

The **co-operative**

Sustainability Report 2007/2008

The Midcounties Co-operative

“we are committed
to improving our
environmental
performance
year-on-year”



Sustainability Report

Introduction

Welcome to the first Sustainability Report produced by The Midcounties Co-operative. In this, we have identified the key issues we are trying to tackle, the actions we have taken and what we plan to do in the future.

We recognise the impact our business activities have on the environment and we are committed to improving our environmental performance year-on-year, with the objective of becoming a more sustainable business.

We believe it is the right thing to do and public opinion, and in particular the views of our members, tells us that this is what they want us to do. We also recognise that more efficient use of resources and reducing waste makes perfect business sense, which is another strong reason for us to take action.

As part of our commitment we have:

- employed an Energy & Environment Team to address environmental issues throughout the business
- formed an Energy & Environment Steering Group comprising senior management representatives from all trading groups and a Board member
- set up a dedicated Energy & Environment budget of £100,000 annually to progress energy and environment projects.

“we recognise the impact our business activities have on the environment”

We have chosen to report on the main areas where we believe we can make a difference. These are:

- Energy
- Carbon footprint
- Carbon offset
- Waste and recycling
- Managing our supply chain

We also work closely with The Co-operative Group on issues such as food sourcing and supply. Further details on the Group's work can be found in its own sustainability report (www.co-operative.coop/corporate/sustainability or 0800 0686 727).

We hope you will find this report helpful in informing you of the progress we have made and the actions we plan to take to improve our environmental performance.



Ben Reid
Chief Executive
31 March 2008



Energy

Why it matters

Energy consumption represents both the largest environmental impact that we make, as well as one of our highest costs. Reducing our energy consumption is therefore a priority. We are committed to reducing our energy consumption by 20% in real terms by 2010.

What we have done

We source 100% of our electricity from green sources – exceptional for a business of our size. This energy is 100% pure and comes only from wind, solar and small scale hydro sources. A proportion of this energy comes from The Co-operative Group's own wind farm in Cumbria.

We have created five green stores to better understand how green technologies can help us. These have been fitted with:

- heat reclamation equipment that takes the heat from refrigerators and recycles it to warm the building, eliminating the need for additional heating
- automatic night blinds on refrigerators that reduce energy use
- high frequency/low wattage sales area lighting
- energy efficient out of hours lighting levels
- movement sensor lights in all common areas
- sustainable urban drainage systems

Energy efficient lighting is included in the specifications for new stores and refurbishments.

Refrigeration equipment is being replaced with energy efficient units listed on the Government's Enhanced Capital Allowance Technology List.

Energy saving equipment has been installed at our largest store in Carterton, that will reduce overall gas consumption by 25%.

Time clocks have been fitted to wine, beer, carbonate and non-perishable chillers in all our food stores.

Our office facilities have energy saving lighting controls fitted to toilets and shared areas.

We have installed photovoltaic panels at our Botley Road site in Oxford.

What we are going to do this year

In 2008 we will be installing 'Smart Electricity Metering' in all our food stores, allowing accurate monitoring of consumption and targeting of energy efficiency measures.

We will also appoint 'Energy Champions' at all our stores to help identify and implement energy efficiency measures.

We are looking to install an 850kw wind turbine on land close to our offices at Botley Road, Oxford. This could provide up to 75% of the electricity requirements for the offices, our Motorworld dealership and our food store in nearby Botley. Our planning application for a test mast is due to be heard by the City Council in May 2008 and if successful we will erect a test mast soon after that. If the wind speeds are favourable we will look to submit an application for a wind turbine as soon as possible.

Throughout 2008 we will continue to look for other potential sites to locate wind turbines on land we own.

We are researching the use of solar and wind powered lighting for our store car parks. As part of a refurbishment project at our Cainscross store, we are planning to install solar powered grid connected lighting. The solar panels will offset the electricity used in lighting the car park at night and the electricity they generate will be sold back to the grid as green energy. The store will also receive an annual income from the Government's Renewable Energy Certificates (ROCS) scheme. We plan to complete this project by autumn 2008 and will assess the results with a view to rolling it out to more of our car parks.

“we source 100% of our electricity from green sources”

Carbon Footprint

Why it matters

Measuring and reducing CO₂ emissions is an essential part of our commitment to reducing the climate change impacts of our business.

Accuracy of data and consistency is crucial as it is important that our reporting is both rigorous and verifiable.

What we have done

We reduced our quarterly CO₂ emissions from 61.8 tonnes per £1m turnover at the start of 2006 to 6 tonnes at the start of 2007. By the beginning of 2008 we had further reduced this to 5 tonnes per £1m turnover.

This massive reduction is largely due to our procurement of 100% green electricity, something which we will continue to use. We are now focusing on energy saving and efficiency measures to further reduce our carbon emissions.

As a co-operative, we see that education has a vital role to play in tackling climate change. We ran a major month long campaign in our stores on the impact of climate change - the first retailer to run such a campaign. A number of member events were also held to support this initiative.

We supported Oxford City Council in producing a sustainable living guide and website 'Oxford is My World' and were delighted when it won the 2007 'Green Champion' award, presented by The Green Organisation.

What we are going to do this year

In 2008 we will include further elements in our carbon footprint measurements and improve the accuracy of our data collection and analysis. This is likely to increase our tonnes of CO₂ per £m of turnover figure initially, but in the longer term we will have greater confidence in the rigour of our reporting. Furthermore, we will also know that any reduction in our CO₂ emissions going forward will be the bottom line figure that makes a genuine contribution in the fight to combat climate change effects.

“as a co-operative, we see that education has a vital role to play in tackling climate change”



Carbon Offset

Why it matters

Carbon offset is not the answer to climate change, but it can help mitigate the impact of actions that we and our customers consider unavoidable.

What we have done

Our Travel Group's customers are given the opportunity to offset the CO₂ from their flights.

Our Motor Group offers customers the opportunity to offset the carbon produced by a new car in its first year, with an option to offset further years.

The CO₂ from all our business mileage is offset.

Our CO₂ emissions are currently offset via a UK based carbon offset company. This year our offset has supported two principal projects:

- construction of wind turbines in the Indian state of Tamil Nadu, a project that will achieve an overall generating capacity of 9.9MW and will have displaced 47,000 tonnes CO₂ between 2005 and 2007.

- a methane capture project at Rhine-Rhur Germany where methane gas (21 times more potent than CO₂ as a greenhouse gas) is extracted from abandoned coal mines and used to fuel combined heat and power units that supply local communities with electricity and heat. This has so far led to emission reductions equivalent to 385,000 tonnes CO₂.

What we are going to do this year

We plan to bring our carbon offset schemes in-house by financing both our own and community based projects that directly address the reduction of CO₂ emissions within our trading area.

“the CO₂ from all our business mileage is offset”



Waste & Recycling

Why it matters

Giving careful consideration to the management of resources is crucial in achieving a more sustainable business model. We are committed to improving the use of our resources, reducing waste and increasing the amount and different types of waste we recycle.

The cost of our waste management for 2007/2008 was in excess of £400,000. Landfill Tax charges have increased from £24 per tonne to £32 per tonne from April 2008 and over the last 12 months diesel prices have increased by 15%. Waste disposal charges are going to continue to rise as the availability of landfill space becomes increasingly scarce. It makes perfect business sense, as well as providing clear benefits to the environment, to reduce waste and recycle more.

Legislation increasingly requires businesses to comply with more stringent regulations governing the management of waste. For example, the Pre-treatment of Non-hazardous Waste directive, which came into effect on 30 October 2007, requires all non-hazardous business waste to undergo some form of 'pre-treatment' prior to being sent to landfill. In practice this means that waste that can be recycled should be separated from other waste materials on site and sent for recycling.

What we have done

Plastic bags

Our Food Retail Group adopted a new strategy on carrier bags during 2007 following demand from our members and customers to reduce the use of plastic carrier bags in our retail stores.

We wanted to:

- make a statement regarding our commitment to the environment
- provide an opportunity to extend the range of alternative reusable bags
- fulfil our commitment (under the Courtauld Commitment - see below) to reduce plastic raw material within carrier bags by 25% for 2008 (and 50% for 2010)

So far we have achieved:

- a reduction in single use carrier bags in 2007 of 11.5% compared to 2006 (saving 36 tonnes of bags)
- a significant increase in sales of Bag For Life and Fairtrade Bags

Waste audits

We conducted two detailed waste audits at our Chilled Distribution Centre and our Templar Square store in Oxford to assess our current waste management practices. From the audits, it was shown that a further 25% of waste destined for landfill could be recycled. As a result we are planning to pilot a programme across a number of sites to train in appropriate recycling procedures and practices. Ultimately, it is the intention to roll this out across all of our stores.

Packaging

We undertake a packaging material recovery scheme in partnership with other members of the Co-operative Retail Trading Group (CRTG). This scheme recovers cardboard and plastic waste generated from our retail stores throughout our trading area and returns it to central processing points for recycling.

During 2006 (the most recent year for audited figures) our stores recovered 11.081 tonnes of cardboard and plastic waste. In 2008 this service will include customer returned plastic carrier bags.

What we are going to do this year

In 2008 we will:

- conduct 20 further waste audits
- monitor more closely the amount of cardboard and plastic wrap returned for recycling
- ensure that all applicable sites carry out pre-treatment of non-hazardous waste
- work with co-operative partners to develop further recycling initiatives
- work with local waste authorities to develop recycling projects
- increase the number of environmentally friendly stationery products we procure
- increase the amount and efficiency of recycling at our office sites
- continue our initiatives to reduce the use of plastic bags

The Courtauld Commitment

The Courtauld Commitment is a partnership between the government's Waste & Resources Action Programme, food retailers, manufacturers and packaging suppliers that is developing solutions across the whole supply chain to reduce packaging and packaging waste. The Co-operative Group is a signatory to the Commitment and through our links with the Group and CRTG we can benefit from the actions taken. These include, for example, reducing the weight of packaging for glass drinks bottles, eliminating certain packaging altogether, for example tomato puree boxes and selling unwrapped cucumbers, and increasing the amount of recycled materials used in packaging.

“we achieved a reduction in single use carrier bags in 2007 of 11.5% - saving 36 tonnes of bags”



Managing our Supply Chain

Why it matters

Food miles are widely recognised as a measure of how far our food travels from field to plate. Agriculture and food transport now account for nearly 30% of all goods transported on our roads. This adds substantially to the CO₂ emissions that are contributing to climate change.

What we have done

Our local sourcing scheme ('Local Harvest') has been operating for more than four years. Sales of local goods sourced from local growers and producers from within our trading area are now in excess of £2.9m - an increase of more than 45% on the previous year.

Autumn 2007 saw a major expansion to the scheme as availability of local produce was extended from our top 20 stores to all of our stores. This should provide more opportunities for many of our local suppliers. All stores will now advertise which of their products are sourced from within a 40 mile radius of the store.

The Society currently supports 33 suppliers such as Hobson Ales in Cleobury Mortimer Worcestershire, Weston Cider in Herefordshire, Sugar & Spice Cake in Coleford Gloucestershire, and Freeminer Coal in the Forest of Dean.

We pride ourselves on working closely with our suppliers in collaboration with CRTG's national buying team in order to develop further opportunities for their businesses.

Sourcing locally does not always guarantee a reduction in food miles. We need to bear in mind that not all local suppliers have an established distribution network to deliver direct to all our stores and that some local suppliers are better off delivering via our depots. Since our delivery lorries call at our stores on a regular basis distribution of each Local Harvest product is reviewed regularly in full agreement with the supplier and The Co-operative Group. We also encourage local suppliers to work with one another in order to combine delivery drops whenever possible.

Our work on local sourcing and support for rural community owned village shops was recognised when we were awarded the highly prestigious 'Big Tick' Award for Excellence presented by Business in the Community. Big Ticks are given to organisations that demonstrate excellence in operating ethically and making a positive impact on society while generating benefits for the business itself. This initiative then went on to be named runner up in the national Rural Action Award, beating several other entries from the food industry.

What we are going to do this year

This year will be the first full year of the new arrangements for our Local Harvest scheme. We aim to raise sales to £4m and introduce further suppliers where possible.

“all stores will now advertise which of their products are sourced from within a 40 mile radius of the store”



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The Midcounties Co-operative is happy to provide publications in alternative formats.

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