



Climate Justice for People and Planet



It's what we do

“There is a chain on earth that starts at the bottom where the producers are. They are the ones who suffer the consequences of climate change, the ones who get the least help, and carry all of the burden. It’s not fair.”

Bayardo Betanco,
Fairtrade coffee producer at Prodecoop Cooperative, Nicaragua



Foreword

As Chair of Fairtrade Africa, and Fairtrade’s representative on the UK Government’s Civil Society & Youth Advisory Council for COP26, I have the honour to represent 1.7 million Fairtrade farmers and workers worldwide. They have told us that climate change is the biggest threat to their livelihoods. They and their communities bear the brunt of the climate crisis, despite having contributed the least to cause it. This is fundamentally unjust.

The climate emergency strikes at the very heart of Fairtrade’s mission to support smallholder farmers and workers in low-income countries. Without urgent action, it will continue to wreak havoc on their lives and livelihoods. There is, however, hope of a better future. More and more companies are talking to us about their ambitions to reduce emissions and reach net zero. Co-op is a leading light in this mission. Over many years Co-op has worked with Fairtrade to provide invaluable support for our producers, including during the Covid-19 pandemic. As this report highlights, their support is also helping Fairtrade producers to withstand and adapt to the climate crisis.

As proud as we are of our joint impact, we cannot do it alone. If we are to put global agriculture on a more sustainable path, it will require substantial investment from businesses and governments. Farmers and workers cannot afford to foot the bill – and it’s unfair to expect them to, especially when many don’t earn a living income or wage, due to the chronically low prices they receive for their produce.

Fairtrade endorses this timely report from Co-op and we support their call for the UK Government to seize the opportunity, as hosts of COP26, to drive forward progress towards the climate finance commitment of over \$100bn a year.

Climate finance must deliver for farmers – with funds and partnerships at farm-level that enables them to adapt and become more resilient to the climate crisis and enables them to shift to net zero production. For this to be effective, farmers must be at the centre of decision making. They know best how climate change is affecting their environment, and what action is needed to safeguard their futures.

Whilst we welcome the UK Government’s leadership as COP26 hosts, any future action or ambition will be undermined without an immediate return to its 0.7% aid commitment. The UK will struggle to persuade other countries to increase climate finance when it itself is cutting Official Development Assistance.

We are proud to stand alongside the Co-op in the call for climate justice, and urge the UK Government, and governments and businesses worldwide, to work with us to build the fair and sustainable supply chains that are crucial for facing our climate reality.

Mary Kinyua
Chair of Fairtrade Africa, and
COP26 Civil Society & Youth
Advisory Council Member



Introduction

The climate crisis continues to have a devastating impact on our communities both here in the UK and across the globe. Unfairly, our global workers and producers who provide us with our essential food and drink are some of the most vulnerable to the shocks of extreme weather and disease outbreaks and are without the capital or resource to protect themselves and their livelihoods.

When the Covid-19 pandemic hit, the fragility of our global supply chains was exacerbated, and these vast inequalities exposed. Now more than ever, we know that Co-op’s investment into producers on the front line of the climate crisis is essential, both to safeguard food security and to protect our most vulnerable communities for all our futures.

Here at Co-op, we’re committed to playing our part to tackle the climate crisis. We have set out our Ten-Point Climate Plan which is our blueprint for how we will reach net zero by 2040. One of the key principles that underpins our approach is that we must work for a just transition, as we recognise that climate change is a human issue as much as it is an environmental one.

Our international development work is critical to addressing the issues we face in our supply chains, and Fairtrade is one mechanism we employ to provide our producers with a guaranteed Fairtrade Minimum Price and Premium for their products. We have pioneered Fairtrade for over 25 years, but it is equally important we support all of our growers and producers in the transition to fairer and more resilient supply chains that we need to make in the years to come.

We know Co-op’s support for producer communities and addressing climate change is imperative and for years we have invested above and beyond 0.7% of our pre-tax profit in international development projects, providing millions of pounds of aid to some of the world’s poorest communities. We do this not because we are required to, but because we believe it is the right and fair thing to do.

When it comes to the Government’s international aid budget, there will be some who argue that charity should begin at home. Of course, whether 0.5% or 0.7% is spent by Government on overseas aid, that’s a very significant amount of money.

However, unless Government takes bold action to support the world’s most vulnerable in adapting and mitigating to climate change, we will all suffer.

We welcome the emphasis the Government has placed on addressing climate resilience through Official Development Assistance, but call on the Prime Minister to:

- Return to the world leading commitment of 0.7% Gross National Income spend on international aid and development, without delay
- Prioritise the \$100bn per annum international climate fund commitment in the COP26 talks this November
- Call on all businesses to step up and invest in climate resilience and a just transition within their supply chains around the world.

Our Co-op vision, ‘Co-operating for a fairer world’, recognises that we are stronger and more effective when we work together. To create real, impactful change, we need to co-operate to protect our most vulnerable communities against climate change. So, as well as calling on Government to reinstate its world leading 0.7% commitment, I must also challenge my fellow business leaders: if we step forward and stand together, what more can we do?

Jo Whitfield,
Co-op Food CEO



A Climate in Crisis

The Covid-19 crisis has placed an unprecedented strain on communities across the globe. This pandemic will define the prospects of a whole generation – and whilst we know that we have all been weathering the same storm, we haven't weathered it from the same boat. But the climate crisis – without similarly urgent and extraordinary levels of action from governments around the world – will be significantly more catastrophic, defining the prospects of not just one generation, but of all future generations. The moral duty on all individuals, businesses and governments to act is no longer up for dispute, just as the science is no longer up for dispute.

The shocking reality is that, for many of those who produce the food we enjoy in the UK, the impact of the climate crisis is as immediate and pressing for them as the impact of Covid-19 has been for us. We hear loudly and clearly from the producers in

our supply chain that they are already seeing first-hand the ravaging impact of changing weather patterns and emergence of pests and diseases that devastate crops. Here in the UK, only half of our true carbon footprint is domestically generated, with the remaining emissions generated overseas to meet the high resource demands of UK consumers¹.

Those in developing nations are contributing the least to climate change and are suffering the most from it, finding themselves with limited resources to combat the increasing challenges they face. It's crucial that we ensure producers in low income countries receive adequate support to cover the cost of adapting to climate change and transitioning to low carbon production. Solving the climate crisis can't come at the expense of those who can least afford it.

Climate change is a global issue. We, the farmers, have to deal with its consequences every day. Currently, cocoa farming is extremely difficult for various reasons. For instance, this year we lacked food because of the heat. The production decreased this year too, so this affects the economy. People harvested less and received less money. So, we all suffer from the negative consequences of the climate. It impacts the environment and our economy. There will be a food shortage because of the heat whereas, before, there were a lot of forests, the rains were regular, and the seasons were well divided. It was easier. There were four seasons, now we don't know any more when we should plant and when we should stop.

Climate change has an impact on crops which results in less money and food available. There is also a lack of workforce because cocoa farming is not profitable anymore. Young people who used to work with us do not come anymore. The farmer is left with his family, struggling to keep the production because of the negative effects of climate. These are the difficulties we currently face. You have to be very brave to keep farming. But courage is not enough, you also need economic resources.

Ebrottié Tanoh Florentin, Fairtrade cocoa producer at CEAA co-operative in Cote d'Ivoire

Co-op's Commitment to International Development

At Co-op, we're founded on a set of values and principles describing a different, fairer, and better way of doing business. We're one of the world's largest consumer co-operatives, owned by millions of members who care about the world we share. This is a principle we're committed to supporting not only with our words, but with our wallet. For years we've invested above and beyond 0.7% of

our pre-tax profit in international development projects (Figure 1, page 6), and it's a principle we're committed to upholding for the years to come.

In 2020, we invested £3.3m in overseas projects, such as the Disasters Emergency Committee (DEC) Coronavirus Appeal, to support public health messaging, medical aid and WASH provisions in

vulnerable communities most severely affected by the pandemic². We also provided support for projects funded by carbon offsets from our insurance and funeral businesses, including fuel-efficient stoves to reduce the amount of wood needed for cooking in Ghana; conservation of standing forest in Sierra Leone; wind farms providing renewable energy and employment in India; and clean water provision by distributing water filters in Kenya³.

Our support for offsetting projects aligns to the highest possible standards and our commitment

to a fair transition, and in the coming years it's set to grow. There are practical limits on how fast we can reduce carbon emissions, but at Co-op we recognise that there are immediate steps we can and should take. We will become carbon neutral through a robust offsetting programme, delivering carbon neutral operations (by 2021) and carbon neutral own-brand products (by 2025). The projects we choose have tangible benefits to people and communities all over the world. Specifically, we follow the criteria of VERRA, Gold Standard or the UN Clean Development Mechanism and carry out our own independent due diligence.

Co-op & The One Foundation

In partnership with The One Foundation, Co-op has been working tirelessly for over a decade to tackle water poverty in some of the world's poorest communities, raising over £14m to date and changing the lives of over 2.4m people. Sustainable access to water, sanitation and hygiene is vital to improve worker wellbeing, increase productivity and to build resilience, particularly for the communities at greatest risk of water insecurity from climate change. For every bottle of Co-op branded still, sparkling and flavoured water sold, we donate 3p per litre to water projects across the globe and 1p per litre for all other water bottles sold.

Co-op's first Fairtrade bananas were sourced in 2000 through Volta River Estates (VREL), a small banana growing association in Ghana, West Africa. Through Co-op's partnership with The One Foundation, three new water stations have been constructed within this region. The water stations are community-owned treatment facilities that offer a 24/7 clean water supply to over 10,000 residents through the use of pre-paid smart meters, ATMs and mobile money payments.

One of the farming communities that has benefited is Labolabo. Situated in the Asuogyaman District, on the shores of lower Lake Volta, 3,500 community members living and working there previously had to rely on raw, untreated water from the irrigation system from nearby farms as a source of water for domestic use. Many families would collect water from the lake or walk long distances to collect water from neighbouring boreholes. For residents like Abigail, the installation of the new water station and access to clean water has been life changing.

"I felt traumatized when I used to go to our previous communal borehole a kilometre from my house. Five years ago, I lost a three-month old pregnancy because I slipped and fell on my way to fetch water. The pain and trauma was unbearable. When the water station was launched in my town, I requested a direct connection, and I am excited to have safe water delivered right to my doorstep!"

Abigail Sika, trader and resident of Labolabo

To read more, visit our website [here](#).



1. https://www.wwf.org.uk/sites/default/files/2020-04/FINAL-WWF-UK_Carbon_Footprint_Analysis_Report_March_2020%20%28003%29.pdf

2. https://assets.ctfassets.net/5ywmq66472jr/CGdPBceu9p3qmpzQTpb1Z/456bf254178a3053d52bdf76b1134ad4/Co-operate_report_2020_Final_.pdf

3. https://assets.ctfassets.net/5ywmq66472jr/3eet5Eu3ka2haqZqrVFOaH/707a4718e92befd4b6774650e2c59fbb/Our_Sustainability_Report_2019_PDF_78_pages_6.4MB_.pdf

“ Having witnessed first-hand the extremes of droughts in the Sahel, or floods in Malawi, we must recognise the strain the climate crisis puts upon communities in the Global South which are inextricably linked to our own wellbeing and food supply chain. Governments and businesses must be held accountable for the safety and security of our food producers. Now is not the time to falter, but to face the challenge of the crisis before us and set an example to all Governments and businesses, not only by restoring 0.7% of Gross National Income for Official Development Assistance, but also the \$100bn commitment on climate finance too. ”

Duncan Goose, Founder, The One Foundation & Water Unite

Figure 1: Co-op’s International Investment

	2017	2018	2019	2020	Average
Pre-tax profit	£72,000,000	£93,000,000	£67,000,000	£127,000,000	£89,750,000
International community investment*	£2,070,000	£2,860,000	£2,980,000	£2,820,000	2,682,500
Fairtrade & Sustainable Sourcing projects	£34,000	£90,000	£290,400	£522,421	234,205
Sum of international investment	£2,104,000	£2,950,000	£3,270,400	£3,342,421	£2,916,705
International investment as a % pre-tax profit	2.9%	3.2%	4.9%	2.6%	3.4%

*International community investment includes The One Foundation, Water Unite and Disasters Emergency Committee Appeal investment and carbon offset projects from our insurance and funeral businesses. For further detail read our 2020 Co-operate Report [here](#).

Pioneering Smallholder Farmer Adaptation to Climate Change in Peru

Working in partnership with Co-op for over 30 years, Fairtrade pioneer Cafédirect has pursued social and environmental change, raising over £30m in Fairtrade premiums, organic premiums and direct investment in smallholder farmers. Supporting smallholder farmers is not merely a case of social justice but crucially one of climate justice as well. Cafédirect recognised the long-term issue that climate change is causing and worked with the smallholder coffee farmers of NORANDINO Co-operative in Sierra Piura, Peru, to create a response that would make a real, lasting difference.

In the highlands above NORANDINO are the highlands of Choco, over 3,000 metres above sea level. The Choco people are high-altitude subsistence farmers and conditions are extremely challenging. They are entirely self-reliant and dependent on forested areas for building, cooking and heating. Over time this has contributed to massive deforestation and had a profound impact on the NORANDINO coffee farmers below. Climate change due to deforestation has led to a 500% increase in

rainfall in the region causing soil to be washed away, creating mudslides which damage infrastructure, houses, cause fatalities and devastate livelihoods reliant on coffee farming.

Working in consultation with the local communities, Cafédirect and NGO partners, communal scrubland was transformed into an area viable for carbon capture on the global carbon credits market, enabling much needed income and reforestation within the region. Consequently, the Choco people have changed their approach to sustainably harvest and the coffee farmers of NORANDINO have seen a marked reduction in soil erosion and landslides which improved coffee quality and livelihoods.

“Cafédirect’s most important role was to give us the resources we needed even before receiving the certification of the carbon credits. Usually companies don’t do that, but Cafédirect is different from other companies. It really cares about the problems growers are facing.”

Santiago Paz, coffee producer, NORANDINO



Building Resilience in Flower Supply Chains

East African flower sales were devastated by the pandemic and, due to climate change, severe weather conditions have exacerbated the precarious situation. Together with Fairtrade Foundation and a group of private and public sector partners, Co-op delivered a project to build resilience in flower supply chains and address the immediate economic and social impact of Covid-19. Co-op were the first retailer to only use 100% Fairtrade roses when sourced from Africa and the first to sign up to the new International Fairtrade Sourcing Ingredients model for flowers.

Funded under the Foreign, Commonwealth & Development Office Covid-19 Vulnerable Supply Chain Facility, the project was designed to support Kenyan workers to meet their immediate needs in the pandemic, but also to bolster longer-term resilience and reduce vulnerability to the future shocks of climate change. Interventions aimed to bolster incomes and to reduce dependency on one crop, which

is at threat from changing weather patterns. Retailer roundtables explored how the crisis exposed existing structural inequalities, such as the disproportionate impact on girls and women, who are more likely to be dependent on growing for their livelihoods, bear more responsibility for domestic duties and are less likely to be in decision making roles. Co-op, together with other retailers, committed to continue to create a more resilient supply chain, particularly addressing gender requirements.



Trade & Aid

This is, of course, about more than the aid and international development investment we make here at the Co-op. Just as importantly, this is about how the UK trades with lower-income nations – and how businesses like ours trade with our producers and suppliers around the world. It is a travesty that many people who grow the ingredients used in consumer products around the world live in poverty. Farmers, growers and workers have the least power within the food system and are the most vulnerable to drops in the market. It's why we're passionate supporters of Fairtrade, which we know is a mechanism to change lives as people are empowered by trade, not aid and are given a fairer share of the value of the products we sell. The Fairtrade Minimum Price and Premium safeguard producers against shocks, give more financial security and enable them to make decisions to invest for the future of their own communities.

Fairtrade Producer Networks also empower producers to increase their technical skills, knowledge and awareness of climate change and to reduce their vulnerability. Projects are increasingly focused on securing producer livelihoods by adapting and mitigating the climate crisis, such as projects to restore local ecology and planting tree nurseries for shade to keep soils healthier, enhance fertility, biodiversity and water retention.

This is particularly pertinent today, when the impact of the climate crisis is getting worse for farmers and producers around the world. Globally, 2020 was the joint hottest year on record, and 2011-2020 was the hottest decade recorded. Smallholder farmers in the Global South are disproportionately affected by climate change, but are powerless to address the climate crisis if they can't afford basic human rights like a nutritious diet, children's education or healthcare, or if they lack the skills and tools to take effective action.

The effects of climate change are already being felt by our producers. When Fairtrade coffee producer Hugo Guerrero visited the Co-op in 2020, he spoke about the very real impact his Co-operative sees on the frontline of climate change. 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, biodiversity loss and soil degradation as land is cleared to plant farms. As a devastating consequence of climate change it is expected that the total area of land suitable for coffee growing will have halved by 2050⁴.



“In this district, the majority of farmers are changing their crop from coffee to sugar cane. Many are having problems with various pests or diseases due to climate change.”

Hugo Guerrero,
Fairtrade coffee producer,
NORANDINO Co-operative, Peru

Without access to education and training, farmers are poorly equipped to find solutions to the onslaught of climate change. As a result of climate change and its impact on coffee farmers, Hugo's father Segundo, one of the founders of NORANDINO Co-operative, shares Hugo's concerns and is “worried that coffee might disappear entirely from this area.”

Co-op has pioneered Fairtrade since 1994 and our commitment extends across seven core categories – 100% of our tea, coffee, bananas, cocoa, bagged sugar and African roses are Fairtrade, and we are the biggest retailer of Fairtrade wine in the world. These commodities are widely acknowledged as high risk from poverty, human rights abuses,

informal economies, low prices, deforestation and environmental degradation, and are at critical risk of devastation through climate change. Through sourcing Fairtrade we pledge our support and take action to protect the producers and commodities at risk in our supply chain.

Co-op is committed to building our Fairtrade leadership to strengthen producer communities around the world. That's why we've pledged to stand side-by-side with Fairtrade, as a leading investor and partner in Fairtrade Africa's Climate Strategy for the next three years, ensuring a farm-centric approach to adapting and mitigating the worst effects of climate change.

“Our investment will channel funding into the areas of greatest need to tackle the vulnerability that exists in our key commodity supply chains and enable producers to take meaningful action against climate change for the security of their own livelihoods. By pooling our investment from individual projects into a strategic programme, we will drive a deeper impact with communities on the ground, directed by the producers who are at the very heart of the climate crisis.”

Jo Whitfield, Co-op Food CEO

Through our pioneering partnership with Fairtrade, we have developed a unique, authentic, and in-depth relationship with key producers. Marike de Pena, from Banelino Co-operative, a small holder banana producer organisation in Co-op's supply chain, spoke to Co-op about the impact of climate change on banana producers.

“The Dominican Republic is highly impacted by climate change. The island is frequently hit by hurricanes and tropical storms. The combination of wind, heavy rains and subsequent flooding cause high damage to the crops and results in financial losses to famers. Also, extensive periods of drought affect the banana production, as water is scarce and prioritised for human consumption. During these periods the government puts restriction on the use of water for irrigation, with a negative impact on productivity and the quality of fruit.”

Thanks to Fairtrade and investment from businesses like Co-op, farmers in Banelino have invested in climate friendly technologies and the responsible management of natural resources. Banelino farmers have built some climate resilience by introducing other crops that are less sensitive to wind and flooding, by planting trees as wind barriers and by increasing soil protection so the soil is more resistant in the dry season.

Ultimately, climate resilience and adaptation measures require resources and income stability to invest in the farm and pay loans. Fairtrade, long-term commercial relationships and financial support are therefore key to supporting small farmers fight climate change and helps them to remain in agriculture.”

Marike de Pena, Fairtrade banana producer, Banelino Co-operative, Dominican Republic



4. <https://link.springer.com/article/10.1007/s10584-014-1306-x#citeas>

Hearing first-hand from Co-op's Fairtrade producers, The One Foundation and our long-term supplier Cafédirect highlights the very real need that exists around the world. We are proud of these partnerships and the impact they make but we recognise this is a drop in the ocean. There are millions of growers, workers and communities in global supply chains that don't benefit from Fairtrade. At Co-op, we are working to understand the human rights impacts of climate change across our entire own-brand supply chain, in collaboration with our suppliers and wider industry. Above and beyond our trading relationships, we know that international aid is critical to ensuring the survival of these communities and the commodities for all who depend on them.

Role of UK Government

At Co-op, we are asking the UK Government to take a bold leadership stance, to ensure that the international aid and development funding needed for communities facing the impact of the climate crisis remains available.

At the UN climate talks in Copenhagen in 2008, the world's richest countries – including the UK – agreed to spend \$100bn a year on climate change finance by 2020 to benefit the adaptation and mitigation of climate change. Despite some progress, the commitment is not being met⁵.

We welcome the fact that the Secretary of State for Foreign, Commonwealth and Development Affairs has listed climate and biodiversity at the top of the priorities in pursuit of poverty reduction through Official Development Assistance in his Written Ministerial Statement of the 26 January⁶. Moreover, we further welcome their pledge to deliver £11.6bn for international climate finance over 5 years⁷.

However, we don't believe the Government's stated ambition to lead the way in tackling the climate crisis is compatible with the decision it has taken to reduce what was a landmark commitment to dedicating 0.7% of the UK's Gross National Income to international aid and development, down to 0.5%.

Furthermore, it undermines the Government's aim to make progress on the \$100bn climate finance commitment, which is a priority for the upcoming talks at COP26, as it will be harder to persuade other countries to increase their climate-related finance commitments, if, at the same time, the UK Government is cutting its Official Development Assistance.

When it comes to affordability and fiscal responsibility, we believe the 0.7% is robust in its

affordability given its built-in alignment with Gross National Income. The reduction in the aid budget in 2020 of £2.9bn was enormous – but failing to do the right thing and protect the 0.7% would reduce the amount of aid being spent for the benefit of vulnerable communities by a further £4.2bn⁸. The UN's children's fund (Unicef) will see its funding reduced by 60%⁹, UNAIDS will lose 80% of its funding from the UK¹⁰ and the World Health Organization's Global Polio Eradication Initiative will lose nearly all its UK funding¹¹.

As a business investing above and beyond 0.7% of pre-tax profits into the resilience of international communities, we also call on Government to level the playing field and ensure all businesses take accountability for their global supply chains. We must protect and invest in our farmers, producers, and communities already facing the harsh realities of the climate crisis.



5. <https://www.oxfam.org/en/research/climate-finance-shadow-report-2020>

6. <https://questions-statements.parliament.uk/written-statements/detail/2021-01-26/hcws735>

7. <https://ukcop26.org/uk-presidency/uk-climate-leadership/>

8. <https://www.bond.org.uk/news/2020/11/uk-aid-cut-to-05-billions-diverted-from-worlds-most-marginalised>

9. <https://www.unicef.org/press-releases/unicef-statement-uk-funding-cuts>

10. <https://stopaids.org.uk/2021/04/29/uk-to-slash-funding-for-the-global-hiv-response-including-cutting-unhcr-funding-by-more-than-80/>

11. <https://polioeradication.org/news-post/gpei-statement-on-proposed-uk-aid-cuts/>



Conclusion

The UK's funding and aid is not only vital to support life-changing work in communities around the world but is also critical in the fight against climate change. By providing essential funding, we stand in solidarity with our global producers and demand fairness for these communities who deserve dignity, respect and trade justice. Nobody wants to buy products made by exploiting people or the planet. We see this investment as vital in ensuring we can continue to source fairly and sustainability for generations to come.

We welcome the Government's leadership in addressing the climate crisis on the world stage, and its commitment to the Climate Change Committee's Sixth Carbon Budget. However, we don't believe the Government's ambition is compatible with the decision to reduce what was a landmark commitment to dedicating 0.7% GNI to international aid and development, which undermines the international commitment of providing \$100bn to climate finance.

Therefore, we call on the Prime Minister to:

- return to the world leading commitment of 0.7% Gross National Income spend on international aid and development, without delay
- prioritise the \$100bn per annum international climate fund commitment in the COP26 talks this November
- call on all businesses to act, as we have, to invest in climate resilience and a just transition within their supply chains around the world.

Doing so would recognise and address the urgency required in fighting the climate crisis, both here in the UK, but more urgently in the Global South for those who are already facing into the devastating advance of climate change.



With thanks to our partners

Fairtrade Foundation, Cafédirect and The One Foundation



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