

# Sustainable sourcing

Sourcing the ingredients and raw materials we use can have a significant impact on the natural environment, whether that's in waterways, agricultural land, soil or forests.

As set out in our Future of Food ambition, we're committed to caring for the environments our ingredients are sourced from. Where it drives change, we support credible certification and work with key partners to take a restorative approach to nature. As part of our commitment to responsible sourcing we've worked with stakeholders to identify our 30 key ingredients (see page 105 for full list), allowing us to focus actions on those areas with the greatest sourcing risk.

Sustainable sourcing has remained in the spotlight during 2020, particularly with NGO campaigns on environmental impacts of supply chains and the [UK Government's consultation on due diligence in forest risk commodities](#).

## Aquaculture and fisheries

We work to conserve our oceans, fish and the livelihoods of our suppliers. We apply a risk assessment process to all our fish products, which ensures we continue to source seafood responsibly. We're members of the Sustainable Seafood Coalition and we use its voluntary codes of conduct for the responsible sourcing and labelling of fish and seafood

products. We work with the Sustainable Fisheries Partnership to ensure we are up to date with the latest industry science, and are members of the Global Ghost Gear Initiative, which helps to promote solutions to the problem of discarded and lost fishing gear, improving the health of marine ecosystems.

We've made good progress in sourcing Marine Stewardship Council (MSC) certified seafood over the last few years. 67 (75%) of our wild capture seafood products are labelled as MSC certified, so our customers know which products contain sustainable seafood (2019: 63 products or 79%).

As well as meeting our commitment to improve seafood sustainability, this makes us one of the top retailers in the UK selling sustainable fish,

and ensures we're meeting our commitment to continue to improve our seafood sustainability through our [healthy oceans strategy](#).

All of our wild capture fisheries and farmed seafood sources can be found on the [Ocean Disclosure Project website](#).

We support Fisheries Improvement Projects (FIPs) as a key step towards fisheries sustainability and certification within a defined five-year time frame. We're innovating with the industry by supporting a number of UK FIPs through [Project UK](#).



## Forests and peatlands

We take a restorative approach to the forests where our ingredients come from. We can't solve deforestation in isolation and this year we've responded to the Government's consultation on due diligence legislation, joining other businesses in urging them to go further with the proposed laws. We're continuing to develop our business-wide approach, managing risks within our own-brand products and in our operations – taking in to account any requirements that come with new legislation.

### Palm oil and soy

Palm oil and soy production can impact communities, deforestation, climate change and habitat loss. To achieve a sustainable approach to sourcing, we engage across the industry and with environmental NGOs to understand the best approach and set clear policies. The advice from NGOs is to source responsibly, as this is the most effective way to drive change. Furthermore, alternatives to crops such as palm oil are often more environmentally damaging with regards to their land use.

All our palm oil is certified by one of the Roundtable on Sustainable Palm Oil (RSPO) schemes. We've been working towards using 100% segregated RSPO certified palm oil by the end of 2020 in our own-brand products. During 2020 78% of the palm oil used in our products was segregated (2019: 73%), and we know that some products will still be using non-segregated in 2021.

The coronavirus pandemic has affected supply in some cases, so certain products will switch to segregated during 2021.

However, even outside of these factors, challenges in certain product types mean segregated solutions aren't yet been possible.

We're still committed to sourcing segregated palm oil wherever we can and will continue to report annually on the amount and type of palm oil we use. Collaborative efforts through our membership of the Retailers' Palm Oil Group remain a key route to tackle the issues shared across the industry.

To address the risks in sourcing palm oil we know we must go beyond certifying our own supply. We've supported Chester Zoo's [reforestation of former palm oil plantations in Borneo](#) and in 2021 we'll set out the next steps in our palm oil strategy for the next five years. These will focus on: supporting smallholders, engaging with brands, expanding our transparency and understanding the use of palm oil in animal feed, as well as building on our reforestation work.

You can read more about our palm oil strategy and the initial goals we've set [here](#).

Our most significant use of soy is in feed for livestock for our meat, dairy, egg and farmed fish products. As members of the Round Table on Responsible Soy (RTRS) and the Retailers' Soy Group, we continue our support of RTRS through credit purchases. We currently cover our entire own-brand soy footprint (71,500 tonnes) with RTRS credits.

We're also signatories of the Cerrado Manifesto, a group of businesses committed to protecting this area of Brazil, and the UK Round Table on Soy. Through these groups we've engaged with soy traders to improve transparency and were signatories to an [open letter](#) to the National Congress of Brazil on protection of the Amazon.

We're committed to reaching 100% physical, sustainable and deforestation-free soy across our own-brand supply chain by 2025 – you can read this commitment and the steps we're taking to achieve it in full [here](#).

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### Peat

Peat is a vital natural resource, providing carbon storage and natural flood defences. From 2021 we're becoming the first UK retailer to ban the use of peat in bagged growing medium sold in our stores, covering both own-brand and branded products (last year we sold branded products - two peat-free options within a range of five). While this is an important first step, we recognise peat can also be used in our supply chains. In 2021 we'll work to map the scale of its use so that we can plan how to reduce its impact.



## Case study: Peatland restoration

Damaged peatlands mean they're emitting – rather than absorbing – carbon dioxide. Restoring these areas into saturated wetlands will trap additional carbon through laying down of organic matter, as well as reducing biodegradation and associated greenhouse gas emissions. These carbon capture benefits are almost immediate, allowing peatlands to deliver significant amounts of emissions reductions soon after restoration.

Co-op and suppliers of Jura, The Glenlivet and Laphroaig whiskies are working with climate and sustainable development experts, ClimateCare to support the restoration of peatland in East Ayrshire. In addition to the carbon benefits, the work will improve the local soil and water quality (peat is a natural water filter), and provide habitat for numerous birds, insects and mosses.

Read more about the project [here](#).

## Fields and orchards

We work with producers and growers, focusing on protecting our precious natural resources, water, soil and biodiversity and building resilience in the changing climate. We also understand that whilst doing this, we must also consider impacts on people and their livelihoods. See our commitments on Fairtrade (page 49) and Ethical Trade (page 45).

## Water stewardship

Water represents an ongoing risk in our supply chains – both locally, where 86% of English rivers don't hold 'good' ecological status, and internationally, with 8 of the top 10 countries for food sourced to the UK prone to drought.

We've supported the call for collaborative action regarding water in key sourcing areas, bringing our Co-op and other retailers and suppliers together under the [Courtauld Commitment 2025 Water Ambition](#). The projects are taking place in six catchments areas in the UK and are supporting farmers and growers with better water management.

## Crop protection

We acknowledge that the use of pesticides impacts on biodiversity and soil health and can have risks linked to human health. However, their responsible application helps protect crops from diseases and reduces food waste. Crop protection plays a role in food production but must be implemented responsibly.

In 2020 we launched our new [Crop Protection Policy](#) which means we can be more customer-focused and transparent, as well as reshaping how we collaborate to share best practices and tackle challenges in partnership with suppliers. We've structured the policy to allow us to review and evolve over the coming years.

We'll be implementing the Policy during 2021 and have started by focusing on garden products sold in store, using our new risk-assessment process to change the range we sell.

## Performance Benchmark

Ranked **2nd highest UK retailer** on the 2020 WWF Palm Oil Scorecard for our progress and commitments (18/22 points achieved).

**5/6** received in the 2019 WWF Retailer Scorecard on Soy Commitments.

We were **ranked 4th** in [Pesticide Action Network's 2019 scorecard](#) of UK supermarkets on pesticides.

We received '**Three Trees**' (the highest score) in the WWF UK Timber 2019 Scorecard Benchmark for our commitments to FSC and recycled timber, timber products and reporting.

## Wood and paper

We ensure that the wood and paper used in own-brand products<sup>1</sup> for Co-op food comes from a responsible source and is of known origin. 99% comes from Forest Stewardship Council (FSC) or recycled sources (2019: 97%).

98% of coffins manufactured by our funeral business were made from FSC®-certified wood<sup>2</sup> (2019: 97%).

<sup>1</sup> Excluding packaging

<sup>2</sup> FSC® C008811



## Livestock

Respecting animal welfare is an important part of our work in agriculture. For all our Co-op branded fresh, frozen and prepared meat and poultry products, our minimum welfare standard, and our main focus is Red Tractor. For higher welfare, we use RSPCA Assured certifications or equivalent.

Since 2008, all shell-eggs sold (Co-op brand and branded) have been free range as a minimum, and we only use free-range eggs as ingredients in Co-op brand products. In 2020, 95% of Co-op brand shell-egg sales were RSPCA assured and the remainder were certified organic (2019, 94% RSPCA assured and the remainder certified organic).

## Monitoring animal welfare

More than 3,700 farmers and growers feed into our own-brand fresh supply chain, supplying us with meat, dairy, poultry, fresh produce and prepared products for our Co-op brand products. All farms, whether they're part of our Farming Groups (pages 55-56) or not, may be subject to announced and unannounced visits or audits by us or an appointed independent audit body to check compliance with our animal welfare requirements.

### Performance Benchmark

Tier 2 achieved in the Business Benchmark on Farm Animal Welfare (BBFAW) in 2020, for the ninth year running<sup>1</sup>.



## Antibiotics

Antimicrobial Resistance is an increasing global challenge and threat. Food retailers have a responsibility to take action. We're a member of the food industry initiative on antimicrobials (FIIA) and have signed a code of conduct to work pre-competitively as an industry to reduce antibiotic use. We therefore no longer publish our antibiotics usage data in compliance with this agreement. The initiative agrees a common set of principles and commitments and has developed joint initiatives to support responsible use at farm level.

We're also supporting research, through membership of Responsible Use of Medicines in Agriculture (RUMA) and farm antibiotics, that helps identify alternatives to antibiotics, and our Farming Group performance annually.

Our antibiotics strategy, in line with the industry approach, is based on the '3Rs' framework to Reduce, Replace and Refine the use of medicines. Read more about our [animal welfare and antibiotics policies](#).

## Animal testing

All Co-op branded toiletry and household products are approved cruelty free under the Leaping Bunny programme, managed by Cruelty Free International (CFI).

Leaping Bunny is the only internationally recognised programme that requires approved businesses to implement a supplier monitoring system, checking for animal testing right down to ingredient level.



It requires adherence to a fixed cut-off date policy and ongoing independent auditing to ensure and safeguard compliance.

Our commitment, systems and processes were most recently audited, against both Leaping Bunny programmes for toiletries and household products, in October 2020. This endorsed our new processes which incorporated the updated CFI criteria from 2019.

In December 2020 we signed an open letter from CFI to the EU constitutional bodies about upholding the EU Cosmetics Regulation's ban on animal testing, alongside 450 other cruelty-free brands. We also shared our own press release to raise awareness and our history in campaigning for animal rights.

### 2021 targets

We will source all our 30 key ingredients sustainably:

- 100% of palm oil in Co-op products will be segregated RSPO certified, with the vast majority of this being achieved by the end of 2021. We will report on our 2021 progress towards this target.
- 100% of soy in Co-op products, including that embedded in animal feed, will be deforestation-free and sustainable by 2025.

We will develop risk-based strategies to reduce the impacts of sourcing our 30 key ingredients by the end of 2022.

We will develop action plans for our restorative approach to nature by the end of 2022.

We will ban use of peat in compost sold in Co-op stores, reviewing use across our supply base in 2021.

<sup>1</sup> 1-6 scale, where 1 is the highest. BBFAW classes businesses that reach Tier 2 as having 'farm animal welfare as an integral part of business strategy'.