

# Climate change

Our changing climate is not a new problem. Governments, businesses and civil society have known for decades that greenhouse gas (GHG) emissions are trapping huge amounts of heat energy in the atmosphere and that, unchecked, this threatens communities across the world.



It cannot be overstated; climate change is real and life-threatening. The science is clear and indisputable. Climate volatility is already affecting the foods we all rely on and the people who produce them.

In 2019 our members took the historic decision for Co-op to formally recognise the climate emergency, to commit to science-based GHG reduction, and to take responsibility for both the direct impacts of running our business and for the products that we sell.

**Voting remotely due to the pandemic, 52,423 of our members used our 2020 AGM to call for us to go further and faster:**

- To determine the risk to our supply chains from the effects of climate change
- To take the necessary action to achieve net zero GHG emissions as soon as practically possible
- To engage across the wider sector to tackle these unprecedented challenges

## Engaging the wider sector

We're proud to have worked closely with the British Retail Consortium (BRC) during 2020 to agree a roadmap not just for ourselves to achieve these stretching commitments, but for the retail sector to do so together. 62 retailers have joined us and signed up to a joint plan to reach net zero GHG emissions by 2040, across our businesses as well as our supply chains, 10 years ahead of international agreements.

We funded and steered the development of the [BRC Climate Action Roadmap](#) alongside 19 founding retailers including IKEA, M&S and Central England Co-operative.



## Risk to our supply chain

It should be very clear that climate change is a human issue as much as it is an environmental one. Sourcing each ingredient that goes into Co-op products supports people, their livelihoods, their families and communities. Many of these producer communities face huge risks as a result of climate change.

Throughout 2020 we've worked together with experts from the University of York IKnowFood programme to identify the potential impacts of climate change upon a selection of our key ingredients. This is an important piece of research which will inform our planning and work with suppliers over the coming years.



### Case study: Climate change impact on Fairtrade coffee producers

The effects of climate change are already being felt by our coffee producers. As temperatures rise, bugs and diseases such as leaf rust are spreading which is affecting production, yield and incomes. It also means that land suitable for coffee growing is moving to higher altitudes, resulting in deforestation as land is cleared for planting, causing further biodiversity loss and soil degradation. By 2050, it is expected that the total area of land suitable for coffee growing will have reduced by 50%.

To tackle the twin issues of the climate crisis and falling numbers of young people seeing coffee farming as a viable future, we've supported Fairtrade Africa's East Africa Youth in Coffee Programme, which creates opportunities to involve young people in the coffee value chain. We funded the implementation of this programme at the Mutira Farmers' Co-operative Society in Kenya, who sit in our supply chain. The six-month project trained 61 youths on agricultural practices, coffee nutrition and establishing nurseries for more climate-resilient coffee beans.

In the 2021 main season, 200,000 seedlings will be distributed to farmers with priority given to youths and women at Mutira Farmers' Co-operative Society, to increase production.

## Taking action

The GHG emissions from running our business have continued to reduce at pace, driven by a combination of using less energy and our ongoing strategy to replace refrigerant gases with low impact alternatives. The UK power grid has continued to decarbonise and we continue to support this by sourcing 100% renewable electricity from UK wind farms, solar and small-scale hydro-power.

Our product-related GHG emissions are accounted and reported two-yearly. Our key actions in 2020 have been collaborative working with farmers, academics and agricultural suppliers to identify practical actions to reduce the climate impact of beef and dairy, (page 56) increasing packaging recyclability (pages 66-67) and removing peat growing media from sale entirely (pages 70-71).

Our GHG reduction targets have been set and approved by the Science Based Targets initiative (SBTi), a coalition of leading environmental NGOs including [WWE](#), [CDP](#), [WRI](#) and the [UN Global Compact](#). This coalition endorses targets in line with the action needed to avoid the most dangerous impacts of climate change.

Our pathway to reducing GHG emissions from running our business is in line with the required action to limit global warming to no more than 1.5°C above pre-industrial levels.



## Direct emissions

**Target:**  
50% reduction  
(2016 to 2025)

**Progress:**  
47% reduction  
(2016 to 2020)

## Product-related emissions

**Target:**  
11% reduction  
(2016 to 2025)

**Progress:**  
2.5% reduction  
(2016/17 to 2018/19)



## Case study: Energy with integrity: better value for all

Since 1844, it's been our point of difference to find better ways of doing business. Co-op Power was originally established in 2003 to buy green electricity for the Co-op. Today, it's the biggest energy buying co-operative in the UK, helping some of Britain's biggest brands to save money and source 100% green energy in an ethical, sustainable way.

Our commitments to the environment and tackling climate change are longstanding. That's why in 2020, as the pandemic continued and green targets remain, we launched our first ever recruitment drive for Co-op Power.

Despite the challenges of Covid-19, we welcomed 5 new members including Roadchef, Nationwide Building Society and The Royal National Lifeboat Institution. We also worked to draw attention to businesses obliged to pay premiums for unused energy at premises that were closed or not consuming as usual during the pandemic; an injustice Co-op Power fought hard to negotiate out of its own framework agreement and replace with a disruptive 'No Take No Pay' policy which protected its members from close to £1million of additional costs.

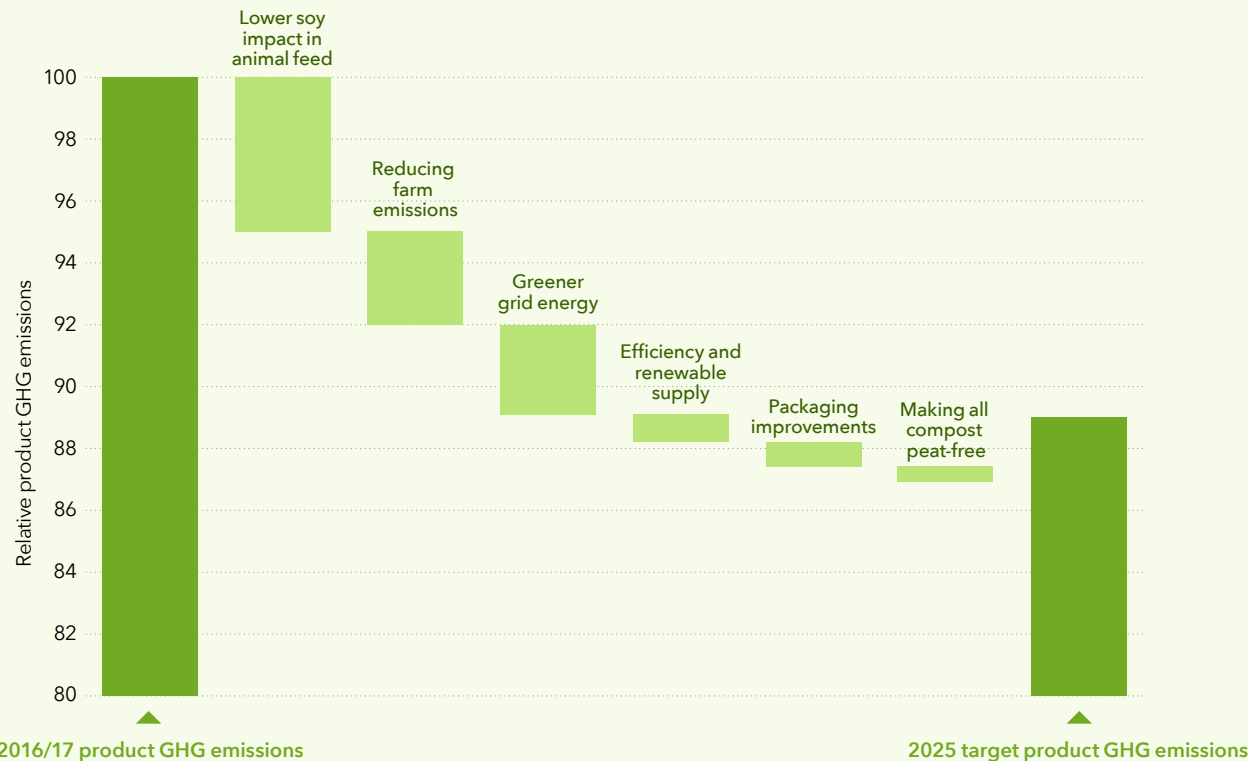
Co-op Power strives to save energy costs for its members. The Co-op alone avoided 143,000 tonnes of carbon in 2020 by purchasing renewable energy.

## Tackling product emissions

In 2020 we've worked with food system experts to review our full product GHG footprint and the key steps we can take to hit our science-based target of 11% reduction between 2016 and 2025.

We've identified the following areas as having a potentially significant contribution to reducing our product-related GHG emissions.

### Estimated contribution to Co-op science-based target



This diagram shows an indicative scale of contribution from the different elements of our plan to address product-related GHG emissions. Achieving this stretching ambition will rely on close work with suppliers and producers such as our work to reduce farm emissions (right) but also shows our dependence on wider societal change, such as the rapid decarbonisation of the UK energy grid.

### Case study: Working closely with British farmers

We're committed to reducing GHG emissions in line with a science-based target to limit global warming. Supporting farmers to make British meat and dairy better for the world is one of the best things we can do to achieve that.

We launched the 'Enviromap' programme in 2016 (page 56), an environmental impact measurement tool for our farming groups, backed up by expert and peer-to-peer support.

For our farmers, it means less waste, more productivity, and a set of practical actions to improve environmental impact. For the Co-op it means we can help to support our British farmers deliver on our commitments to reduce our total carbon footprint, and track the impact of our agriculture supply chain over time.



## Task force on climate-related Financial Disclosures (TCFD)

Climate change poses both risks and opportunities for businesses. The [Taskforce on Climate-related Financial Disclosures \(TCFD\)](#) recommends a framework for identifying and reporting how climate-related risks and opportunities are measured, monitored and managed by companies and others.

We already recognise sustainability and climate change as a Key Priority Risk, and report on it in our Annual Report and Accounts. We are currently exploring options to go further and to report on our climate-related risk exposure in line with leading practice as per the TCFD Framework.

### Case study:

#### Reducing GHG emissions from running our business

Our specification for all new stores includes energy-efficient equipment and natural refrigerants as standard. We also continue to deliver energy efficiency and refrigerant improvements to our existing estate through our refit programme.

In 2020 we invested approximately £1m in energy efficiency in our older buildings to keep driving down the GHG emissions from running our business. We're also looking at ways to reduce

the carbon impact of our new stores throughout their full life cycle, through design improvements and the materials and construction methods used.

Our total energy consumption has reduced by 5% between 2019 and 2020 and our emissions from refrigeration have reduced by 23% in 2020.

We expect a proportion of the decrease to be due to lower site occupancy and restricted opening hours as a result of Covid-19 lockdowns.



### 🎯 2021 targets

#### Approved science-based target:

We will reduce absolute GHG emissions from our own operations by 50% by 2025, compared to 2016, in line with the pathway to limit global warming to no greater than 1.5°C above pre-industrial temperatures.

#### Approved science-based target:

We will reduce product-related absolute GHG emissions by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the SBTi coalition.

#### Long-term goal:

We will reach net zero GHG emissions from both operations and products by 2040 at the latest.

We will support other co-operatives, NGOs and communities to address their climate change impacts through the purchase of green energy and advice services via Co-op Power.