

# 97%

## of our electricity is from renewable sources

# Ecological sustainability

### Living in the real world

Co-operative Financial Services (CFS) is seeking to reconstitute the relationship between its business activities and Nature. This is not being pursued for altruistic reasons, but because there are physical limits to the resources of the Earth, both in terms of generating materials and absorbing wastes. Any business activity that exceeds Nature's non-negotiable limits is, by definition, unsustainable in the medium to long term. CFS' Sustainable Development Policy (page ten) sets out the minimum conditions for ecological sustainability and is heavily influenced by an approach referred to as The Natural Step.<sup>i</sup>


### Normalisation

During 2003, the eco-efficiency analysis used by the bank has been extended across CFS; with ecological impact reported in relation to customer account numbers. If CFS can control consumption of energy and other resources, whilst at the same time increasing the number of customer accounts it operates, then real eco-efficiency gains can be achieved. For 2003, 11,142,000<sup>ii</sup> is taken to be the total number of CIS and bank accounts. Some businesses normalise their impacts on the basis of employee numbers. Therefore, to facilitate benchmarking, data is also presented on this basis, using 13,901<sup>iii</sup> as the total staff number for CFS during 2003. However, CIS Insurance Sales Financial Advisers (approximately 3,000 staff) spend most of their time working away from the office; either operating from their homes, or working in customers' homes. As such, to avoid understating the ecological impacts of CFS waste production and utilities use per employee, Financial Advisers have been excluded from employee numbers for these indicators.

### Benchmarking

CFS' performance has been benchmarked against Credit Suisse Group, as stated in their Sustainability Report 2002.<sup>iv</sup> The Credit Suisse Group Environmental Report is one of the few in which data has been externally verified. The Group was commended for its environmental performance in a survey of major European banks conducted by Oekom Research.<sup>v</sup> Credit Suisse Group data refers to their operations in Switzerland alone. Additionally, use is made of Building Research Establishment (page 75) and Environment Agency (page 75 and 82) benchmarks.

### Developments

As part of the development of CFS, ethical, ecological, diversity, social accountability and business development functions have been brought together into a new Sustainable Development Team. The consolidation of CIS and bank ethics and sustainability accounting systems has been a major piece of work in 2003. It has resulted in restatement of previously published datasets in a few instances; where the completeness of certain indicators has been standardised, or a review of historic data has identified inaccuracies. Where this has occurred, the symbol  appears next to the dataset, and an explanation of the change is provided on CFS' website.<sup>vi</sup>

### Reporting guidelines

In 2001, the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) produced guidelines that set out how to produce a good quality environmental report.<sup>vii</sup> CFS' 2003 Sustainability Report is consistent with the proposed 'reporting process', and covers both those indicators suggested as being 'relevant to all organisations' and those

indicators considered to be 'additional extras'. The guidance cites the bank as one of seven examples of good practice. CFS has also followed most<sup>viii</sup> aspects of DEFRA's reporting guidelines for greenhouse gas emissions, waste and water use.

### Assurance

An assessment of the degree to which CFS succeeds in delivering value to Partners in an ecologically sustainable manner is provided by Jonathon Porritt, Chairman of The Natural Step UK and Programme Director of Forum for the Future. For further details, please contact Paul Monaghan, Head of Sustainable Development (paul.monaghan@cfs.co.uk).

i [www.naturalstep.org.uk](http://www.naturalstep.org.uk)  
ii 3,204,000 bank customer accounts, a 5.8% increase during 2003; 7,938,000 CIS customer accounts, a 7.5% decrease during 2003.  
iii 4,138 bank employees and 9,763 CIS employees, including 3,091 Financial Advisers.  
iv [www.credit-suisse.com/sustainability](http://www.credit-suisse.com/sustainability)  
v [www.oekom.de](http://www.oekom.de)  
vi [www.cfs.co.uk/sustainability2003/restatements](http://www.cfs.co.uk/sustainability2003/restatements)  
vii [www.defra.gov.uk/environment/envrp/index.htm](http://www.defra.gov.uk/environment/envrp/index.htm)  
viii The DEFRA guidelines have been followed with two exceptions. Haulage impacts are not fully declared, as many of CFS' suppliers are unable to determine mileage for that proportion of business undertaken for CFS. CFS disagrees that the CO<sub>2</sub> emissions from Combined Heat and Power (CHP) derived electricity should be taken as zero. Instead, CFS has determined, in association with electricity suppliers, the CO<sub>2</sub> emissions of a typical UK CHP plant.

# Energy



- 63. Carbon dioxide emissions
- 64. Sulphur dioxide emissions
- 65. Nitrogen oxide emissions
- 66. Particulate emissions
- 67. Volatile organic compound emissions
- 68. Energy usage

## Targets 2003

### Bank

- Maintain the bank's 90% reduction in CO<sub>2</sub> emissions per customer account. **Target achieved**
- Per customer account, and in line with the UK Government's 'Making a Corporate Commitment 2' indicative targets, reduce emissions of SO<sub>2</sub> by 83%, NO<sub>x</sub> by 56% and VOCs by 53%, by 2010, based on a 1997 baseline. **Acceptable progress**
- Switch Glasgow and Guernsey branches from fossil fuel to renewable electricity sources. **Acceptable progress**

### CIS

- Continue to raise environmental awareness amongst CIS tenants. **Acceptable progress**

## Targets 2004

- Maintain CO<sub>2</sub> emissions from energy use at less than 0.5 tonnes per employee, and at less than 0.7kg per customer account. **Mike Eastwood, Supplier Relationships Manager/Andrew Simpson, Operations Manager/Liz Thompson, Environment Adviser**
- Undertake energy efficiency benchmarking, and achieve at least a 'B' rating at all main offices by end 2005. **Gary Thomas, Head of Property and Facilities/Andrew Farrell, Facilities Manager/Liz Thompson, Environment Adviser**
- Accurately account for energy consumption and CO<sub>2</sub> emissions for all investment property contracts. **Philip White, Principal Surveyor/Sarah Hunt, Environment Manager**
- Ensure that all new heating and boiler equipment specified by CFS across investment and business properties meets an 'A' energy rating. **Philip White, Principal Surveyor/Andrew Simpson, Operations Manager/Sarah Hunt, Environment Manager**

## Commentary

**Background** Energy consumption is a major contributor to pollution and a range of environmental problems. Carbon dioxide (CO<sub>2</sub>) is the primary agent of global climate change. Sulphur dioxide (SO<sub>2</sub>) is the principal contributor to acid rain. Nitrogen oxides (NO<sub>x</sub>) contribute to acid rain, global warming and respiratory ailments. Volatile organic compounds (VOCs) have been linked to health problems, such as cancer. More than 50% of the UK's energy use is associated with building occupancy and use.

**Context** The bank first reported its energy use in 1997, and began purchasing renewable electricity in 1998. CIS first reported energy use for main offices in 2000, and extended reporting to all sites in 2002. Renewable electricity was first purchased for CIS in 2001.

**Carbon dioxide emissions – Bank** As a result of the increased use of renewable electricity, the bank's net emissions of CO<sub>2</sub> have decreased by 87% compared with a 1997 baseline. CO<sub>2</sub> emissions per customer account have decreased by 91% over the same period. The 48.5 hectares of new planting undertaken at the bank's community woodlands since 1997 are considered to offset 289 tonnes of

CO<sub>2</sub> per annum.<sup>i</sup> In addition, in 2003 the bank offset 17,131 tonnes of CO<sub>2</sub> on behalf of its mortgage customers via Climate Care (page 81). Also during 2003, **smile**, the internet bank, promoted ecotricity's<sup>ii</sup> renewable electricity to its customers (page 81).

**Carbon dioxide emissions – CIS** During 2003, increased use of renewable electricity led to a 52% decrease in net emissions of CO<sub>2</sub>. A key factor in this reduction was the replacement of combined heat and power (CHP) based generation sources with electricity from wind and hydroelectric sources.

**Other emissions to air** In 2003, CFS actively managed a shift in the balance of its renewable energy portfolio. There was a shift from 'mid green' technologies, such as CHP and landfill gas, to cleaner technologies, such as wind and hydroelectric sources.

**Other emissions to air – Bank** Emissions of Sulphur dioxide (SO<sub>2</sub>), Nitrogen oxides (NO<sub>x</sub>), particulates and volatile organic compounds (VOCs) reduced by 48%, 74%, 80% and 83% respectively, compared with 2002. Compared with 1997, emissions of SO<sub>2</sub>, NO<sub>x</sub> and particulates have reduced by 97%, 78% and 85% respectively. Emissions of VOCs have increased from 0.76 tonnes to 3.6 tonnes due to an increased usage of landfill gas generation.

**Other emissions to air - CIS** During 2003, emissions of SO<sub>2</sub>, NO<sub>x</sub> and particulates reduced by 92%, 61% and 80% respectively. Emissions of VOCs increased from 1.79 tonnes to 2.9 tonnes, due to the increased utilisation of landfill gas in the early part of 2003.

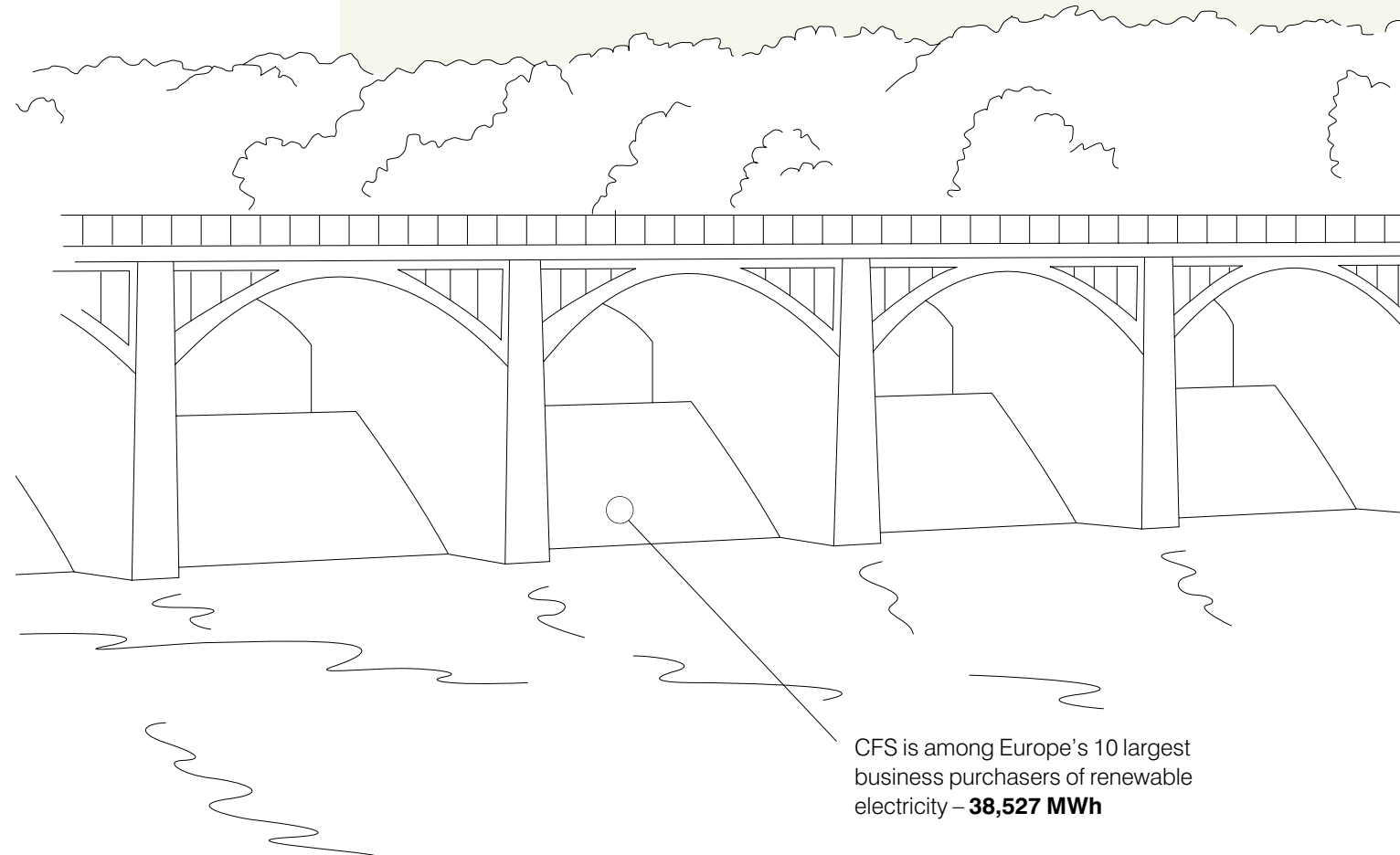
**Benchmark** By the end of 2003, the bank had achieved the UK Government's 'Making a Corporate Commitment 2' target for emissions of SO<sub>2</sub> and NO<sub>x</sub>. Due to the use of landfill gas, the VOCs target has not yet been achieved. CIS also achieved equivalent reductions in SO<sub>2</sub> and NO<sub>x</sub>.

**Energy usage – Bank** During 2003, energy consumption across the bank decreased by 2.2%. There was a 3.2% decrease in electricity usage and a 0.4% decrease in gas usage. The decrease in electricity consumption may indicate a slight eco-efficiency improvement, as degree day analysis would suggest a requirement for increased electrical cooling during 2003. Degree day data analysis takes account of the impact of weather on energy consumption. For example, a particularly hot summer or cold winter can have significant impact on energy consumption, via the requirement for increased enhanced air conditioning and heating, respectively.

**Energy usage – CIS** During 2003, energy consumption across CIS decreased by 10%.

There was an 11.6% decrease in electricity usage, largely due to the vacation of less energy-efficient premises. The 7.8% decrease in gas usage masks a 15% increase at Miller St, Manchester. This increase is predominantly a consequence of later working practices and associated heating requirements.

**Electricity** In total, 97% of electricity purchased by CFS for business accommodation is now derived from renewable sources, placing CFS amongst Europe's ten largest business purchasers of renewable electricity. During 2003, all but one of CFS' 223 metered premises sourced electricity from renewable energy producers (the exception was Guernsey Branch, where a suitable supplier could not be identified). Renewable electricity supply was provided by ecotricity, Good Energy, Scottish & Southern Energy plc, the Community Energy Trading Ltd and Energia. Generation technologies utilised include hydroelectric, wind, biomass, CHP and landfill gas. The only remaining locations where CFS consumes fossil fuel generated electricity are sites where utilities are selected by the landlord. To find out more about CFS' selection criteria for electricity, see the website.<sup>iii</sup>

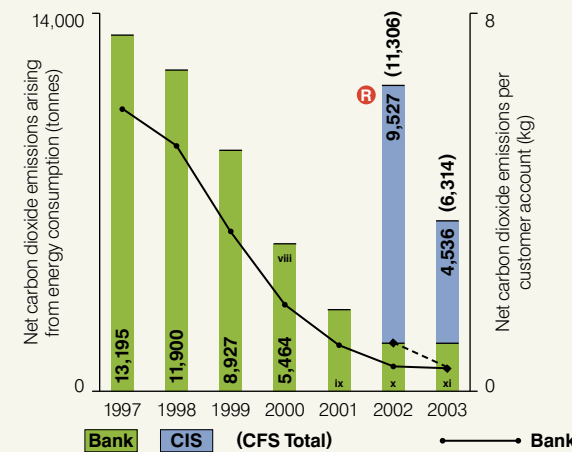


CFS is among Europe's 10 largest business purchasers of renewable electricity – **38,527 MWh**

## Performance

### Carbon dioxide emissions

Net carbon dioxide emissions arising from energy consumption<sup>vii</sup>



vii All conversion factors located on CFS' website [www.cfs.co.uk/sustainability2003/conversions](http://www.cfs.co.uk/sustainability2003/conversions)

viii Net emissions of 5,464 tonnes take account of 178 tonnes of carbon sequestration undertaken by bank's community woodlands (page 87).

ix Net emissions of 3,022 tonnes take account of 250 tonnes of carbon sequestration undertaken by bank's community woodlands (page 87).

x Net emissions of 1,779 tonnes take account of 253 tonnes of carbon sequestration undertaken by bank's community woodlands (page 87).

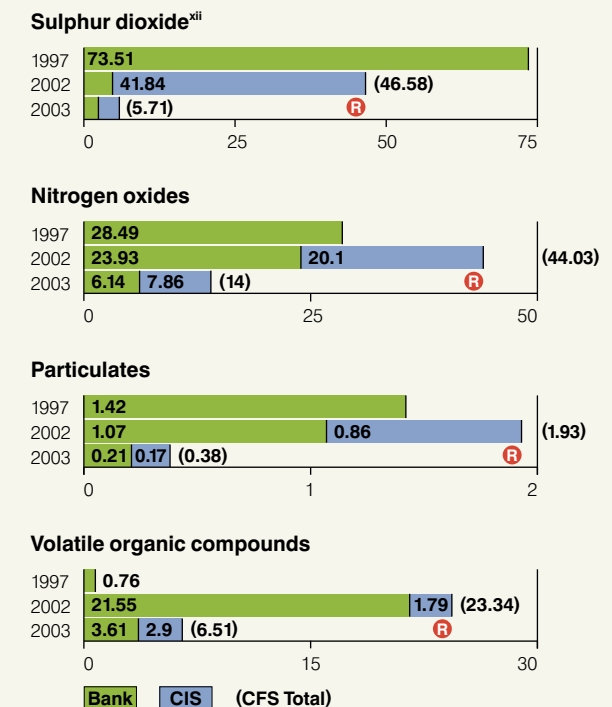
xi Net emissions of 1,778 tonnes take account of 289 tonnes of carbon sequestration undertaken by bank's community woodlands (page 87).

xii (2002) Bank, 4.74 tonnes (2003) Bank, 2.46 tonnes. CIS, 3.25 tonnes.

xiii Bank fossil fuel consumption comprises 9,536 MWh gas, 563 MWh electricity and 51 MWh oil. CIS fossil fuel consumption comprises 15,837 MWh gas, 830 MWh electricity and 30 MWh oil.

### Other emissions

Other emissions to air arising from energy consumption (tonnes)<sup>viii</sup>



**Integrated generation** CFS is exploring proposals that would integrate renewable electricity generation into the fabric of two of its main office buildings. At Portland St, Manchester, consideration is being given to small scale, building mounted wind turbines. At Miller St, Manchester, a solar project is being developed. This would re-clad the Grade II listed building in photovoltaic panels,<sup>iv</sup> rather than the standard solutions of granite or steel. If progressed, this would create the largest building-integrated solar façade in Europe, and the largest array retrofitted to an existing building in the world.

**Investment property – CIS** In 2003, CIS became the first institutional property investor to transfer all contracts for its £2.2 billion investment property portfolio to green electricity, some 10 GWh during 2003. Still the only institutional property investor to do this, CIS purchases electricity from large scale hydro and Climate Change Levy exempt sources. In September 2003, CIS sponsored INREB's sustainable building design competition. This year, entrants were invited to design a hypothetical low energy mixed use development adjacent to Miller Street, Manchester. The winning designs can be viewed on INREB's website.<sup>v</sup>

**Benchmark** By comparison, according to their Sustainability Report 2002, at Credit Suisse Group, energy-related CO<sub>2</sub> emissions per employee amount to 0.837 tonnes (cf. 0.45 tonnes across CFS).

## Sustainability value analysis

- Compared to the cheapest alternative offer, the annualised additional cost across CFS of 'green' electricity is £192,600.
- The annual cost of energy monitoring activities across CFS, including third party contracts, is £39,500.
- Since 1997, consumption of energy at the bank has reduced by 1.99 GWh. This has contributed to an annualised saving of £69,700.

## Influence and action

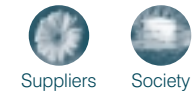
**Renewable Obligation Certification scheme** During 2003, CFS appealed directly to senior government ministers – such as Stephen Timms, Energy Minister and Elliot Morley, Environment Minister – for an extension beyond 2010 of the 'Renewable Obligation Certification scheme' (ROCs). This scheme underpins the Government's economic

framework for supporting renewable energy generation. In December 2003, CFS received confirmation that the ROCs scheme would be extended to 2015.

**Carbon Disclosure Project** In 2003, the bank signed up to the Carbon Disclosure Project;<sup>vi</sup> following CIS, who were amongst the first signatories to the project in October 2001. During 2003, the members included institutional investors with a total of \$9 trillion dollars of funds under management. Using this influence, the group wrote to the top 500 global companies, encouraging them to identify and quantify the business implications of their exposure to climate-related risks and to report on any actions they are taking to mitigate the risk. In 2004, efforts continue to pursue those companies who have failed to respond to the challenge.

- i Conversion factors supplied by the Tyndall Centre for Climate Change Research.
- ii www.ecotricity.co.uk
- iii www.cfs.co.uk/sustainability2003/energy
- iv Photovoltaic panels convert light energy into electrical energy.
- v www.inreb.org
- vi www.cdproject.net

## Water



### 69. Water consumption and discharge

## Targets 2003

- In line with the Building Research Establishment's best practice, reduce water consumption across all the bank's main offices to 9,000 litres per employee by 2005. **Acceptable progress**

## Targets 2004

- Reduce water consumption across CFS' main offices to 9,000 litres per employee by 2007. **Andrew Simpson, Operations Manager/ Andrew Farrell, Facilities Manager/Liz Thompson, Environment Adviser**

## Commentary

**Background** Freshwater, on which we depend, is essentially finite. It is predicted that by 2025, two-thirds of the world's population will live under water-stressed conditions.<sup>i</sup>

**Context** The bank has reported water consumption at metered sites since 1999, and 90% of staff are now covered. CIS reports water consumption across the business for the first time, and accounts for premises covering 85% of office-based staff for 2002 and 2003.



WaterAid affinity Visa credit cards helped to provide **40,000 people** with access to clean water.

**Water consumption** In 2003, CFS consumed 12,155 litres of water per employee. **Benchmark** Performance is substantially better than the Environment Agency's Benchmark of 18,250 litres, but is worse than the Building Research Establishment's best practice target of 9,000 litres.

**Water consumption – Bank** During 2003, water consumption at the bank increased slightly (0.1%). Consumption per employee was 10,905 litres. Usage at main offices (9,962 litres per employee) was much higher than anticipated, and largely a consequence of unusually high readings at Prescott Street, London (30,404 litres per employee). During 2004, CFS will investigate this issue, and seek to improve water efficiency at this site. Water consumption per customer account has reduced by 5.4% compared with 2002, and by 45.4% compared with 1999.

**Water consumption – CIS** During 2003, water consumption at CIS decreased slightly (1.2%). Consumption per employee was 12,962 litres. However, following a decrease in customer account numbers, water consumption per customer account has increased by 6.9% compared with 2002.

**Water supply and discharge** All water consumed by CFS is taken from the general water supply network. The vast majority of water discharge is to the foul sewer network, with the remainder being released to air, via air conditioning and other cooling systems.

**WaterAid** In November 2002, the bank launched three WaterAid<sup>ii</sup> affinity Visa credit cards (page 57). During 2003, sufficient monies were raised to build 200 wells and 20 hand pumps in Uganda, 20 school sanitation blocks in Tanzania and 600 latrines in Zambia. These could provide 40,000 people with access to clean water and a further 6,600 people with improved sanitation facilities.

**Benchmark** By comparison, according to their Sustainability Report 2002, at Credit Suisse Group, water consumption is 73 litres per employee per day (cf. 29 litres per employee per day at CFS).

## Sustainability value analysis

- Since 1999, water use at the bank's metered sites has reduced by 19.3 million litres, leading to an annualised cost saving of £30,400.
- Annual cost of water monitoring activities across CFS, including third party contracts, is £13,700.

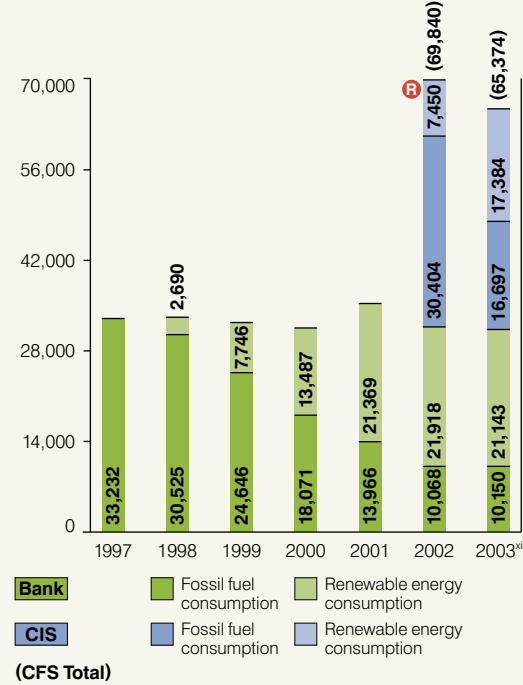
## Influence and action

**Flood risk** The increased prevalence of flooding, brought about by climate change, presents a substantial challenge to the continued availability of home insurance across the UK. The UK Climate Impact Programme estimates that the UK's winter rainfall could increase by around 20%.<sup>iii</sup> This may double inland flood risk, and ensure that many riverside towns breach the 1.3% annual probability limit, beyond which insurers would not normally guarantee cover. In 2003, the Association of British Insurers (ABI), with the support of CIS and other members, enacted an agreement with the UK Government.<sup>iv</sup> In return for the UK Government committing to sustained expenditure on flood defences, the industry has guaranteed that the vast majority of the 10% of domestic properties (and small businesses) situated in floodplains will continue to have full access to a competitive market for insurance, with premiums and other contract terms reflecting the different levels of flood risk. The broad provision of flood and storm cover in the UK, without Government support, is currently unique in Europe.

- i Department of the Environment, Transport and the Regions (2000). Guidelines for Company Reporting on Water.
- ii www.wateraid.org
- iii UKCIP (2000). Climate Change Scenarios.
- iv Press Release (26<sup>th</sup> September 2002). Insurers announce new principles for flood insurance. www.abi.org.uk

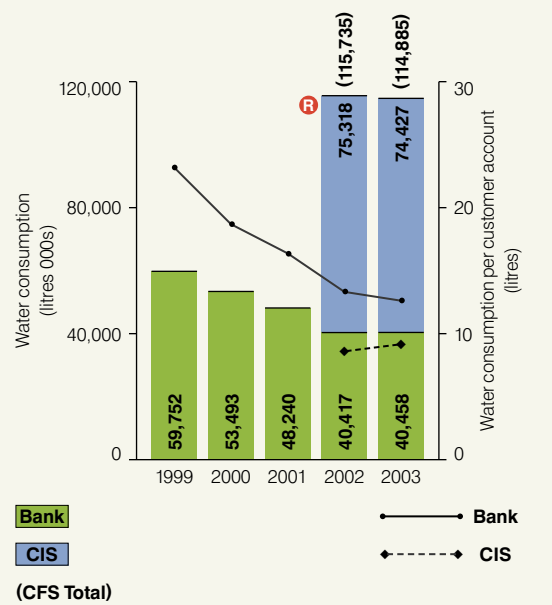
## Energy usage

Energy usage in operations (MWh)

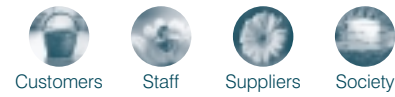


## Performance

### Water consumption



# Persistent bioaccumulative chemicals



- 70. Toxics
- 71. CFCs/HCFCs/HFCs
- 72. PVC

## Targets 2003

- Reduce the emissions of organohalogen gases during 2003. **Target not achieved**
- Ensure that, once the organohalogen chiller installed in Head Office is fully operational, the HFC refrigerant is switched to hydrocarbons as planned. **Target achieved**
- Ensure that, wherever feasible, the bank's preferred ecological options are utilised for all replacement air conditioning systems. **Acceptable progress**
- Ensure that 15 branches switch to the bank's preferred ecological options for air conditioning systems in 2003. **Acceptable progress**
- Commence discussions regarding the phase-out of organohalogens from the bank's water coolers and vending machines. **Target achieved**

## Targets 2004

- Ensure that, wherever feasible, preferred ecological options are utilised across CFS for all replacement air conditioning systems in business and investment property. **Andrew Simpson, Operations Manager/Sarah Hunt, Environment Manager/Philip White, Principal Surveyor**
- Continue to campaign to raise awareness of the 'Safer Chemicals' issue and to campaign for legislation to safeguard human health and the environment. **Kate Daley, Campaigns Manager**
- Advance the removal of HFCs from chilled water dispensing equipment. **Leigh Fishwick, Contracts Consultant/Liz Thompson, Environment Adviser**

## Commentary

**Background** Sixty to seventy thousand synthetic chemicals are now in regular use worldwide. A report commissioned by the US State of New Jersey found that minimal or no toxicity data existed for 66% of pesticides and their supposedly inert ingredients, 84% of cosmetic ingredients, 64% of drugs, 81% of food additives and 88-90% of commercial chemicals.<sup>i</sup>

**Context** The bank has monitored chemicals in products and operations since 1998. CIS began to examine its chemicals use during 2002, and reports on refrigerant use this year.

**'Toxics' screening** Since 2000, designated bank supplier contracts have been screened against a range of toxic chemicals, based on the OSPAR List of Chemicals for Priority Action,<sup>ii</sup> together with Bisphenol A and PVC. From 2003, this list has been the basis for priority phase-out in CIS and across the Co-operative Group, with the exception of Farmcare and Retail, where screening against a more appropriate and extensive list of chemicals has occurred for some time. During 2003, attention was focused on the 'Green Branch'<sup>iii</sup> refurbishment programme. Green Branch approved products, including fixtures, decorating materials and furnishings, have now been introduced at twelve branches. PVC-free wallpaper has been introduced at seven premises, and ecologically-screened paint has been used at seven premises. PVC-free entrance matting and carpets were introduced at six premises. Progress on the drive to pursue totally chlorine-free paper is described on page 84.

**Plastic cards** Virtually all credit and debit cards in the world are made of PVC. PVC is also used in the manufacture of a wide range of items, including food packaging, cabling, and electrical goods. If PVC is burned, it can release toxic chemicals, including dioxins. These chemicals can build up over time in the bodies of living things, and can contribute to problems in development, reproduction, growth and behaviour. In 2001, the bank sourced an alternative to PVC, based on the plastic PETG, which does not contain chlorine, or use it in its production. Chemicals, such as lead chromate and DEH Phthalate, have been removed from the inks of some cards. In 2001, it was agreed with the bank's card suppliers that no more orders of PVC would be placed. With the exception of 3,000 debit cards, printed in 2002 on PVC due to technical difficulties, this policy has been adhered to.

**Air conditioning** Prior to 2000, CFS' air conditioning systems were dominated by chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs) and hydrofluorocarbons (HFCs). These organohalogens are either potent ozone depleters or greenhouse gases, and in some cases, both. As air conditioning systems are replaced, it is preferred that systems based on water, ammonia, lithium bromide or hydrocarbons are introduced. In all cases, the global warming and ozone depletion potential of these chemicals is substantially less than that of organohalogens such as HFCs.

**Air conditioning – Bank** The global warming potential of the bank's air conditioning systems reduced by 9% in 2003, and has reduced by 69% since 1999. All HFCs and HCFCs removed are passed to third parties for recycling. During 2003, 25 hydrocarbon systems were installed across the bank's main offices, resulting in 89.6kg of the HCFC R22 being replaced with 44.5kg of hydrocarbons. In the branch network, air conditioning units were replaced at six branches, resulting in 21.3kg of the HCFC R22 and 4.8kg of the HFC R407 being replaced with 18.2kg of hydrocarbons. During 2003, 8.7kg of the HFC R407 were replaced with 4.5kg of hydrocarbons at Balloon Street, Manchester. Regrettably, for technical and budgetary reasons, an HFC system that breached CFS' preferred

ecological options was installed in the IT communications room at Prescott Street, London. **Air conditioning – CIS** There are currently no hydrocarbon-based systems at CIS, and the global warming potential of organohalogens in use is equivalent to 3,657 tonnes of CO<sub>2</sub>. During 2003, 30.7kg of the HFC R407 was introduced to Miller Street, Manchester. As of 2004, CIS commits to introducing ecologically-sound air conditioning wherever feasible, during the refurbishment, replacement or installation of equipment.

**Fire control** Prior to 1998, the majority of the bank's fire control systems utilised halons, which are potent ozone depleters. A halon replacement programme began in December 1997 and took just over one year to complete. All halon systems were replaced with Inergen (a mixture of nitrogen, CO<sub>2</sub> and argon, all of which naturally occur in the atmosphere). As a result, the combined global warming potential of the bank's air conditioning/fire control systems has reduced by 92% since 1998. Inergen was also introduced for all halon replacement activities at CIS, and removal was completed in 2001.

**Water cooling equipment** Discussions have taken place between CFS' Procurement and Supplier Management and chilled water equipment suppliers. It is intended that organohalogen-based coolers will be replaced

with equipment utilising hydrocarbons (R600) at Balloon Street, Manchester.

**Emissions** 164kg of organohalogen emissions, with an equivalent global warming potential of 279 tonnes of CO<sub>2</sub>, were released during 2003. The bank's commitment to offset the climate change emissions from air conditioning has been extended across CFS' business accommodation. To this end, a payment has been made to Climate Care, an organisation that, via sequestration, energy efficiency and renewable energy projects, offsets the equivalent global warming potential of CFS' HFC and HCFC emissions.

## Sustainability value analysis

- Additional cost associated with the purchase of ecologically-sound air conditioning systems in 2003 is £17,000.
- Additional cost associated with the carbon offset of air conditioning greenhouse gas emissions in 2003 is £1,500.

## Influence and action

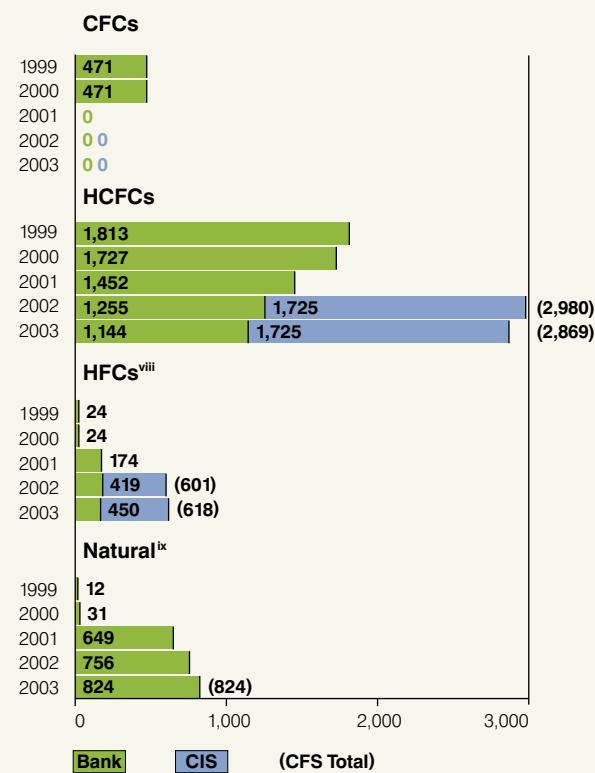
**Safer chemicals** In April 2003, the bank launched its Safer Chemicals campaign.<sup>iv</sup> The bank and WWF-UK called for a more

precautionary approach to chemicals legislation; one which phases out chemicals known to be persistent and bioaccumulative and replaces them with safer alternatives. The bank supported the UK's largest ever bio-monitoring survey<sup>v</sup> (this involved the participation of a dozen bank staff, including Executive Director and Chief Operating Officer, Sheila Macdonald). Subsequently, it funded a survey of 44 MEPs. All of the people tested were contaminated with at least nine chemicals of concern. In September, the bank endorsed a WWF-UK report,<sup>vi</sup> which challenged industry claims that proposed EU legislation (REACH) would result in significant job losses across Europe. The research provided compelling evidence that stricter chemical regulation would result in net social and economic benefits. This was debated by senior political, business and environmental figures at a Labour Party Conference event in October. Through 2003, the bank contributed to EU and UK public consultations. For an independent appraisal of the campaign, visit CFS' website.<sup>vii</sup>

i Institute of Occupational Medicine (2000).  
 ii www.ospar.org/eng/html/sap/Strategy\_hazardous\_substances.htm#Annex2  
 iii www.cfs.co.uk/sustainability2003/greenbranch  
 iv www.co-operativebank.co.uk/ethics/safer\_chemicals\_about.html  
 v www.co-operativebank.co.uk/ethics/safer\_chemicals\_news\_biomonitoring.html  
 vi www.wwf.org.uk/filelibrary/pdf/socialcostofchemicals.pdf  
 vii www.cfs.co.uk/sustainability2003/saferchemicals

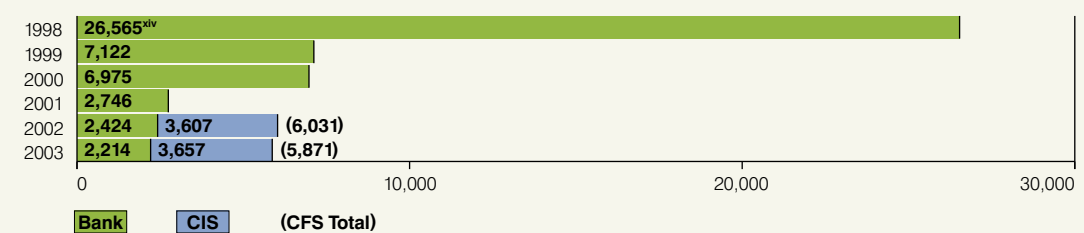
## Performance

### Air conditioning Refrigerants by type (kg)

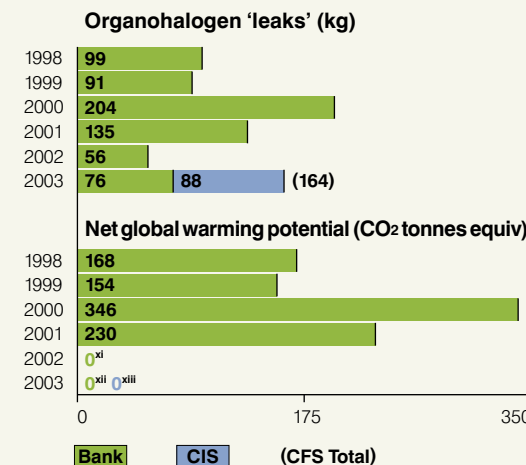


### Global warming potential of organohalogens

#### Global warming potential of organohalogens in use (CO<sub>2</sub> tonnes equivalent)\*



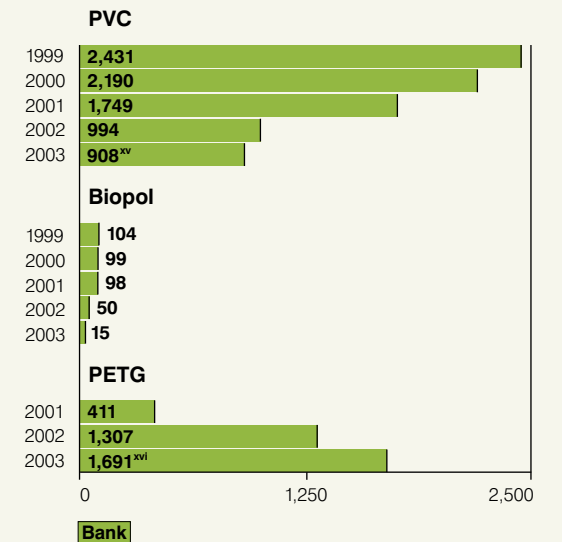
### Organohalogen 'leaks' and net global warming potential<sup>x</sup>



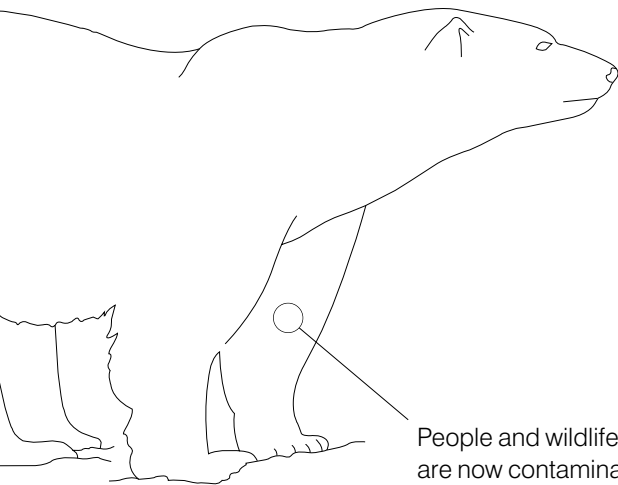
viii Includes 17 kg housed within water coolers and vending machines.  
 ix Hydrocarbons, ammonia and lithium bromide.  
 x Conversion factors located on CFS' website www.cfs.co.uk/sustainability2003/conversions  
 xi Emissions from main offices (equivalent to 96 tonnes of CO<sub>2</sub>) negated as a result of carbon offset undertaken via Climate Care.  
 xii Emissions from main offices (equivalent to 123 tonnes of CO<sub>2</sub>) negated as a result of carbon offset undertaken via Climate Care.  
 xiii Emissions from main offices (equivalent to 150 tonnes of CO<sub>2</sub>) negated as a result of carbon offset undertaken via Climate Care.  
 xiv Includes 3.47 tonnes of Halon 1301 removed from the bank's fire control systems at the end of 1998.  
 xv Includes 31,000 cards associated with CIS products.  
 xvi Includes 71,000 cards associated with CIS products.

### Plastic cards

#### Plastic cards in circulation (000s)



Sources: Sustainable Development Team 2004  
 Property and Facilities 2004  
 Card Development Team 2004



People and wildlife across the world are now contaminated with persistent and bioaccumulative chemicals, even Arctic polar bears

# Transport



- 73. Business mileage
- 74. Carbon dioxide emissions
- 75. Sulphur dioxide emissions
- 76. Nitrogen oxide emissions
- 77. Particulate emissions
- 78. Volatile organic compound emissions

## Targets 2003

### Bank

- Maintain the downward trend in the environmental impact of the bank's car and van fleet. **Target achieved**
- Explore the possibility of working with the bank's chosen car-hire provider to utilise more ecologically sound options. **Acceptable progress**
- Raise staff awareness and use of bank video conferencing facilities. **Acceptable progress**
- Research and, if warranted, facilitate the introduction of a secure car share scheme for bank staff in their travel to and from work. **Target not achieved**
- Evaluate the potential for running the bank's van fleet on biofuel. **Acceptable progress**
- Reduce transport CO<sub>2</sub> emissions from bank activities by 5% per customer account. **Target achieved**

### CIS

- Identify methods to quantify, in financial terms, the environmental impacts associated with insurance products and services. **Acceptable progress**

## Targets 2004

- Maintain the downward trend in the environmental impact of car and van fleets across CFS. **Mike Eastwood, Supplier Relationships Manager/Catherine McAlinden, Environment Adviser**
- Work with the bank's chosen car hire provider to utilise more ecologically-sound options. **Martin Creasser, Contracts Consultant/Catherine McAlinden, Environment Adviser**
- Explore the feasibility of developing an ecologically-conscious motor insurance product. **Mark Byrne, Head of Marketing Management/Catherine McAlinden, Environment Adviser**
- Transfer the CFS van fleet to biodiesel by the end of 2005. **Andrew Farrell, Facilities Manager/Catherine McAlinden, Environment Adviser**

## Commentary

**Background** An extra 39 billion miles were travelled by road vehicles in 2001, compared with 1990.<sup>1</sup> If no action is taken, UK road traffic is predicted to rise by a further third over the next 20 years. Although new vehicle technologies have resulted in a 53% decrease in nitrogen oxides and particulate emissions over the last 15 years, there has been little progress with total carbon dioxide emissions. The small reduction in CO<sub>2</sub> emissions per mile in new vehicles is far outweighed by additional vehicles on the road, and the extra distance people now drive.

**Context** The bank has reported on its transport impacts since 1997, and on the current indicators since 2000. Until 2003, CIS captured information for its business travel mileage and carbon dioxide emissions only.

### Business mileage (excluding freight)

During 2003, CFS' business mileage decreased by 2.8% (excludes Financial Advisers). Since 2000, business mileage has reduced by 9%, or 1.7 million miles. For virtually all aspects of business mileage, CFS can accurately track trends. If someone uses a train, plane or their own vehicle, each journey is captured for office-based staff. However, with regard to Financial Advisers,<sup>ii</sup> accounting systems, whilst improved in 2003, are still not considered sufficiently accurate. The reported impact is extrapolated from the 27% of Financial Advisers (2001: 16%) who supplied an estimate of miles travelled in 2003 whilst undertaking CIS business. This 'voluntary' approach to data capture was developed in 2002, in co-operation with USDAW, the Financial Advisers' trades union. The environmental impact of Financial Advisers is not consolidated with that of the rest of the business, but stated separately. It is hoped that a more robust methodology can be devised, and agreed, in the future.

**Business mileage – Bank** Total mileage for 2003 has decreased by 11%. Reductions have

been observed in mileage from virtually all travel activities.

**Business mileage – CIS** In 2003, business mileage, excluding Financial Adviser miles, experienced a slight increase (1%). Financial Advisers' reported mileage reduced by 22% in 2003. However, as stated earlier, accounting systems in this area are not yet considered sufficiently robust for definitive conclusions to be drawn.

**Carbon dioxide emissions** Across CFS, CO<sub>2</sub> emissions have remained relatively static since 2000; a 17% fall at the bank has been countered by a 13% increase at CIS (excludes Financial Advisers). The bank's transport CO<sub>2</sub> emissions increased slightly (1%) during 2003, although CO<sub>2</sub> emissions per customer account decreased by 7%. At CIS, a 6.9% increase in CO<sub>2</sub> emissions during 2003 can be attributed to an increase in air and car travel. CO<sub>2</sub> emissions arising from CIS Financial Advisers' travel are estimated to be 10,900 tonnes during 2003.

**Other emissions – Bank** The reduction in business travel, and improved performance of car hire and bank company car fleets, has reduced sulphur dioxide emissions by 13%, and particulate emissions by 17% in 2003. The combined emissions of nitrogen oxides

and volatile organic compounds decreased by 18% (now 4,162kg).

**Company cars** The bank's company car fleet reduced by 3% (seven vehicles) during 2003 and has fallen by 42% since 1997. Concerned about the emissions of particulates from diesel cars, in 1998 the bank introduced a 'petrol-only' policy (this was despite generally higher CO<sub>2</sub> emissions). In 2001, the policy was amended when diesel vehicles fitted with a particulate trap (FAP) became available. The Peugeot diesel FAP range now makes up 74% of the bank's company car fleet.<sup>iii</sup> The particulate trap works by destroying microscopic particles before they can leave the engine, thus virtually eliminating particulate emissions, which are a major contributor to various lung ailments. Additionally, by switching to the Peugeot 307 FAP range, drivers are on average £600 better off, due to a reduction in fuel costs and 'benefit in kind' preferential taxation. During 2003, the bank re-affirmed, as part of a joint procurement exercise with the rest of the Co-operative Group, that a further order of Peugeot 307 diesel FAP vehicles would be the preferred option. During 2004, opportunities will be explored with suppliers for further reductions in CO<sub>2</sub> across CFS. CIS operates a car scheme which, in return for a salary sacrifice, provides vehicles, insurance and

servicing for staff who travel more than one thousand business miles per year. There are currently no environmental restrictions on the 533 vehicles in the scheme. CFS will reappraise its car benefits during 2004.

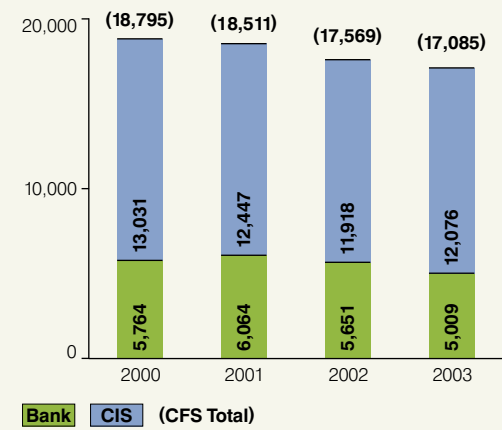
**Freight** CFS freight activity consists principally of external mail, cheques and cash. Royal Mail (external mail) can provide environmental impact data for that proportion of their business actively derived from CFS. Others, such as Securitas, Sunwins and Securicor, cannot. CIS has experienced a 6% increase in external mail CO<sub>2</sub> emissions in 2003, whilst the bank has experienced a 19% increase. Mailings increased by 7.7 million items in 2003; the majority of the rise was associated with increased CFS cross-sales activity (page 84).

**Car hire** During 2003, CFS and the rest of the Co-operative Group entered into a new supplier relationship with Hertz. As part of this contract, CFS has taken steps to restrict staff use of more polluting vehicles (CO<sub>2</sub> emissions per hire car vehicle mile decreased by 4%). The advent of this contract has allowed CIS to track car hire mileages for the first time, which were found to be low relative to the bank. During 2003, bank miles travelled in hire cars decreased by 25%.

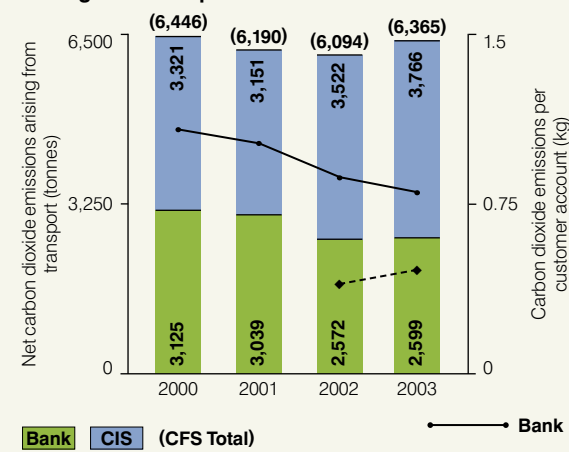
## Performance

17,000 tonnes of CO<sub>2</sub> arising from transport

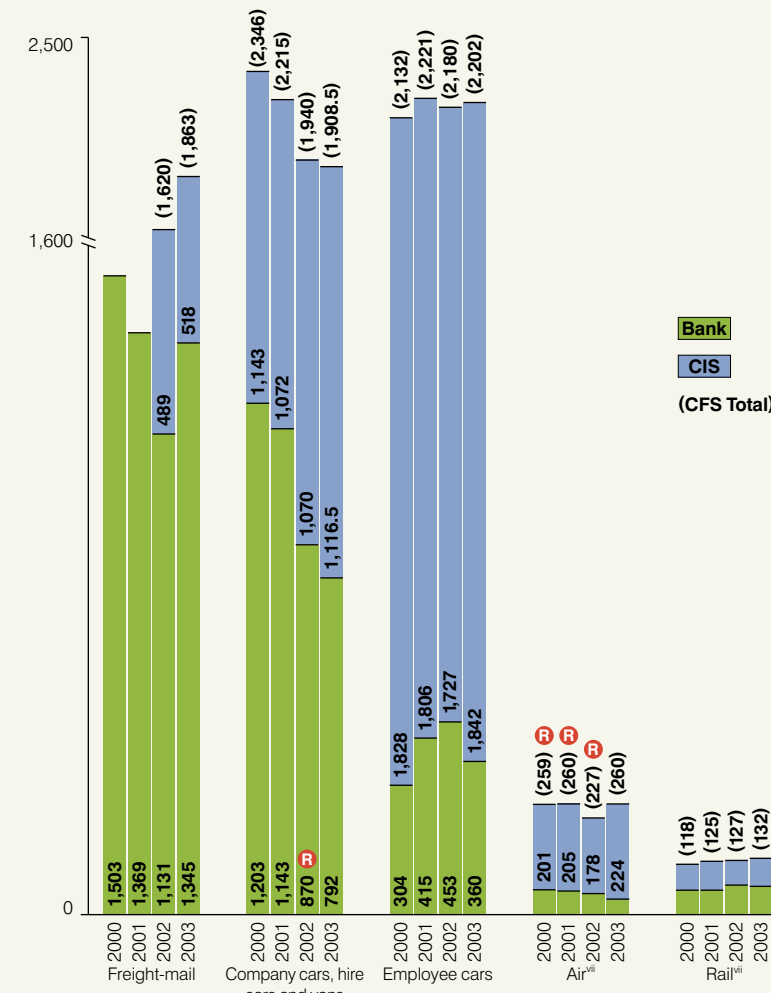
Business travel (000s miles) – Totals<sup>v</sup>



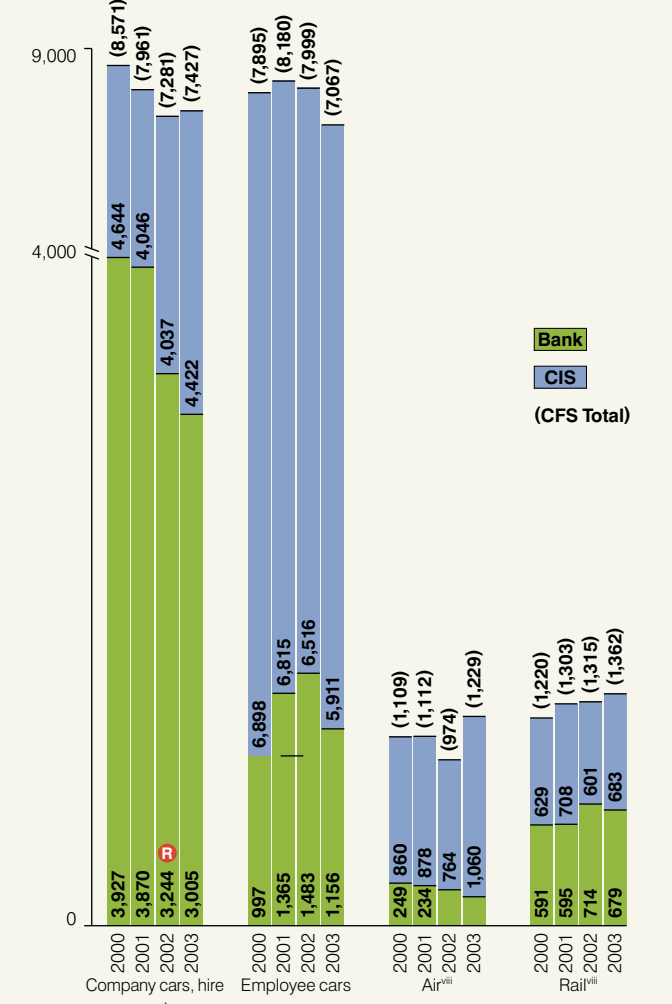
Carbon dioxide emissions<sup>vi</sup> arising from transport



Carbon dioxide emissions (tonnes)<sup>vi</sup> arising from transport



Business travel (000s miles) arising from transport



**Alternative fuels** Biodiesel is produced from waste vegetable oil. As plants absorb CO<sub>2</sub> during their growth cycle, biodiesel has lower net carbon dioxide emissions than fossil fuels, such as standard petrol or diesel. During 2003, CFS identified that the majority of its diesel van fleet could be converted to run on biodiesel. However, while biodiesel production takes place locally, there is no dispenser in the Manchester area. A project will be carried out during 2004 to assess the feasibility of locating biodiesel filling tanks at selected main offices.

**Video conferencing** Video conferencing facilities are available at five of CFS' main offices. It has been calculated that use of these facilities negated 304,596 miles of travel, equivalent to 29 tonnes of CO<sub>2</sub>. Efforts will be made in 2004 to promote increased use of video conferencing. During 2003, the bank held a total of 79 meetings using video conferencing, with an average of five attendees at each. The facilities were used 31% less than in 2002. At CIS, an average of four members of staff attended a total of 96 meetings using the video conferencing facilities.

**Personal travel** During 2003, 87 season ticket loans were taken up by bank staff. Uptake of loans has fallen each year since 1997, when 213 were taken out. During 2003, 325 season

ticket loans were taken up by CIS staff. The bank has not achieved its target to research and introduce a secure car share scheme for staff commuter travel. However, the CIS car share scheme is now available to bank staff based at CIS premises. The CIS car share scheme has an average of 25 users per day.

**Car parking** During 2003, the bank sought planning permission for two car parks, one at the Pyramid, Stockport, and one at Salford. In both instances, these are options of last resort and are a business necessity, as both sites are poorly served by public transport. At the Pyramid, Stockport, planning permission has been granted for 95 additional car park spaces. This is subject to the implementation of Section 106 requirements,<sup>iv</sup> such as the development of a staff travel plan. Additionally, the bank will be required to fund improvements to public transport facilities in the Stockport area. At Salford, a proposal to extend the car park by a further 70 spaces, using wasteland adjacent to Olympic House, is currently awaiting planning permission. It is proposed that youth recreation facilities will form part of the development, with some of the land being used as a football pitch and skate park.

**Motor insurance** In 2003, CIS started to conduct an environmental cost/benefit analysis

of motor insurance claims, in partnership with Forum for the Future. Unfortunately, personnel changes at Forum have led to a delay in completing this project and, as such, efforts to quantify environmental impacts associated with insurance products are not yet complete.

**Benchmark** By comparison, according to their Sustainability Report 2002, Credit Suisse Group air travel amounts to 3,183km per employee (cf. 142km per employee at CFS). It should be noted that Credit Suisse Group has operations worldwide, whilst CFS is largely UK-based.

## Sustainability value analysis

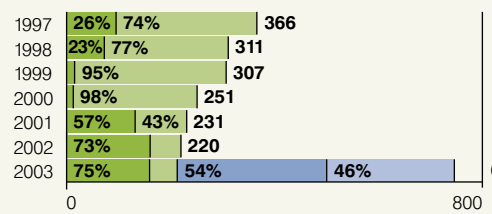
- Annual cost of providing interest-free season ticket loans totalling £343,235 (£128,230 for bank, £215,005 for CIS) is £14,829, based on a discount rate of 8%.

i www.defra.gov.uk/environment/statistics/supp/index.htm  
 ii Financial Advisers act as a large, home-service sales force. They spend most of their time working away from the office, either working from their own homes, or in customers' homes.  
 iii www.peugeot.co.uk  
 iv Section 106 of the Town and Country Planning Act 1990 is designed to ensure that the impact of a proposed development is minimised. This can be achieved via a request for investment in local infrastructure. For example, a proposal for a car park extension might have to be accompanied by investment in local public transport.

v Excludes freight, for which CO<sub>2</sub> emissions per item are more relevant than business mileage.  
 vi All conversion factors are located at www.cfs.co.uk/sustainability2003/conversions  
 vii Carbon dioxide emissions arising from transport (tonnes): Air – 2000 bank 58, 2001 bank 55, 2002 bank 49, 2003 bank 36 Rail – 2000 bank 57, CIS 61; 2001 bank 57, CIS 68; 2002 bank 69, CIS 58; 2003 bank 66, CIS 66.  
 viii Business travel (000s): Air – 2002 bank 210, 2003 bank 169.

### Company Vehicles

Total number of company vehicles

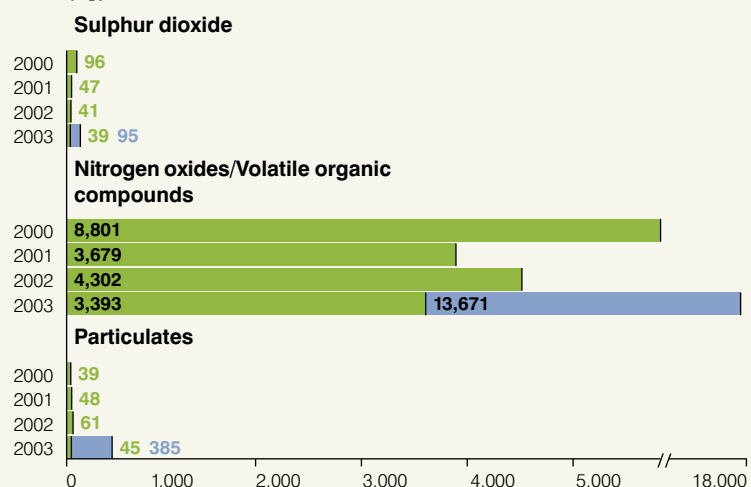


Bank Diesel Petrol  
 CIS Diesel Petrol

(CFS Total)

### Other emissions to air<sup>vi</sup>

Cars (kg)



80 Bank CIS (CFS Total)

### CIS Financial Advisers – Business travel (000s miles) – Totals

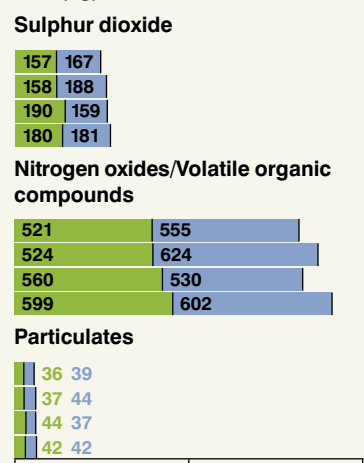


### CIS Financial Advisers – Carbon dioxide emissions (tonnes)

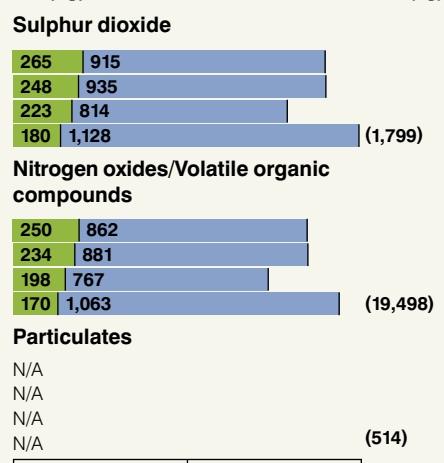


CIS

Rail (kg)

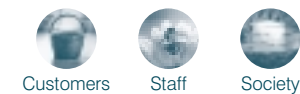


Air (kg)



Source: Sustainable Development Team 2004

## Tailored ecological products and services



### 79. Tailored ecological products and services

### Targets 2003

- Research, develop and launch two new bank ecological affinity schemes or products in 2003. **Target achieved**
- Consult mortgage customers on which programmes they would most like to see their offset monies associated with. **Target achieved**

### Targets 2004

- Broaden the green mortgages' carbon offset programme to include micro-hydro in 2004. **Jos Mister, Sustainability Adviser**
- Research, develop and launch three new sustainable affinity schemes or products in 2004. **Jon Lee, Sustainable Business Development Manager**

## Commentary

**Products and services** During 2003 and early 2004, the following ecological products and services were introduced or significantly enhanced.

**European Investment Bank (EIB) Energy Efficiency Loan Scheme** The bank formally launched a £20 million funding scheme with the EIB in January 2003. The Scheme assists Registered Social Landlords in the financing of energy efficiency projects, via the provision of leasing or loan facilities at preferential rates. During 2003, the bank agreed facilities with Local Authorities in Aberdeen, Midlothian, Oldham and Great Yarmouth. A related transaction indicates the social and environmental benefits that accrue from such projects. In 2003, the bank provided a £1 million finance package to Aberdeen Heat and Power Limited. This financed the installation of a combined heat and power (CHP) unit and energy efficient boilers in connection with 288 high rise flats. Residents have seen their weekly fuel bills fall from as much as £18.48 per week to £7.44 per week. Furthermore, the project will lead to carbon dioxide (CO<sub>2</sub>) savings of some 22,000 tonnes per annum.

**Green mortgages** In 2003, CFS widened its Green Mortgage portfolio to include new discount rate and tracker products. Customers are offered a free Home Energy Rating on all house purchases, enabling them to better understand how energy efficient a property is, and how to make improvements. Additionally, every year that a customer holds a mortgage, the bank pays Climate Care to offset a fifth of each household's CO<sub>2</sub> emissions – so helping the UK attain its target on greenhouse gas reductions of 20% by 2010. During 2003, this equated to a total offset of 17,131 tonnes of CO<sub>2</sub>. Following customer consultation in 2003, 60% of offset monies were used for reforestation in Kibale (page 87), and 40% were committed to a new project in Bangladesh, which trains local people to build energy efficient stoves. The introduction of these stoves, which are made from local materials, will help to reduce emissions of CO<sub>2</sub> and pressure on local forestry resources. Additionally, as the stoves burn more efficiently, there is an improvement in indoor air quality, which it is hoped will lead to a decline in respiratory illnesses. A third project on micro-hydro electricity generation in Bulgaria was presented to mortgage customers for approval. This project will be initiated in summer 2004.

**Car loans** In May 2003, the bank relaunched its personal car finance loans with a new

package of benefits. For each car loan taken out, the bank pays Climate Care to offset a fifth of a typical car's annual CO<sub>2</sub> emissions for the lifetime of the loan. In 2003, this money has paid for 82 tonnes of carbon offset and supported reforestation in Kibale. The car loan welcome pack includes advice on greener motoring, including advice on buying a new car and fuel-efficient driving tips.

**smile** During 2003, **smile** entered into a partnership with the green domestic electricity supplier, ecotricity. To date, more than 500 **smile** customers have taken up the green electricity offer.

**RSPB solar loans** In June 2003, the bank launched a new low interest loan in partnership with RSPB and solarcentury. Loans were promoted to RSPB supporters for the acquisition of domestic solar hot water and solar electricity systems.

**Wildlife Trusts** The bank is promoting CIS Home and Motor Insurance products to the 416,000 members of the UK's 47 regional Wildlife Trusts. Since the scheme was launched in May 2003, the bank has donated over £12,000 to appropriate regional Wildlife Trusts in relation to the scheme.

Existing products and services	
Personal <sup>i</sup>	Corporate <sup>v</sup>
Greenpeace Visa credit cards <sup>ii</sup>	Preferential banking package for environmental businesses <sup>iii</sup>
RSPB Visa credit cards <sup>ii</sup>	Greenlease <sup>iv</sup>
Home Insurance and Motor Insurance for members of the Wildlife Trust	Landfill Tax Credits Scheme Account <sup>iv</sup>
Five year fixed rate Green mortgage <sup>ii</sup>	
Five year capped rate Green mortgage <sup>ii</sup>	
Five year tracker Green mortgage <sup>ii</sup>	

New products 2003/04	
Personal <sup>i</sup>	Corporate <sup>v</sup>
Six month discount rate Green mortgage <sup>ii</sup>	EIB Energy Efficiency Loan Scheme
Two year discount rate Green mortgage <sup>ii</sup>	
Three year discount rate Green mortgage <sup>ii</sup>	
RSPB Solar Loan <sup>v</sup>	

i www.co-operativebank.co.uk/personal  
 ii www.co-operativebank.co.uk/personal/visa\_affinity.html  
 iii www.co-operativebank.co.uk/personal/mortgages\_environment.html  
 iv www.goingsolar.co.uk  
 v www.co-operativebank.co.uk/business  
 vi www.co-operativebank.co.uk/business/ecology.html

# Reduce, reuse, repair and recycle



- 80. General
- 81. Paper
- 82. Furniture
- 83. Electrical equipment
- 84. Other

## Targets 2003

- Reduce landfill waste per customer account by 48% on 1998 levels by 2005; a four-fold improvement on the UK Government's 'Making a Corporate Commitment 2' indicative target.
- Acceptable progress**
- Maintain paper recycled at 500 tonnes at the bank. **Target achieved**
- Increase metal cans recycled by 3% at the bank. **Acceptable progress**
- Increase plastic cups recycled by 5% at the bank. **Target not achieved**
- Increase used toner cartridges recycled at the bank by 5%. **Target not achieved**

## Targets 2004

- Reuse and/or recycle 70% of all waste arising at CFS' main offices. **Andrew Farrell, Facilities Manager/Catherine McAlinden, Environment Adviser**

## Commentary

**Background** Businesses in England and Wales produce 30 million tonnes of waste each year. About a third of this waste is recycled or composted, and two-thirds goes to landfill.<sup>i</sup>

**Context** Waste recycling and accounting systems are operational across CFS for paper, fluorescent tubes, printer cartridges and a whole variety of other electrical wastes. All other recycling systems operate at main offices only (accounting for 65% of office based staff). The bank has reported on waste management activities since 1997, and CIS since 2001. General waste at smaller premises is disposed of via landlords' waste disposal facilities.

**Reduce, reuse, repair and recycle** Recycling activities at CFS' main offices continue to be well above the average for an office environment, with 70% of waste recycled during 2003. Compared with 2002, total recycling increased by 5.7% at CIS, but fell by 9.3% at the bank. However, in 2002, bank recycling performance was supported by a 'one off' disposal of 181 tonnes of paper at Prescot Street, London. Setting this aside, underlying performance improved by 22.4% during 2003. At CIS, accounting systems were extended to include furniture and fluorescent tubes in 2003.

Discounting these materials, recycling decreased slightly by 1.4%. A sharp increase in general waste (56%) suggests that recyclable waste materials produced during relocation activities (predominantly paper) are entering landfill. To address this, measures to improve employee access to waste segregation facilities at CIS were introduced in December 2003. **Benchmark** Environment Agency statistics indicate that an average office recycles just 7.5% of its waste.<sup>ii</sup> At main offices, CFS recycled 70% of its waste during 2003.

**Awards** During 2003, the bank's Cornhill branch received a Platinum Award from the Corporation of London's Clean City Awards for its waste management.<sup>iii</sup> Also, CIS was short-listed for 'Best Waste Minimisation Project of the Year' at the 2003 National Recycling Awards.<sup>iv</sup>

**Recycling – end of life fate** At the outset of 2003, CIS and the bank utilised different recycling service providers. However, in October the bank's main provider ceased trading. Within two weeks, thanks to the hard work of staff and suppliers, all waste streams had been successfully diverted to CIS' incumbent providers, without the need for any recyclates to be diverted to landfill. In parallel, the consolidation of CIS and bank recycling systems provided the opportunity for improved

weight measurement to be introduced. The majority of CFS' paper is reprocessed into Co-op 100% recycled toilet tissue and Co-op 100% recycled kitchen towels for sale in Co-op stores.<sup>v</sup> Cans are segregated into aluminium and steel, and are passed to Alcan and EMR for recycling.<sup>vi</sup> Plastic bottles are passed to Materials Recovery Ltd<sup>vii</sup> and are reprocessed into general plastic goods. Plastic cups (78% of which are recycled) are passed to Save-a-Cup,<sup>viii</sup> and items such as pencils, rulers, coasters, and garden furniture are subsequently produced. Fluorescent tubes are passed to Mercury Recycling Ltd,<sup>ix</sup> where light components are separated for reuse and toxic mercury is distilled from the phosphor powder. Electrical equipment is transferred to Tier 1 Asset Management Ltd.<sup>x</sup> If hardware is of sufficient quality, it is resold following the removal of data. Where this is not possible, reusable components are harvested and heavy components and magnetics are recycled. Precious metals are assayed and recovered, and any hazardous components are removed and sent for specialist disposal. Batteries are sent to the SNAM recycling plant in France.<sup>xi</sup> Mobile phones are passed to Shields Environmental Ltd<sup>xii</sup> and monies raised donated to the charity WaterAid (page 75).

**Benchmark** By comparison, according to their Sustainability Report 2002, Credit Suisse Group generated 92kg of general waste per employee (cf. 98kg at CFS' main offices).

## Sustainability value analysis

- Annual cost of recycling activities at CFS (including third party contracts and capital investment), £89,000.
- During 2003, 1,573 tonnes of waste were reused/recycled by CFS, resulting in an annual saving in waste costs of £183,500.
- During 2003, 183 items of furniture were reused by the bank, and 1,118 items were reused by CIS, resulting in an annual saving of £165,000.

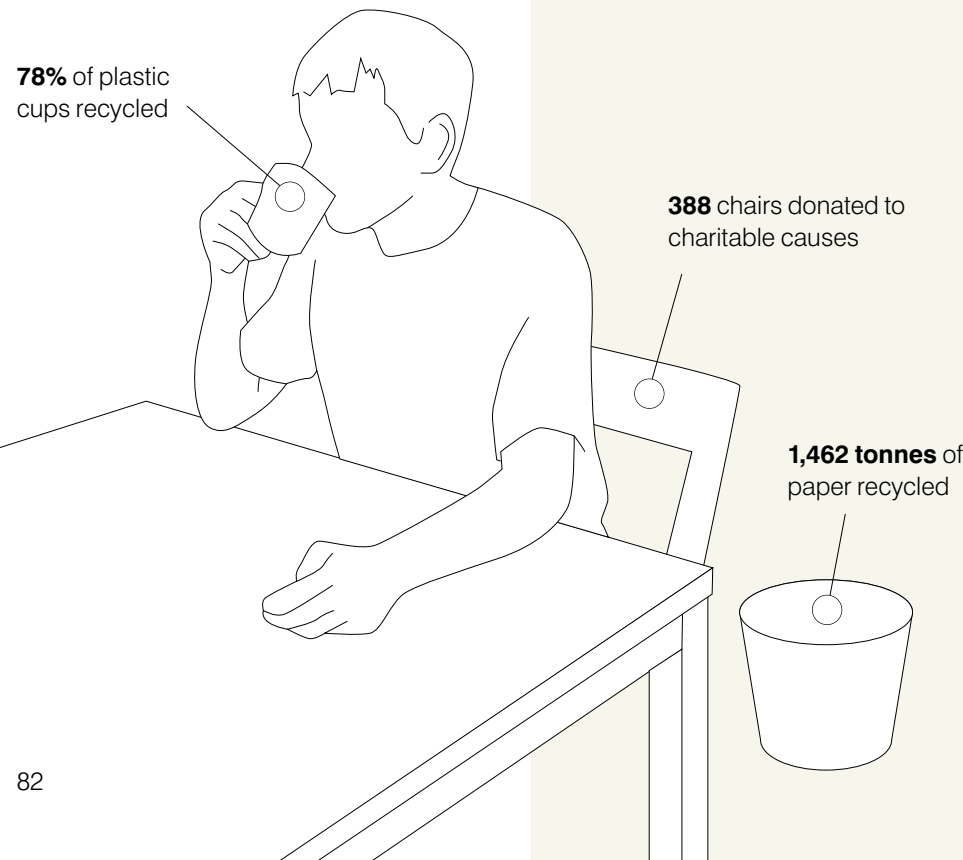
## Influence and action

**Recycling** Market prices for recyclate are very unstable, and this has a particular impact on smaller 'recycling' businesses, such as co-operatives and social enterprises. In September 2003, this matter was raised with the UK Minister for the Environment, Elliot Morley MP, and it was suggested that additional financial support mechanisms be made available. The Minister agreed to raise the matter with the

Chief Executive Officer of the Government's Waste Resources Action Programme (WRAP).<sup>xiii</sup> Earlier in the year (August 2003), CFS contributed to a WRAP waste management consultation and highlighted the need for local authorities to 'buy recycled' and for disposable nappy manufacturers to use biodegradable plastics.

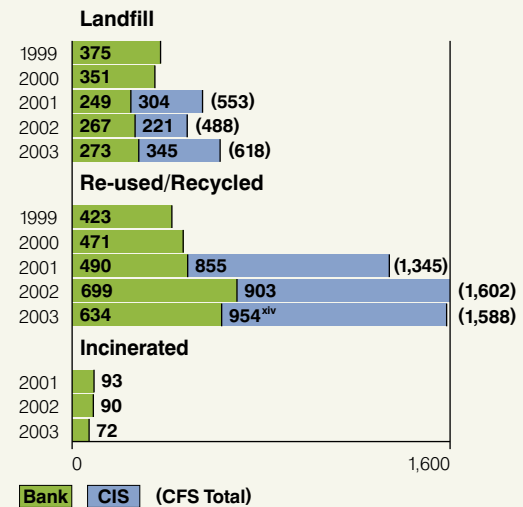
i DETR (2000).  
 ii Green Efficiency Guide (2000). ETBPP  
 iii www.cityoflondon.gov.uk/corporation  
 iv www.nationalrecyclingawards.com/  
 v www.co-op.co.uk  
 vi During 2003, CFS recycled 136,776 metal cans and four tonnes of plastic bottles.  
 vii www.materialsrecovery.co.uk  
 viii www.save-a-cup.co.uk  
 ix www.mercuryrecycling.co.uk  
 x www.tier1.com  
 xi www.snam.com  
 xii www.shields-e.com  
 xiii www.wrap.org.uk

## Performance

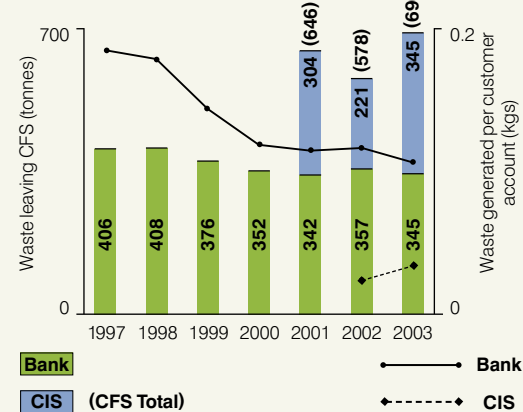


### Waste

End of life fate, all wastes (tonnes)

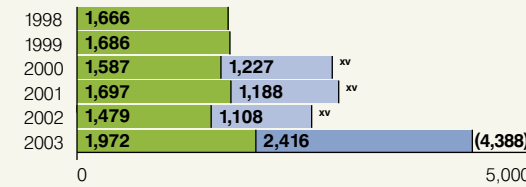


General waste produced

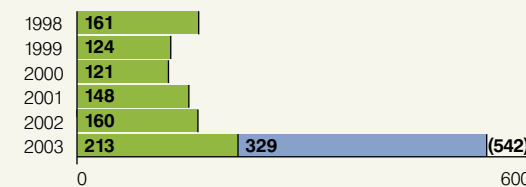


### Paper

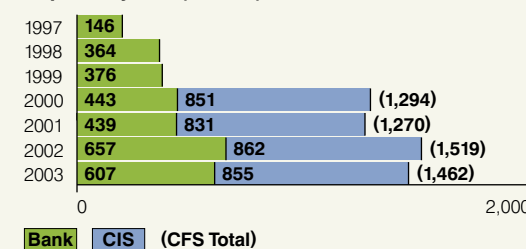
Total paper purchased (tonnes)



Paper remaining within CFS control (tonnes)

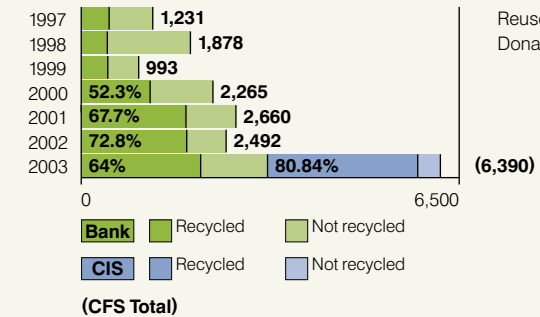


Paper recycled (tonnes)

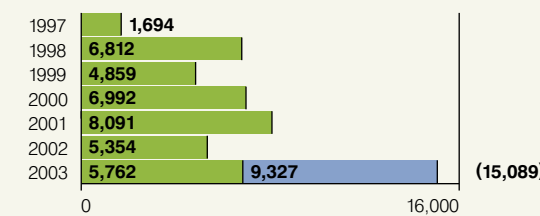


### Electrical equipment recycling

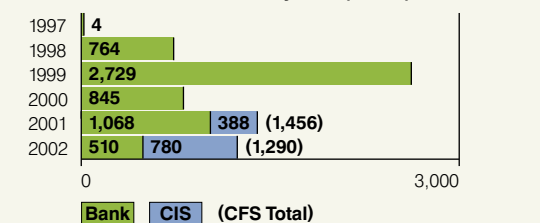
Toner cartridges recycled (items)<sup>xvi</sup>



Fluorescent tubes recycled (items)

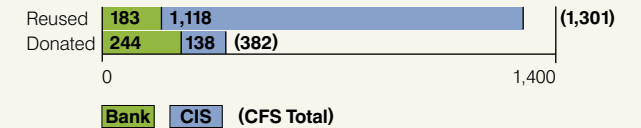


Other electrical waste recycled (items)<sup>xvii</sup>



### Furniture

End of life fate, 2003 (items)<sup>xviii</sup>



xiv This includes 64 tonnes of recycled furniture and fluorescent tubes, not previously reported.  
 xv CIS data from 2000 to 2002 does not include third party commissions (such as some sales and marketing literature). As such, a CFS total is not stated.  
 xvi Toner cartridges (items):  
 1997 bank recycled 39%  
 1998 bank recycled 23.9%  
 1999 bank recycled 46.2%  
 xvii Majority of items are monitors, PCs, laptops and printers.  
 xviii Majority of items are tables, desks, chairs and soft seating. Other items include drawer units, cabinets and pedestals, door frames, cupboards and screens.  
 xix Furniture managed by Broadstock Office Furniture only.

# Paper and printing



## 85. Paper and printing

### Targets 2003

- Switch all bank cheque and paying-in books to paper containing 33% recycled content. **Target achieved**
- Evidence progress in the removal of 'toxic' chemicals from bank third party printing activities. **Target not achieved**
- Begin to address the number of printed copies of electronic messages at the bank. **Target not achieved**
- Increase the proportion of remanufactured toner cartridges purchased by the bank by 3%. **Target not achieved**

### Targets 2004

- Begin to address the number of printed copies of electronic messages and other information. **Liz Thompson, Environment Adviser**
- Increase the use of ecologically-sound paper in all three priority areas. **Keith Boardman, Printing and Stationery Manager/Liz Thompson, Environment Adviser**
- Evidence progress in the removal of 'toxic' chemicals from third party printing activities. **Keith Boardman, Printing and Stationery Manager/Sarah Hunt, Environment Manager**

# Commentary

**Background** Global paper demand – the single largest use of wood fibre – has increased five-fold since the 1950s, and is expected to double again over the next 50 years.<sup>i</sup> Printing is the UK's sixth largest manufacturing industry, but has the lowest take up of environmental policies of any major business sector.<sup>ii</sup> CFS aims to use an increasing proportion of recycled and totally chlorine-free paper.<sup>iii</sup> Where virgin paper is used, Forestry Stewardship Council (FSC) certified sources will be prioritised. In 2003, CFS devised a list of challenging objectives, which it considers to be both SMART (see page 17) and consistent with The Natural Step. These are to phase out OSPAR chemicals (page 76), increase the use of vegetable oil-based inks, and reduce water use by adopting waterless print processes.

**Context** The bank has monitored paper consumption across a broad range of areas since 1997. CIS' accounting systems began in 2000, but were restricted to in-house print operations. As presented below, all printing activity for CIS is now accounted for, including third-party commissions (such as marketing and sales literature). This has resulted in a substantial increase in CIS' declared paper consumption.

**Paper volume – Bank** Compared with 2002, paper purchased per customer account has increased substantially (27%) predominantly due to increased cross-sales activity, which now accounts for 226 tonnes of paper. Less acceptably, printer and copier paper use has increased by more than 50 tonnes during 2003 (a 73% increase since 1998); it is evident that measures to reduce the number of printed copies of electronic messages have not succeeded. The planned introduction of double sided print and copy facilities across CFS has not yet contributed to a reduction in paper use; in part, due to a delay in connecting multi-function devices to the network. In 2004, CFS will recommit to this target, and seek to improve access to, and awareness of, facilities such as double sided printing and electronic data storage.

**Paper volume – CIS** CIS' accounting systems have now been extended to capture total paper use. This results in a significant increase in declared paper consumption and makes year-on-year analysis difficult.

**Paper type – Bank** The proportion of totally chlorine-free paper used by the bank decreased by 6.7% during 2003. Recycled paper use fell by 5.2%, and use of 100% post-

consumer waste recycled paper decreased by 3.9%. These negative developments principally followed from the increased usage of ecologically-poor quality papers in marketing literature. More positively, during 2003, cheque and paying-in books for all products switched to paper with a minimum of 33% recycled content.

**Paper type – CIS** During 2003, accounting systems were established for the use of totally chlorine-free paper, paper with a recycled content and 100% post-consumer waste recycled paper. There is significant room for improvement in the use of ecologically-sound paper at CIS. This will be addressed as a priority.

**Printing** 88% of all paper use is associated with external printing contracts, the vast majority of which utilise a lithographic process. In a first for CFS, the 2003 Sustainability Report and the CIS and bank Financial Statements have been printed using vegetable oil-based inks. Research conducted by the bank (in respect of third party printing) and by CIS (in respect of in-house printing) has highlighted a lack of accurate product composition information in records held by printing suppliers. This has caused significant difficulties when seeking to identify the presence of toxic substances. CFS will continue working with ink and varnish producers to identify toxic substances for priority phase-out during 2004.

**Toner cartridges** There has been a reduction in remanufactured toner cartridge use at the bank. This has resulted from a combination of product failure (toner leakage) and restricted product availability. CFS is working with Cygma Manufacturing Limited, a supplier of remanufactured cartridges, to resolve this issue. Historically, CIS monitored the purchase of remanufactured toner cartridges only. This year, the accounting system has been extended to capture the total number of toner cartridges purchased. During 2003, purchase of remanufactured toner cartridges at CIS decreased by 12%.

**Benchmark** By comparison, according to their Sustainability Report 2002, at Credit Suisse Group, paper consumption per employee is 191 kg (cf. 314 kg across CFS). The Credit Suisse Group Report does not mention printing.

## Sustainability value analysis

- Additional annual cost associated with utilisation of preferred ecologically-sound paper across CFS, £61,000.
- Annualised saving resulting from switch to remanufactured toner cartridges across CFS, £121,400.

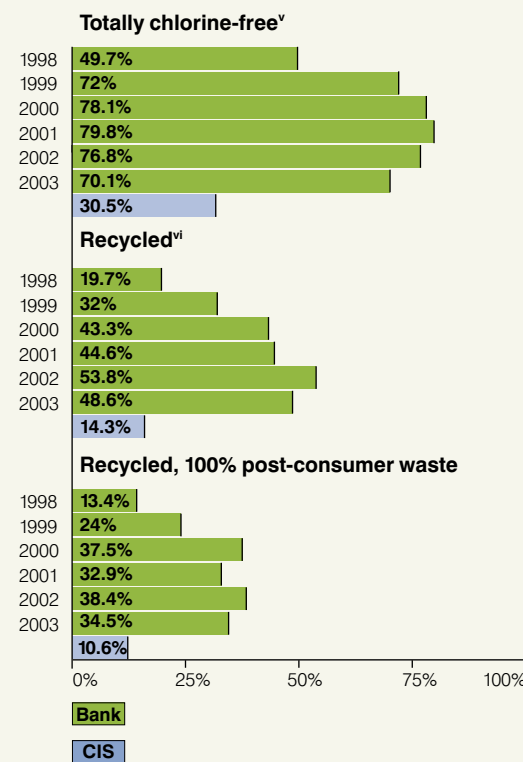
# Influence and action

**Direct mail** During a meeting with Elliot Morley MP, UK Environment Minister, in September 2003, CFS expressed support for a new Code of Conduct for Direct Mail. The Code aims to tackle resource use, recycling, and the removal of toxic substances from direct mailings.<sup>iv</sup>

i Forests For Life (2001). WWF.  
 ii Green Futures (January/February 2002).  
 iii www.cfs.co.uk/sustainability2003/paper  
 iv www.dma.org.uk/environment/ProducerResponsibilityforDirectMail\_PromotionsWaste.pdf

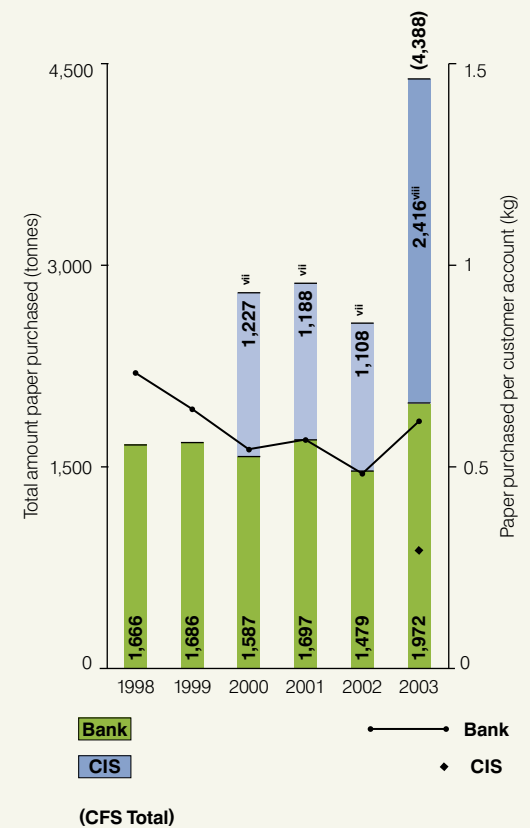
## Performance

### Type of paper purchased

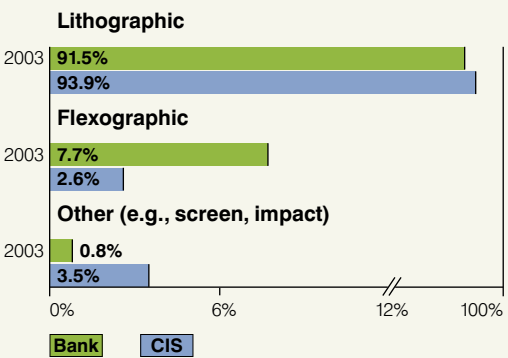


v Paper manufactured using a totally chlorine-free process.  
 vi Paper containing minimum 50% recycled content.  
 vii CIS data from 2000 to 2002 does not include third party commissions (such as some sales and marketing literature). As such, a CFS total is not stated.  
 viii Includes 925 tonnes relating to in-house paper purchase.

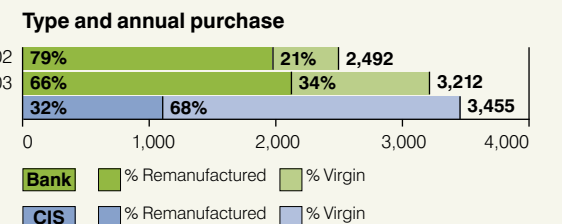
### Paper purchased



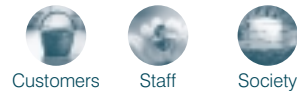
### Print process utilised by third party contracts, 2003



### Toner cartridges



# Biodiversity



- 86. Biodiversity
- 87. Land occupied

## Targets 2003

- Ensure that the 12.3 hectares of planting still outstanding at Oxbow wood and Brookhouse wood is undertaken by the year-end. **Acceptable progress**
- Raise through the RSPB affinity Visa credit card, over £2.5 million for Britain's threatened wetlands over the period 1999-2003 inclusive. **Target achieved**

## Targets 2004

- Commission follow up biodiversity audits at CFS' four community woodlands and make the results freely available by end 2005. **Liz Thompson, Environment Adviser**
- Raise, through the RSPB affinity Visa credit card, over £3 million for Britain's threatened wetlands over the period 1999-2004 inclusive. **Sian Ralph, Affinity Relationship Manager**

# Commentary

**Background** Around one in ten of all the world's bird species and a quarter of its mammals are officially listed as threatened with extinction, while up to two-thirds of other animal species are also endangered.<sup>i</sup>

**Context** Since 2000, the bank has reported its land footprint. This year, accounting systems have been extended to capture the space occupied by CIS' buildings, as well as car parking space across the whole of CFS.

**Land footprint** The total area of land subject to biodiversity enhancement, as a result of bank donations, is forty three times greater than the land footprint occupied by CFS.

**Land footprint – Bank** Land occupied by the bank totals 6.7 hectares (approximately 720,000 sq.ft). Nine branches and three main offices (the Pyramid, Stockport, Olympic House, Salford and Pennylands House, Skelmersdale) are owned by the bank, representing 31% of staff at January 2004. The remaining premises are leased.

**Land footprint – CIS** Land occupied by CIS totals 7.7 hectares (approximately 825,000 sq.ft). Eleven small offices, and two main offices (Miller Street, Manchester and Portland Street, Manchester) are owned by the CIS Life Fund,

representing 60% of office based staff at January 2004. The remaining premises are leased.

**UK wetlands – Bank** Between 1999 and 2003, the bank and the Royal Society for the Protection of Birds (RSPB) raised over £2.5 million for Britain's threatened wetlands, (£505,500 during 2003). The RSPB receives £18 for every account opened and a further £2.50 if the card is still being used six months later. In addition, the RSPB receives 25p for every £100 spent using the card. Monies raised in 2003 facilitated the rehabilitation of 550 hectares of reedbed. Most noteworthy, 96 hectares of arable land were converted to grazing marsh, lowland meadow and reedbed at Otmoor Reserve in Central England,<sup>ii</sup> and a further 89 hectares in Mersehead, Scotland.<sup>iii</sup> Populations of birds that rely on this important habitat, such as Reed Warblers, Sedge Warblers and Reed Bunting, have increased nationally to 80,000, 270,000 and 240,000 pairs respectively. In the past, populations of the Marsh Harrier had dwindled, becoming restricted to a southern distribution. However, the bird is undergoing a strong recovery and continues to increase and expand its range northwards, with birds now breeding as far north as North East Scotland. Since 1997, the bank has been recognised as the 'Species Champion' for the Bittern,<sup>iv</sup> and has been working with the RSPB<sup>v</sup> to restore

and extend reedbed habitats at Wigan Flashes,<sup>vi</sup> where the Bittern is known to over-winter. In 1997, the UK's population of breeding Bitterns was estimated at just eleven. The number of calling or booming males heard in the country now stands at 43.

**Tropical rainforest – Bank** In 2003, the bank once again extended its range of green mortgages (page 81). These account for the vast majority of CFS' carbon offset programme, as described below. Every year that a customer holds a mortgage, the bank pays Climate Care<sup>vii</sup> to offset a fifth of each household's carbon dioxide (CO<sub>2</sub>) emissions. Offset is realised via a process of either 'sequestration' (whereby monies fund habitat restoration and CO<sub>2</sub> 'absorbition') or 'abatement' (whereby monies fund CO<sub>2</sub> reduction initiatives). The bank approves its offset projects with Climate Care on a case-by-case basis, and in 2003 consulted customers as to their preferences (page 81). In 2003, following customer consultation, 60% of offset monies were used for reforestation in Kibale, Uganda. To date, the bank's mortgage customers have funded the restoration of 27 hectares of rainforest in Kibale National Park. The planting process begins in the nursery, where 30 species of local trees and shrubs are tended until large enough to plant out. A major barrier to the natural regeneration of the forest

is the rapid growth of elephant grass, which needs to be hand cut at least three times a year. Whilst the areas planted on behalf of the bank are too young to have attracted primates, chimpanzees and baboons have started to migrate into adjacent reforested areas. Securing the involvement of local communities is central to the project's success. The reforestation programme in Kibale, and its sister programme in Mount Elgon, provide work at times of the year for up to a thousand people. The project has also attained certification from the Forestry Stewardship Council.<sup>viii</sup> Further details of the bank's mortgages are available on its website.<sup>x</sup>

**UK woodlands – Bank** In 1997, the bank committed £300,000 to the development of four community woodlands in Greater Manchester. The four sites were all formerly landfill sites or opencast mines. The total area under management amounts to more than 250 hectares (approximately one square mile). The North West of England has one of the lowest ratios of tree cover in England, and the bank's sponsorship has led to the creation of 48.5 hectares of new woodland, consisting of Birch, Alder, Oak and Ash. These new woodland areas are beginning to mature, with some of the pioneer species, such as Alder and Birch, reaching over five metres tall. During 2003, 4.3 hectares of new woodland were planted at Brookhouse Wood and 1.5 hectares were planted at Oxbow Wood. The remaining 6.5 hectares of forestation at Oxbow Wood did not progress as planned following a reappraisal of the site's Management Plan, and will now be developed as meadow and scrub habitats. During 2002, the bank launched a new community woodlands website.<sup>x</sup> The website provides information for visitors on the habitats and species found within the community woodlands. To mark its launch, the bank sponsored the planting of 10,000 trees across twelve community woodlands in the North West of England. Based on nominations by visitors to the website, trees will start to be planted by Groundwork in the autumn of 2004. Biodiversity audits undertaken at the bank's four community woodlands have highlighted that the woods are already home to over 50 bird species of Conservation Importance, with six UK Priority Species (Bullfinch, Grey Partridge, Linnets, Reed Bunting, Song Thrush and Sky Lark) already sighted. The water vole, a UK Priority Species, has also been sighted. It is the bank's intention to undertake biodiversity audits across the four community woodlands in 2005. To find out more about the wildlife recorded at each of the four woodlands, see the community woodlands website.<sup>x</sup>

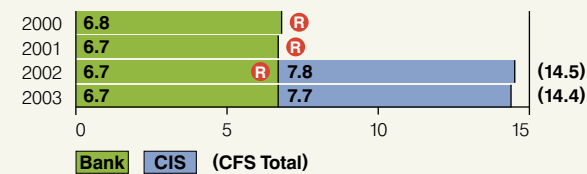
**Born Free – Bank** In 2003, the bank developed a relationship with the Born Free foundation<sup>xi</sup> for the relaunch of its Youth account. Donations will be made to the Born Free "elefriends project", which will provide project information and conservation related gifts to account holders. The "elefriends project" aims to protect elephant populations in Sri Lanka. As farming land encroaches on elephants' traditional ranges, they often turn to crops for sustenance and are driven off; causing young elephants to be separated from their parents. In 1900 there were 12,000 elephants in Sri Lanka, now there are less than 4,000. An Elephant Transit Home (ETH) has been established at Udawalawe National Park to provide medical attention, food, shelter, and the companionship of other elephants. Once they are grown, young elephants are returned to the wild in Udawalawe National Park.

**Proteus biodiversity information service – CIS** During 2003, CIS became a partner in the Proteus Project, which aims to create an international biodiversity information service. The project is supported by The United Nations Environment Programme and the World Conservation Monitoring Centre. The goal of Proteus is to provide accessible, relevant and reliable biodiversity information for practitioners and decision-makers on a world-wide basis.

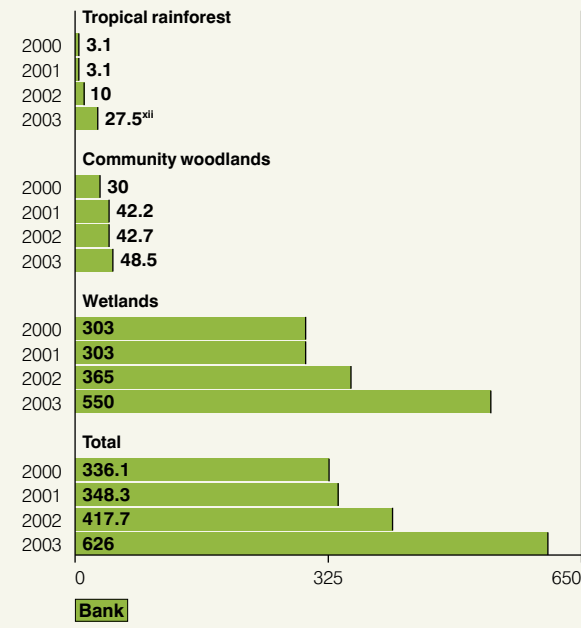
i The Royal Society (2003). Measuring Biodiversity for Conservation.  
 ii www.rspb.org.uk/countryside/managingreserves/studies/otmoor/index.asp  
 iii www.rspb.org.uk/reserves/guide/m/mersehead/index.asp  
 iv www.ukbap.org.uk/SpeciesGroup.aspx?ID=7  
 v www.rspb.org.uk  
 vi www.bitterns.org.uk/projects/summary/summaryofaction/page.php?pageID=55  
 vii www.climatecare.org  
 viii www.fsc-uk.org  
 ix www.co-operativebank.co.uk/personal/mortgages\_environment.html  
 x www.co-operative-woodlands.co.uk  
 xi www.bornfree.org.uk

## Performance

### Land occupied by CIS and the bank (hectares)



### Land with significantly enhanced biodiversity as a result of bank donations (cumulative hectares)



xii In addition to the bank's mortgages, carbon offset is purchased in connection with CFS' air conditioning leakages (page 76) and the bank's new personal car finance loans (page 81). In total, the offset associated with these initiatives has facilitated the reforestation of half a hectare of rainforest, as at end 2003.

Source: Sustainable Development Team 2004



The biodiversity of 2.4 square miles has now been enhanced