

Climate change

Climate change is real and the stability of our planet is under severe pressure. Our world is warming up and we must take action now to protect our planet, not just for us but for future generations. The choices we make today will affect our tomorrows – so we must stand together to reduce harm to our planet.

In 2021, we published our [10-Point Climate Plan](#). This plan is a blueprint for how our Co-op will play its part in addressing the severe challenge which our planet faces. Our plan is built on three principles:

- **We follow the science**
in our target setting and decision making. Above all else we must rapidly reduce the carbon we put into the air
- **We work for a fair and just transition**
for people and planet. Solving the climate crisis can't come at the expense of those who can least afford it
- **We co-operate for systems change**
because we are stronger and more effective when we work with others



Principle One: Follow the Science

Our priority above all else is to rapidly reduce the carbon¹ emissions we release into the air, both from directly running our business and from our far greater indirect impact upon the world².

We closely follow the guidance and recommendations of the **Science Based Targets Initiative** (SBTi) and our current carbon reduction targets have been approved by this coalition of leading NGOs.

We are committed to refresh these targets regularly in line with the latest science and, as a result of the publication of SBTi's updated Net Zero Standard, we will reassess our target pathway in 2022.

¹ We refer to 'carbon' and 'carbon reduction'. In all cases we are referring to our total greenhouse gas emissions expressed as their carbon dioxide equivalent. We are not excluding greenhouse gases from our targets.

² When we refer to 'direct' emissions we are describing Scope 1 and 2 greenhouse gas emissions under GHG Protocol categorisation, which is emissions from running our business and within our operational control. 'Indirect' emissions refer to Scope 3 greenhouse gas emissions, meaning those emissions from the wider value chain not under our operational control.

The latest guidance

Since setting our first science-based targets in 2019, scientific understanding and policy discussion has accelerated. There are three important concepts which we now need to address (see table, right).

Our approach

Our strategic approach follows the latest guidance from the Science Based Targets Initiative. Rapid carbon reduction aligned to 1.5°C in the short term, a long term goal of net zero emissions across all scopes by 2040, and compensation for our emissions in the meantime through carbon neutrality, funding verified carbon offset projects.

1.5°C aligned carbon reduction. The speed at which we reduce carbon emissions is directly linked to how much average temperature increase and climate volatility the world can expect. The social and environmental impacts of climate change are expected to be far worse beyond a 1.5°C increase so we must collectively act faster.

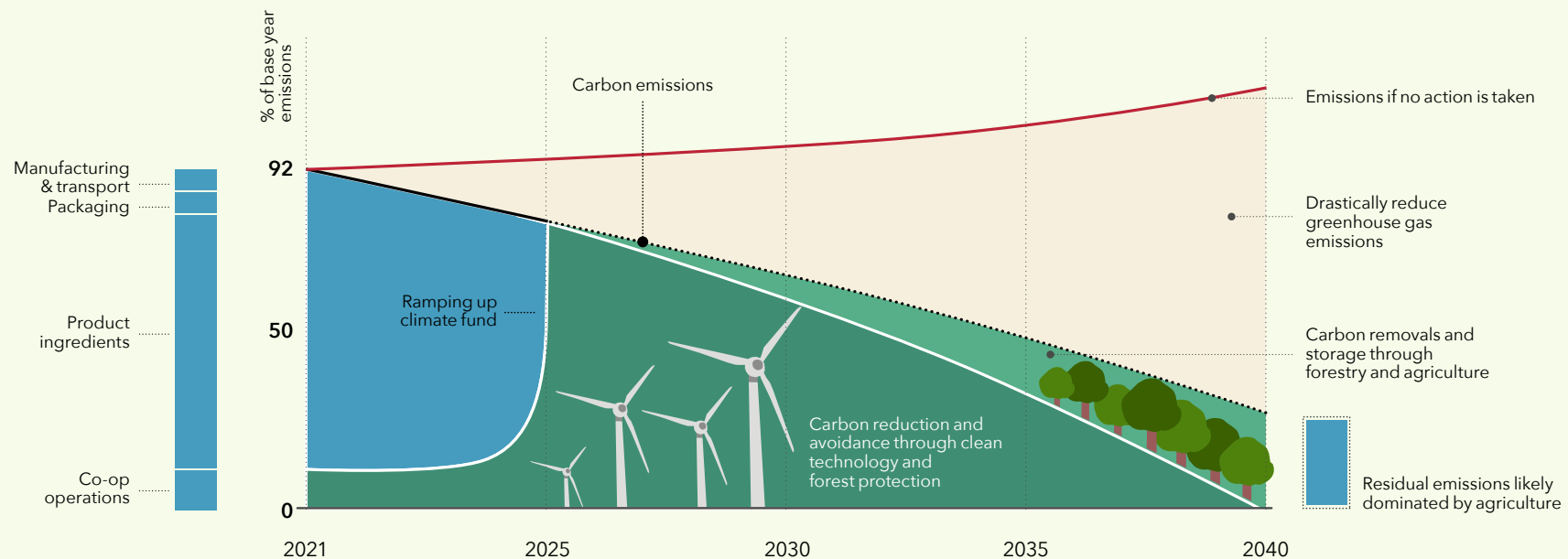
Net zero emissions. This is the long-term goal of many climate change commitments on an organisational, national or global level and describes the point when emissions within a set boundary are both 1) reduced to only residual emissions and 2) balanced by natural or technological removal.

Carbon neutrality. A state when carbon emissions within a set boundary are balanced by action to reduce, avoid or remove emissions elsewhere. It is a way to compensate for climate impact in the near term, but is not the same as carbon reduction nor the end goal of net zero emissions.

Co-op position

- ✓ Our target for direct emissions is already 1.5°C-aligned
- Our target for indirect emissions is currently 2°C-aligned and will be reassessed in 2022
- ✓ Our target is to reach net zero emissions across all scopes by 2040
- ✓ 100% of our operations are now carbon neutral through 'compensation activity' as of 2021, with rigorous standards for the activities we will fund

Co-op's pathway to net zero - An indicative representation of our long-term approach



Performance

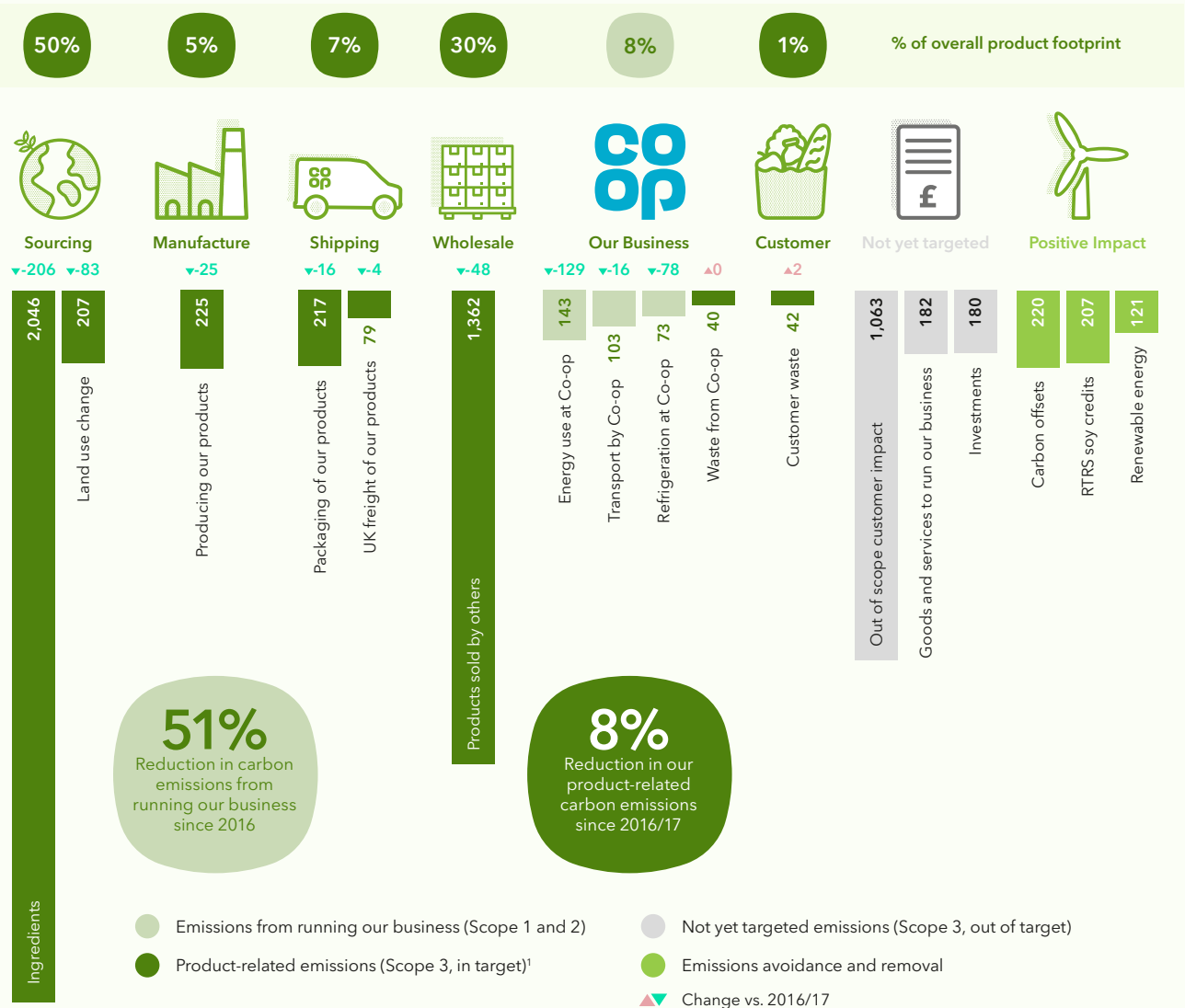
We carry out detailed research, assessments and site visits to determine our full end-to-end carbon footprint. This footprint includes the thousands of products we sell, with impacts estimated from hundreds of suppliers and organisations throughout our supply chain. The indirect share of this footprint is over ten times greater (4,218 kt) than the direct emissions from running our business (320 kt) and is far more challenging to address.

The carbon emissions from running our business have continued to reduce, driven by a combination of investment to make our properties more energy efficient, using less impactful refrigerant gases, and more renewable energy in the UK grid. Our operational (Scope 1 and 2) emissions have reduced by 51% since 2016 and we have reached our carbon reduction target three years early.

Our indirect carbon emissions are almost entirely driven by the products that we source and sell. These emissions have reduced by 8% since 2016/17, largely driven by underlying commercial trends at Co-op including the volume and mix of products that we sell, in addition to trends in the wider society including the electricity used for UK manufacturing becoming lower carbon and the balance of UK soy imports shifting towards countries with lower deforestation risk.

We have seen measurable reductions in our product carbon emissions from the work set out in our 10-Point Climate Plan, including removing peat from sale and working with our UK farmers to reduce the impact of animal agriculture. It is important to note that Scope 3 footprinting is necessarily based on indirect modelling of our supply chain. In 2021, we have improved our model to use more Co-op specific data throughout. This will continue to be improved and we will seek to improve alignment across the retail sector as we campaign for mandatory reporting of full carbon footprints.

Co-op's full carbon footprint 2020/21 (ktCO₂e)



¹ Product-related emissions for the Co-op cover the most significant value chain impacts of the products we sell. Specifically, this includes Scope 3 emissions from purchased goods and services for resale, upstream transportation and distribution, food waste generated in our operations and end-of-life treatment of sold products. A more detailed breakdown of these categories is set out in the data tables [here](#).

Case study: Carbon reduction

Reducing our operational greenhouse gas emissions to meet our science-based target has centred around energy efficiency improvements, refrigeration technology and UK electricity grid decarbonisation. We've improved our property maintenance plans, standards and specifications, targeted investments in energy use and refrigeration, and enhanced asset monitoring/management controls. We've also achieved a reduction in greenhouse gas emissions from our logistics operations by optimising store delivery schedules and dynamic route planning, leading to a reduction in kilometres travelled and fuel used.



Principle Two: A Fair and Just Transition

We are now facing decades of unprecedented change. Whether through the disruption required to solve the climate crisis across the world and transition to a net zero future, or the accelerating impact of climate volatility that we are already seeing.

This means climate change is a human issue as much as it is an environmental one. A fair and just transition means finding solutions to this crisis in a way that not only reduces emissions and protects the natural world, but which also creates a fairer, more just and equal world in the process.

Our approach

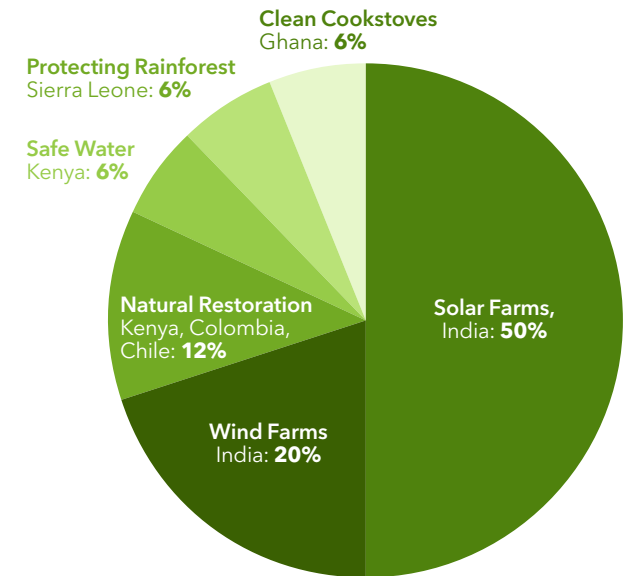
A key part of our approach is **directing finance to reducing carbon emissions**. As of 2021, we are aligning our colleague pension fund to reducing carbon, directing half of the carrier bag charge to fund innovations to reduce carbon and UK natural restoration projects, and funding a significant portfolio of international offset projects, reducing carbon emissions and supporting a fair transition worldwide.

As of 2021, we fund carbon avoidance and removal projects equal to 100% of the carbon emissions from running our business. This means every Co-op store, funeral home and office is now carbon neutral¹.

In 2021, Co-op Insurance celebrated 15 years since it brought the first UK car insurance policy with carbon offsetting to the market; 2021 also marked ten years of carbon neutrality for Co-op Funeralcare, across its operations.

¹ We fund verified emissions reduction (VER) credits totalling our full Scope 1 footprint. Our Scope 2 footprint is backed by 100% renewable energy guarantees of origin.

Co-op's carbon offset funding 2021



We follow the highest standards of the voluntary carbon market and our commitment to a fair transition. The projects we choose have tangible benefits to people and communities all over the world. You can read more in our 10-Point Climate Plan.

Case study: Carbon innovation fund

The three-year, £3m Carbon Innovation Fund was launched in November 2021. It's a partnership between Co-op and our charity, the Co-op Foundation, funded through Co-op donations raised from the sale of compostable carrier bags in the UK and additional Co-op Foundation funds.

The Foundation plans to award funding of between £75k and £100k to about 10 projects in the food and farming sector in year one. Eligible organisations include charities, social enterprises, co-operatives and businesses in the UK and overseas.

The Carbon Innovation Fund will support projects that reduce greenhouse gas emissions. The fund is particularly looking to support innovative projects, movements or inventions which not only deliver an environmental good, but which can contribute to real systems change and demonstrate a positive impact for people and communities, too.

Read more [here](#).



Planning for transition

In 2022, we intend to **review and report our transition risks**. We are committing to undertake the recommendations of the Taskforce on Climate Related Financial Disclosures (see [here](#) for more detail).

Supporting producers

Finally, we are **supporting producers to adapt to climate change realities** and become more climate resilient. In August 2021 we announced our new partnership with Fairtrade Africa. We are working with 12 producer organisations in tea, coffee and flower supply chains in sub-Saharan Africa to take action for the security of their own livelihoods, environments and protecting key commodities for the long-term benefit of us all.

We have committed to invest at least 0.7% of our pre-tax profit to international aid, and released a Climate Justice for People & Planet report endorsed by the Fairtrade Foundation, which sets out our approach and performance to date. Read more [here](#).



Principle Three: Co-operate for Systems Change

No single organisation can solve climate change on their own. Co-operation is the only way we can realistically avert the worst impacts of this crisis. Over the last year we have begun to move from an *organisational* approach towards a *systemic* approach, forming strategic partnerships, leading where we can, following where others are ahead and campaigning and lobbying for systemic change.

Cross-industry co-operation

Back in 2020, we funded and steered the development of the BRC Climate Action Roadmap alongside 19 founding retailers including IKEA, M&S, Aldi, Lidl, Morrisons and Central England Co-operative. Over the course of 2021 this group has expanded and we now work with over 80 other retailers to develop solutions across five cross-sector themes: greenhouse gas data, renewable energy, logistics, sourcing and supporting customers. Our CEO, Steve Murrells, was identified as the first Chair for the Roadmap Steering Group and agreed to lead this work for its first two years.

We have continued the expansion of the renewable energy arm of our business, Co-op Power, and are now supporting 80 customers in the collective buying of cost-effective electricity solely from UK wind and hydropower.

And, in November 2021, we joined with Tesco, Sainsbury's, Waitrose and M&S to jointly back the [WWF Sustainable Basket Metric](#).

This independently assessed cross-industry initiative aims to halve the impact of the average UK shopping basket, covering a wide range of sustainability measures. On climate change, this commits us to 1.5°C-aligned carbon reduction and being transparent about our progress.



Members, customers and communities

We're supporting our customers and members to make lower carbon choices. We've joined the global Count Us In campaign, aiming to mobilise one billion people over the next decade to reduce carbon and challenge leaders to deliver global systems change.

At a local community level, we're supporting the transition to a lower carbon future across the UK by expanding the criteria of our Local Community Fund in 2022 and directly supporting climate and biodiversity initiatives.

Campaigning for climate action

Over the last decade we've campaigned and lobbied Government on a number of important climate change issues: for a halt on UK fracking, for community renewable energy, solar energy subsidies, stronger company climate reporting and legally binding climate targets.

This year marked the launch of our Climate Justice campaign, making the climate crisis one of our campaigning priorities. You can read more about our plans and progress [here](#).



Case study: CO-OP26 in partnership with *Count Us In*

The 26th UN Climate Change conference, COP26, brought global leaders together in Glasgow to address the climate crisis. Our senior leaders Steve Murrells and Jo Whitfield spoke at events to advocate for climate action and climate justice, and at a more local level we chose to start a conversation about how citizens can impact climate change in their day-to-day lives.

Six flagship Co-op stores were rebranded as 'COOP26' and every Co-op food store carried in-store messaging sharing simple and practical steps to reduce carbon emissions. This campaign was in partnership with 'Count Us In' which is seeking to encourage one billion citizens to take action to address climate change.

🎯 2022 targets

We have reached our 2025 target for direct emissions three years early and will refresh our science-based target pathway in 2022.

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.

Climate change data



 Target Achieved
  On Track
  Close to Target
  Behind Schedule
  Target not Achieved
  Restatement
  In-depth assurance

Key Performance data icons

Issue	2021 Target	Performance against target	KPIs	2018	2019	2020	2021	2022 Target	SDGs
Direct Emissions	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.	 We have achieved this target three years early.	Scope 1 GHG emissions: Refrigeration (ktCO ₂ e)	104	95	74	73 	We have reached our 2025 target for direct emissions three years early and will refresh our science-based target pathway in 2022.	  
			Scope 1 GHG emissions: Transport (ktCO ₂ e)	116	110	108	103 		
			Scope 1 GHG emissions: Energy:Fuel (ktCO ₂ e)	27	27	24	22 		
			Scope 2 GHG emissions: Energy: Electricity, Location-based accounting (ktCO ₂ e)	188	165	143	121 		
			"Total direct emissions from running our business location-based accounting: Scope 1 and 2 GHG emissions (ktCO ₂ e)	435	397	349	320 		
			Total energy use (GWh)	811	790	744	693 		
			% of electricity from renewable sources ¹	100%	100%	100%	100% 		
			Scope 2 GHG emissions accounting for renewables: Energy: Electricity, Market-based accounting (tCO ₂ e)	0	0	0	0 		
			The GHG emissions from running our business have continued to reduce at pace.						

¹ Until 2017, we reported our electricity as being 99% renewable, to account for the small number of new properties we open and the minority of sites for which we cannot source a renewable supply. We changed to report this as 100% renewable from 2017 onwards, purchasing excess renewable energy guarantee of origin certificates (REGOs) in alignment with the GHG Protocol (and other initiatives such as RE100).

Climate change data continued





Issue	2021 Target	Performance against target	KPIs	Sept 2016 - Oct 2017	Sept 2020 - Oct 2021	SDGs	
Scope 3 emissions in science-based target scope ¹							
Indirect Emissions	Approved science-based target. We will reduce absolute GHG emissions from our products by 11% by 2025, compared to 2016, in line with ambitious best practice as defined by the Science Based Targets Initiative.	 8% reduction in GHG emissions in 2020/21 compared to 2016/17.	Scope 3 GHG emissions: Purchased Goods, Sourcing, Ingredient production (ktCO ₂ e)	2,252 	2,046	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.	 
			Scope 3 GHG emissions: Purchased Goods, Sourcing, Land use change (ktCO ₂ e)	290 	207		
			Scope 3 GHG emissions: Purchased Goods, Manufacture, Producing our products (ktCO ₂ e)	250 	225		
			Scope 3 GHG emissions: Purchased Goods, Shipping, Packaging (ktCO ₂ e)	233 	217		
			Scope 3 GHG emissions: Upstream transportation and distribution, Shipping, UK freight (ktCO ₂ e)	83 	79		
			Scope 3 GHG emissions: Purchased Goods, Wholesale, Products sold by others (ktCO ₂ e)	1,410 	1,362		
			Scope 3 GHG emissions: Waste generated in operations, Our business, Waste from Co-op (ktCO ₂ e)	40 	40		
			Scope 3 GHG emissions: End of life of sold products, Customer, Customer waste (ktCO ₂ e)	40 	42		
			Total product GHG emissions in science-based target scope (ktCO₂e)	4,597 	4,218		
			The indirect GHG emissions from the products we sell have reduced, driven by a mixture of Co-op activity and wider trends.				
	Scope 3 emissions outside science-based target scope						
			Scope 3 GHG emissions: Use of sold products, Not yet targeted, Out of scope customer impact (ktCO ₂ e)	1,494 	1,063		
			Scope 3 GHG emissions: Purchased goods and services, Not yet targeted, Goods and services to run our business (ktCO ₂ e)	252 	182		
			Scope 3 GHG emissions: Investments, Not yet targeted, Investments (ktCO ₂ e)	256 	180		
	Co-op action with positive climate impact						
			Positive GHG impact: Carbon offsets, annual total Verified Emissions Reduction credits (ktCO ₂ e)	96	220		
			Positive GHG impact: RTRS soy credits, theoretical benefit of avoided deforestation (ktCO ₂ e) ²	290	207		
			Positive GHG impact: Renewable energy, annual GHG emissions of Scope 2 energy backed by REGO or renewable power purchase agreement	246	121		

¹ Best practice from the Science Based Targets Initiative is to set a GHG reduction target which covers the most significant categories of indirect (Scope 3) GHG emissions over which we may exert influence; for the Co-op these are the products we sell and their associated impact as defined here. In-scope product impacts covers everything sold by Co-op either directly through our stores or indirectly through wholesale (whether through independent co-operatives or NISA). GHG footprint for this includes elements of data which span two calendar years so it is reported as such.

² We now cover 100% of our soy footprint with Round Table on Responsible Soy (RTRS) credits (the majority of this is embedded in animal feed for protein). The relative benefit of this in GHG emission terms has been included here on the basis of total deforestation / land-use change emissions which we calculate would have occurred if the soy were to be sourced with no deforestation controls.

• Scope 3 footprinting is necessarily based on indirect modelling of our supply chain. In 2021 we have improved our model to use more Co-op specific data throughout, and have therefore reassessed our baseline using the same methodology, this has not materially changed our targeted emissions.

Climate change data continued

Issue	2021 Target	Performance against target	SDGs	
	<p>Long-term goal: We will reach net zero GHG emissions from both operations and products by 2040 at the latest.</p>	<p>⊞ The first imperative of our net zero pathway is to reduce carbon emissions in line with the reductions required to limit global warming.</p> <p>⊞ We've reduced operational emissions by 51% compared to 2016, meeting our science-based target three years early.</p> <p>⊞ We've reduced product-related emissions by 8% compared to 2016/17, and are on track to reach our science-based target.</p> <p>In line with our net zero pathway we have begun funding carbon offset activity totalling 100% of our operational emissions.</p>	<p>Long-term goal: We will reach net zero GHG emissions from both operations and products by 2040 at the latest.</p>	<div><div>7</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div></div></div> <div><div>12</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>13</div><div>13 CLIMATE ACTION</div><div></div></div>
	<p>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.</p>	<p>⊞ We have continued the expansion of Co-op Power, and are now supporting 80 customers in the collective buying of cost-effective electricity solely from UK wind and hydropower.</p>	<p>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.</p>	<div><div>7</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div></div></div>