

Exploring the cooperative economy

WORLD COOPERATIVE MONITOR 2021 EXTRACT



The keyword of the recovery: sustainable development

How the Top 300 cooperatives
are pursuing the Sustainable
Development Goals



COVID-19 is still impacting the world today and conditioning many aspects of our lives. Even past progress made in reducing the poverty rate as well as social and economic inequalities has been lessened by the global pandemic (United Nations, 2021a).

The current situation calls on the global community to make a difference, to change the structural management of crisis set up by states and governments. The virus has shown that the crisis is not only of a social, health and economic nature, but also environmental: cities and countries with high levels of air pollution and green-house emissions have experienced higher COVID-19 spread and lethality rates (Coccia, M., 2021; Vali, M., Hassanzadeh, J., Mirahmadizadeh, A. et al., 2021).

The pandemic has highlighted the interdependency of the climate and healthcare crises and, now more than ever, the achievement of the Sustainable Development Goals (SDGs) is fundamental, even if that objective is more challenging than in the pre-pandemic era (United Nations, 2021a). Various initiatives have already been put into effect around the world.

In Asian countries an increasing focus on more sustainable development has been spreading with the ongoing pandemic and specifically in Japan, Prime Minister Yoshihide Suga launched a US \$19.2 billion recovery plan focused on economic growth through green investments and digital innovation, aiming to become carbon neutral by 2050 (VOA News, 2020). Likewise, the government of Malaysia made for the first time a concrete commitment towards the achievement of the SDGs by projecting a green and inclusive recovery agenda through the establishment of a fund called the "Malaysia-SDG Trust Fund" that aims to cooperate with the UN in order to coordinate financing from both public and private sources. (<http://belanjawan2021.treasury.gov.my/index.php/en/>). In South America, for the 2020-2022 period, the Chilean President Sebastián Piñera announced a recovery plan called "Paso a Paso Chile se Recupera" ("*Step by step Chile recovers*") for a total of US \$34,000 million in public investments that will set cohesive economic, inclusive and sustainable actions to face the healthcare crisis to accelerate the transition to a more sustainable development model (<https://www.gob.cl/chileserecupera/>). Likewise, the European Union members have adopted various instruments to face the crisis, including the Next Generation EU project (NGEU), providing prompt economic and social aid to build a greener, high tech, more flexible and responsive Europe (Eurostat, 2021; European Union, 2021).

More generally speaking, the entire international community has addressed an immediate green, fair, and sustainable revolution in order to recover from the ongoing emergency. For instance, the United Nations launched the "UN Decade on Ecosystem Restoration" on the 5th of June 2021 for the World Environment Day with the aim of implementing actions that will combat the deterioration of ecosystems and conserve biodiversity, which specifically pursue the achievement of the SDG 13 (Climate Action), 14 (Life under Water) and 15 (Life on Land) (United Nations, 2021b).

Since 2015, when the 2030 Agenda for Sustainable Development defining the 17 SDGs was launched during the United Nations General Assembly, there has been increased international cohesion towards a more sustainable, green, and fairer world. And cooperatives have been highlighted in the 2030 Agenda as role models to manage global changes, influencing societies and traditional businesses in actively pursuing common sustainability goals (ICA, 2013; United Nations, 2021c). Indeed, Cooperatives have a fundamental role in pursuing the SDGs, acting on several fronts, including gender equity, combating economic inequalities, and implementation of a more sustainable model of production and consumption (Moxom et al., 2019). Moreover, cooperatives have shown that they can be a lighthouse for local communities, and thanks to their solid social networks they can sustain their members and the community, promoting a collective way of perceiving risks and supporting new strategies to face challenges or increase quality (ILO, 2016; UNFTSSE, 2019).

As highlighted by Hudon and Huybrechts (2017), there are several elements of cooperatives (and social economy organisations more generally) that can foster a more sustainable development model. Their participatory and democratic structures, collective decision-making, frequently multi-objective and multi-stakeholder nature, and their focus on social aspects are foundational characteristics that could prove to be fundamental for triggering a shift in the prevailing production model.

The World Cooperative Monitor Top 300 ranking is constituted considering economic data, but it is also important to evaluate the actions of these cooperatives in terms of environmental sustainability, human rights, equitable growth and how much they can affect non-cooperative businesses and society itself. This is even more important considering the difficulties and inequalities raised by the pandemic.

Over the last three years, the World Cooperative Monitor has collected data and analyzed experiences implemented by the world's largest cooperatives, with particular attention to the theme of labor practices implemented to ensure fair work (SDG 8) and those aimed at combating climate change (SDG 13). Now with the pandemic underway, it may be useful to reflect on how cooperatives can contribute to the recovery phase.

The SDGs are the instrument that helps to assess which strategies are employed, therefore the purpose of this analysis is to understand how the largest cooperatives in the world have contributed to achieving the SDGs and what are the particular areas of focus that they prioritize.

Given this, this paragraph provides an overview of what the current Top 300 cooperatives have accomplished by analyzing the sustainability reports of those that adhere to

the United Nations Global Compact project and/or the Global Reporting Initiative (GRI).¹ With reporting for the years 2020 and 2021 not yet fully available, the analysis focuses on actions put in place by cooperatives in 2019 and 2018, thus providing some insights into the status of actions on the eve of the pandemic.

The analysis focuses on areas of action addressed in enterprises' reporting activities. Since the reports emphasize the actions that the enterprises want to communicate, not everything that is communicated is necessarily fully implemented, while not everything that is implemented is necessarily reported. Nevertheless, the analysis can provide interesting insights.

TOP 300 COOPERATIVES: WHICH SDGs ARE THEY TARGETING?

Considering the Top 300 ranking, 72 organisations out of the 300 listed joined at least one of the two initiatives: 9 joined both initiatives, 34 have solely adopted the GRI standards and 29 joined only the United Nations Global Compact. All the 43 organisations that adopted the GRI indicators released a sustainability report applying the GRI standards. 34 of the 38 organisations that joined the United Nations Global Compact project declared they address at least one of the SDGs in their Communication on Progress (CoP).

The themes mainly addressed by those in the UN Global Compact project are related to SDG 13 "Take urgent action to combat climate change and its impacts", SDG 8 "Promote sustained, inclusive and sustainable economic growth full and productive employment and decent work for all " with a focus especially on the decent work, SDG 3 "Ensure healthy lives and promote wellbeing for all at all ages", SDG 5 "Achieve gender equality and empower all women and girls" and SDG 12 "Ensure sustainable consumption and production patterns".

¹ The data presented in this section are based on an analysis of the sustainability reports of the Top 300 (2021 edition) cooperatives that joined at least one of the two projects in the years 2019 or 2018. Within the United Nations Global Compact, all participants are required to produce and submit an annual report online entitled Communication on Progress that outlines the efforts to operate responsibly and support society. Within the GRI, cooperatives can upload their sustainability report to the online database of the project specifying whether or not the report was compiled using GRI indicators. However, there has been a partial upload of sustainability reports referred to 2018 and 2019 fiscal year by cooperatives (<https://database.globalreporting.org/search/>). Therefore, we decided to consider primarily data from the UN Global Compact project for the analysis to avoid biased data.

38 cooperative that joined the UN Global compact:

Which of the following Sustainable
Development Goals (SDGs) do
the activities described in your
COP address?



With respect to your company's actions to advance the Sustainable Development Goals (SDGs), the COP describes:



Looking more in-depth at the contributions to meeting the SDGs by the biggest cooperatives in the world, an example of the actions taken to combat climate change and its impacts (SDG 13) is given by the Norinchukin Bank (Japan). In 2019 it established the first dialogue session with a group of experts related to sustainability, involving both the company's directors and employees that resulted in the creation of a "Basic Policy on Finance". It entails the development of a more sustainable offering of responsible investments and loans that focuses on environmental conservation, given that the organisation cooperates with the agriculture, fishery and forestry industries (Norinchukin, 2020).

In relation to the promotion of inclusive and sustainable economic growth and decent work for all (SDG 8), in the agriculture field, the Agrial cooperative (France) established the "Agrial's Code of Conduct" that furnishes best practices to promote employment and skills development in addition to guaranteeing safety and well-being at work applied to all their employees. It has launched a program called "Agriboost" specifically for young members to support them in setting up a farming business through training courses, discussion groups, study trips and financial and technical assistance that differs for each branch of the cooperative in order to better respond to distinct needs (Agrial, 2019).

Another example of large cooperatives' commitment to taking action comes from Unimed (Brazil), which placed a focus on the "Customer Health and Safety" branch, addressing SDG 3 related to the assurance of healthy lives and promotion of wellbeing for all at all ages. The organisation obtained the accreditation of Normative Resolution 277, referring to the Accreditation Program for Private Plan Operators, established by the ANS – National Health Agency. This certifies excellence in continuous improvement in quality and performance in areas related to health services, beneficiary satisfaction, health promotion, and disease management. To better listen to and help its beneficiaries, Unimed implemented "Ouidoria", a secondary communication channel for the defense of customers' contractual rights that seeks solutions to the issues presented, transforming them into tools for the improvement of internal processes and the optimization of improvements in the services provided (Unimed, 2019).

Regarding gender equality (SDG 5), Meiji Yasuda Life (Japan) has shown that with the right strategy, it is possible to progress from 3.8% (2012 fiscal year) to 30.1% (2020 fiscal year) female managers. In fact, the organisation offers diverse assistance programs and training sessions that include opportunities for women to meet their peers from different business sections, increasing the chances to get a managerial position. Moreover, Meiji Yasuda Life has implemented a progressive conversion of female employees on term-limited employment to permanent employment (Meiji Yasuda Life, 2020).

The last SDG most considered by large cooperatives is related to the sustainable consumption and production of goods and services (SDG 12). For instance, Consum (Spain), in the wholesale and retail trade sector, has almost reached 100% energy consumption from renewable sources, with a reduction of the CO₂ direct emissions by 79.9% in relation to those in 2015, the first year of footprint verification. In addition, to discourage the use of plastic, the cooperative has launched an awareness-raising campaign by handing out 30,000 shopping vouchers to recognize customers who regularly carry their own reusable bags. (Consum S. Coop, 2020).

KEY FACTORS: COOPERATION AND PARTNERSHIP

It is interesting to note that comparing these results with those that emerged from the 2018 analysis (WCM Report, 2018) confirms the above mentioned five SDGs as those on which large cooperatives feel they can act most. One difference, however, emerged from the 2018 data concerning SDG 17—Partnership for the goals. In the 2018 survey, only one-third of the cooperatives studied that joined the UN Global Compact noted the importance of networking in pursuit of achieving the SDGs. In the data collected this year, that percentage rose to more than 50%. Therefore, there seems to be a growing awareness that to bring about change, there needs to be joint action that goes beyond the actions of individuals, companies, and countries, and that acting in partnership can amplify the results of large-scale actions.

For Milcobel, the largest dairy cooperative in Belgium, the focus on sustainable production and climate protection is central to all operations, “*from cow to customer*”. However, it is not conceivable to work on these fronts alone, but rather in close cooperation with customers, dairy farmers, employees, and external stakeholders. Working, for example, with the Flanders Research Institute for Agriculture, Fisheries and Food, Milcobel is trying to make dairy farming more climate neutral. Their goal is to reduce the total greenhouse gas emissions by 30 percent per liter of milk thanks to a special diet for cows (<https://milcobel.com/mvo/milcobel-duurzaamheidsvisie/milieu-en-klimaat/>).

Also in the area of agribusiness, to promote more sustainable meat production, Danish Crown (Denmark) promotes and participates in partnership projects involving both private companies and government agencies, such as the Danish Partnership for Resource and Water Efficient Industrial Food Production. It is a public-private partnership that includes food companies, technology providers, universities, and research institutes with the goal of developing technology that can help reduce freshwater consumption and increase the use of purified recycled water to reduce water consumption in Danish food production by 15–30 percent without compromising food quality and safety (Danish Crown, 2019).

In the financial sector, the Nippon Life Insurance Company (Japan) has decided to set a long-term stable business plan to strengthen stakeholder engagement e.g. cooperating with Nichii Gakkan Co., Ltd., and with the aid of their own subsidiary Life Care Partners Co., Ltd. They incremented the support of the work of Global Kids Co., Ltd., a daycare provider, to complete the installation of approximately 100 daycare centers for children across all the prefectures. This will guarantee both a solution to the rising requests from those parents who need some help with childcare while they are working, and sustainability to the company-led daycare operations (<https://www.nissay.co.jp/english/esg/>).

CONCLUSION

This research aims to demonstrate the link between SDGs and cooperatives, especially the biggest ones that can have a tangible impact that is recognizable worldwide. The cooperative business model can be resolute in facing crises. Indeed, their unique governance and core pillars have demonstrated that choosing a sustainable and green strategy helped them in the recovery phase. The largest cooperatives in the world have shown not only their financial effort in pursuing the achievement of the SDGs, but also the awareness-raising actions made towards the national institutions and the community itself, demonstrating the strength raised from cooperation and unity. The examples highlighted in this chapter demonstrate the role cooperatives can play in pursuing the achievement of the SDGs and the leadership they can take on facing a range of challenges. But the challenge of monitoring concrete results remains.

Data have a crucial role in showing the contributions of cooperatives toward sustainable development. In this perspective, metrics and standards for reporting sustainable practices provide guidelines on how to collect and communicate data. Among the several international initiatives, the Global Reporting Initiative (GRI) and the UN Global Compact are the most popular and adopted. However, the vagueness of some indicators, the lack of consistency in the way indicators are reported and the freedom companies have about which indicators to report are factors that might affect the actual effectiveness of such initiatives. Moreover, the peculiar nature of cooperatives also raises questions about the need for more targeted indicators that can capture the real contribution of cooperatives to the achievement of the SDGs.

The ICA 2020-2030 Strategic Plan, approved at the Kigali General Assembly in October 2019, called “a People Centered Path for a Second Cooperative Decade”, clearly expresses the willingness of the ICA to monitor and report on cooperatives’ contribution to the SDGs. It specifies, “Monitoring: We need to measure and promote the direct contribution of cooperatives to global sustainable development by identifying key indicators within the seventeen interdependent United Nations Sustainable Development Goals against which to measure our economic, social and environmental impact globally, regionally, nationally and by sector. Reporting: We must conduct primary and secondary research on the contribution of cooperatives to global sustainable development and produce periodic progress reports for wide dissemination with continuing reference to the 7th Cooperative Principle, ‘Concern for Community’”. Based on these objectives, the ICA has been conducting a series of studies to produce a common framework which would allow cooperatives to understand the SDGs from the cooperative point of view. It is expected that the common framework would also lead to the identification of transversal and sectoral indicators that cooperatives from all different levels might use as a common reference to prove their collective power in achieving the SDGs. The discussion on the common framework and indicators will be launched on the occasion of the 33rd World Cooperative Congress 2021 in Seoul. The result of the discussion will aid in developing a more cooperative-centered reporting system which might complement the existing reporting systems.

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