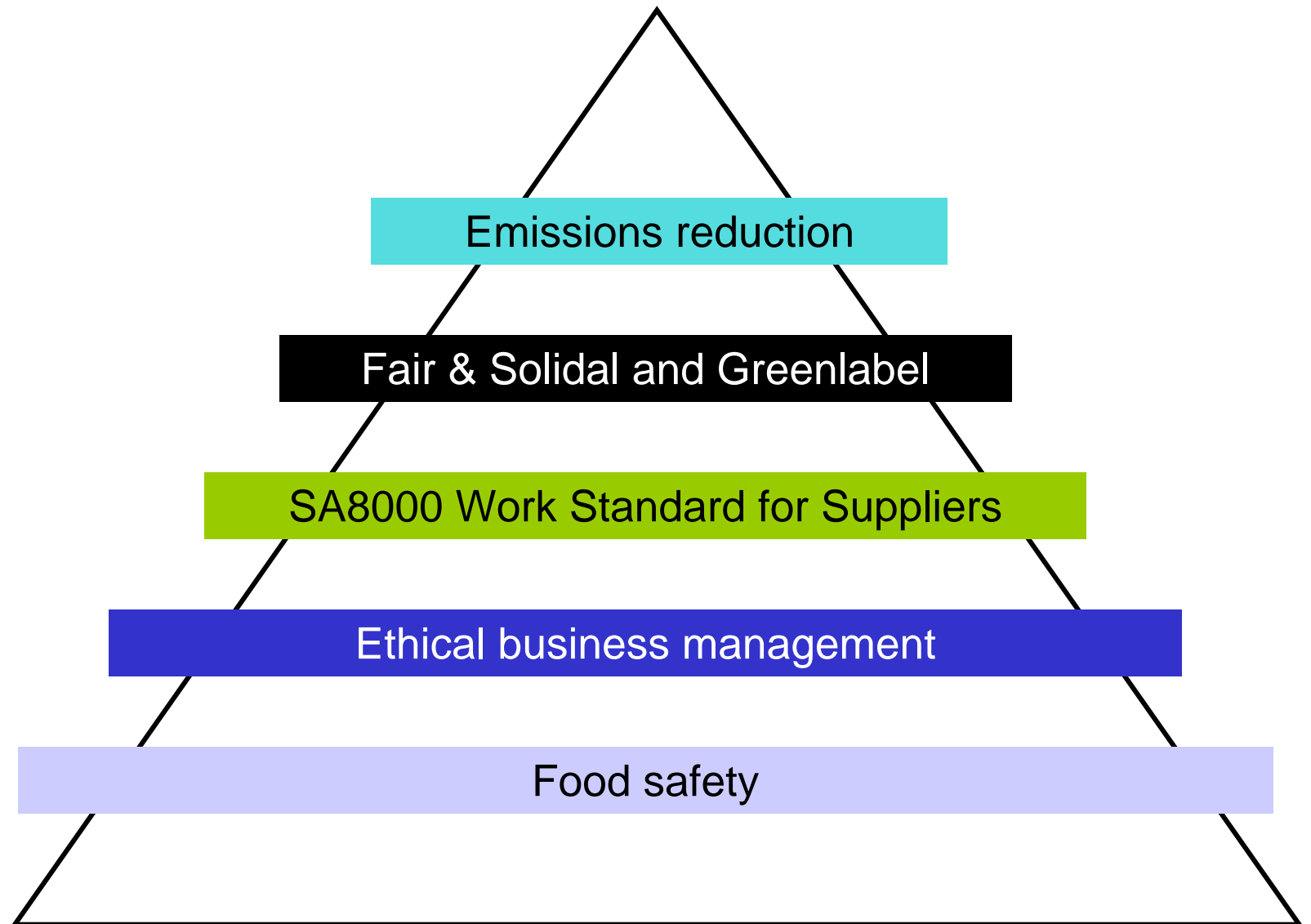
TOP OF MIND: "Talking about super/hypermarkets. Which brand comes to you mind first?"

TOTAL SPONTANEOUS AWARENESS: What are the other super/hypermarkets that come to your mind?"

Source: Eurisko Survey 2002 – 2.250 interviews



From Quality to Ethics



M1

ogni riga dovrebbe avere un colore diverso

Marisa, 15.06.2003



Coop and the Environment

A graphic consisting of a white triangle with a black outline. Inside the triangle, there is a light blue rectangular box containing the text "emissions reduction" in black.

emissions
reduction

- 1980's: Actions and campaigns to awaken consumers on key-points related to environmental impact (CFC,phosphor...)
- 1984: first products from **organic agriculture**
- 1988: "**Prodotti con Amore Coop**", cultivated with integrated agriculture
- 1996: **Environmental quality standards** for all Coop private label suppliers
- 1999: **Organic Coop private label products**

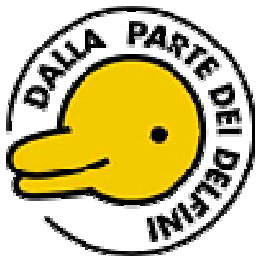


Private label

Emissions
reduction



- 1999: first private label product certified **Ecolabel**, with reduced environmental impact



- 2001: participation to the "**Dolphin safe**" and "**Friend of the sea**" projects, international **ecological fishing methods** promoted by the Earth Island Institute



- 2002: first private label product **certified FSC** (wooden derivatives), for a sustainable forest management, socially useful and economically effective



Packaging

A graphic consisting of a white triangle pointing upwards, with a light blue rectangular box inside it. The text "Emissions reduction" is written in black inside the box.

Emissions
reduction

- Distributors installed in-store for loose sale of liquid products
- In-store " ecology islands " for the differentiated collection of packaging from domestic use
- Reduced plastic materials for shoppers:
 - 1.300 ton (2001)
- Reduced packaging weight and volume, 2002 results :
 - 8,5 ton of plastics for multipack coffee
 - 32,6 ton of pvc compared to home standard films
 - 64,7 ton of primary packaging
- Use of recycled materials for packaging manufacturing
 - 626,8 ton of recycled plastics used for home detergent bottles
 - PVC-free films for the packaging of Fresh products



Structures and plants

A graphic consisting of a white triangle pointing upwards, with a light blue rectangular box in the center containing the text 'Emissions reduction'.

Emissions
reduction

In the last 3 years

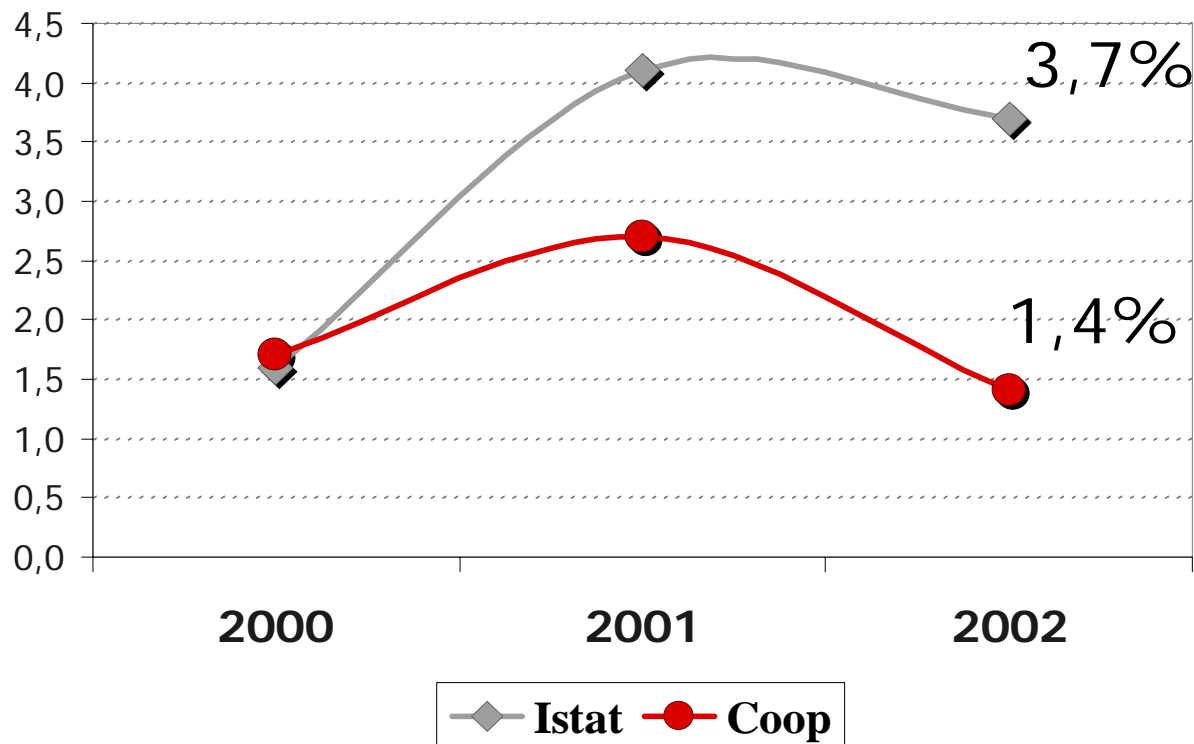
- **2000:** Systematized collection of data on power consumption of over 300 outlets
- **2001:** Participation to the Greenlight program and European recognition
- **2002:** Use of CO2 in direct expansion plants in Low Temperature circuits
Testing on EMAS operating system in one Hypermarket
- **2003:** Photovoltaic plant for electrical energy production (being implemented)
Solar plant for hot water production (being implemented)
Waste waters recycling plant for post irrigation and toilets reuse (being implemented)



Inflation control

Ethical business
management

In 2002 sales inflation for Coop (Food) was considerably lower than the national - 2,3 points below Istat figures. **This means we have safeguarded our Customers purchasing power.**



Source: Istat, Coop Italia Prices Observatory



Coop – Fair and Solidal

Fair and solidal



- 1995 COOP joins Transfair Italia introducing some references in its assortment

535.000 €

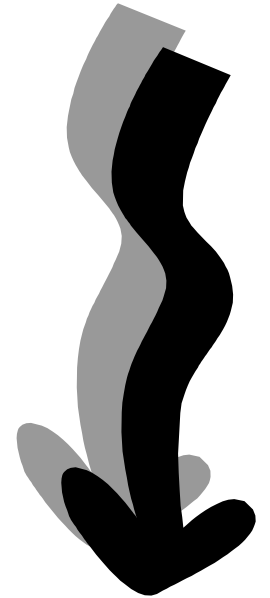


- 1997 Coop & Transfair realize the ethical ball, against child labour



- 2002 Coop & Transfair create the Solidal line in the private label

2,9 mln €



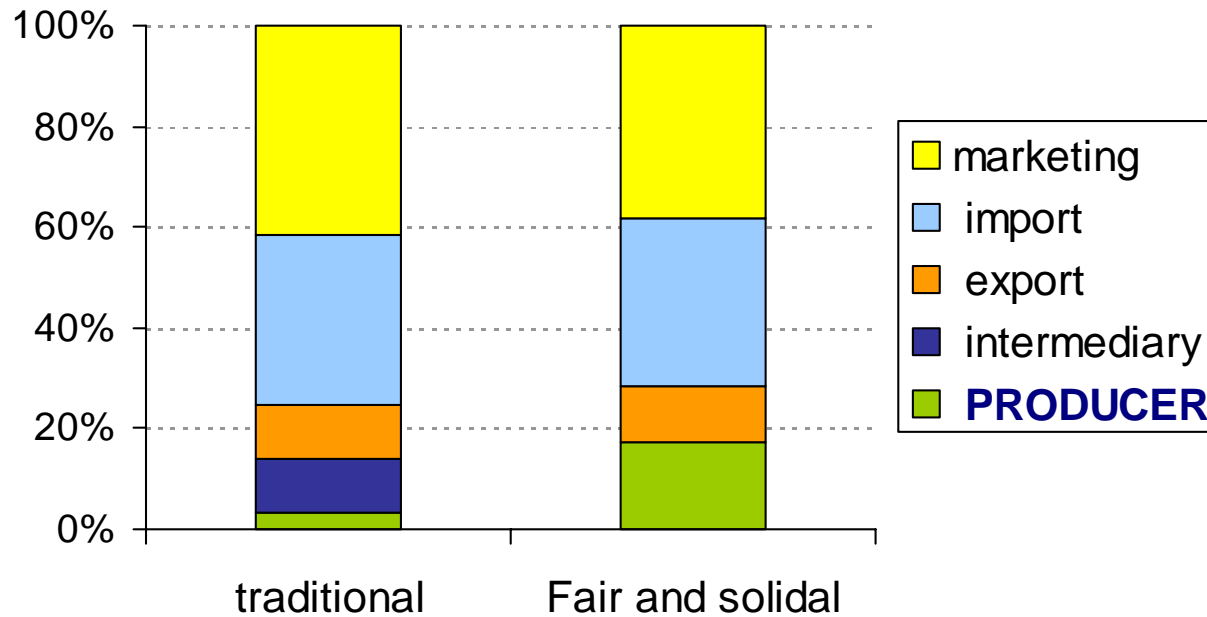


Fair and Solidal

Fair and solidal



The case of Bananas: cost to the customer of 1 Kg of organic bananas : 2 -2,5 €





SA8000 standard

Work standard for suppliers

- No child labour
- No forced labour
- Guarantees for safety and health at the workplace
- Freedom of association and right to collective bargaining
- No discrimination
- Disciplinary practices restricted
- Compensation to meet basic needs
- Work hours





A definition of Social Responsibility

“the set of rules followed by a company operating on the market, respecting the well-being of a large group of stakeholders, including workers, business partners, community and the environment for the safeguard of long-term business sustainability...”



Legislative developments

In Europe

Green Book



*European
Community
Priorities*

*Multistakeholder
forum*

In Italy



*Social
Committment*

*Italian Gov.
Priorities*

*Promoting of SA8000 by
local public authorities*

M3

Inserire le cartine dei 2 paesi da cui far uscire le altre voci

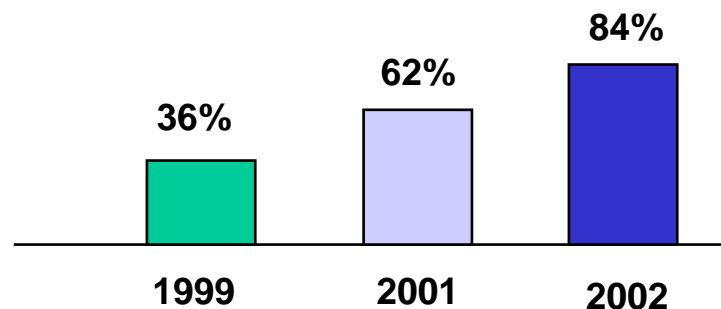
Marisa, 15.06.2003



What Italian consumers think

- ☑ **“Social responsibility is important for companies reputation ”**

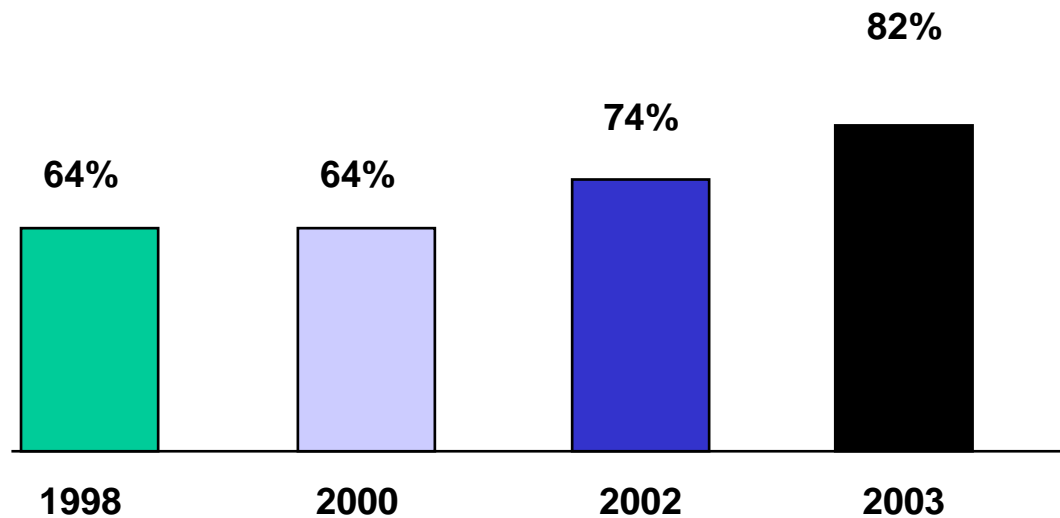
It increases awareness





Evaluation of companies commitment

- ☑ ***“Companies do not pay enough attention and are not sufficiently committed to SR”***





Consumers behaviour

☑ ***“Knowing that a company is socially responsible...”***

...in practice

• I favoured a socially responsible company

25%

• I penalized a non socially responsible company

33%





Key elements

☑ **“A socially responsible company is characterized by...**

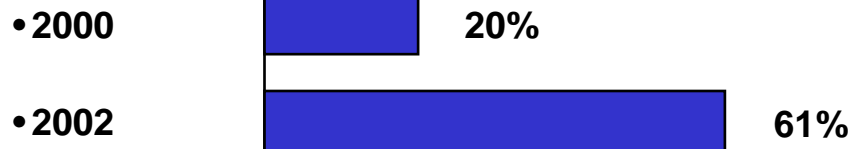
Attitudes vs workers



Attitude vs environment



Attitude vs community





Do consumers, retailers and producers have the same priorities in possible areas of collaboration ?

| POSSIBLE AREAS OF COLLABORATION | RETAILERS PRIORITIES | PRODUCERS PRIORITIES | CONSUMERS PRIORITIES |
|--|----------------------|----------------------|----------------------|
| • Food safety | 1 | 1 | 1 |
| • Suppliers work standard | 2 | 3 | 2 |
| • Waste/Pollution reduction | 2 | 3 | 2 |
| • Responsibility for the product towards consumers | 1 | 2 | 2 |
| • Transports optimization | 5 | 4 | 3 |
| • Fair & Solidal and Greenlabel | 1 | 5 | 4 |
| • Ethical business management | 3 | 6 | 5 |