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CLIMATE ACTION

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CLIMATE ACTION - WHAT LARGE COOPERATIVES CAN DO TO MEET SGD 13

Although the Paris Agreement on climate change has set clear targets for reducing global warming by cutting the greenhouse gas emissions by 45% from 2010 levels by 2030 and reaching net-zero emissions by 2050, the data on emissions still reveal contrasting trends in different areas of the world.

Industrialized and transitional countries recorded a total decline of 6.5% in emissions between 2000 and 2018, but developing countries reported the opposite trend due especially to greater industrialization, with an increase of 43.2% in emissions from 2000 to 2013. And the situation has not improved in the past two years. 2019 proved to be the second hottest year ever recorded and, although the pandemic reduced emissions in the early months of 2020 (-6%), this reduction far from guarantees the achievement of the agenda objectives (United Nations, 2020).

It has become clear that all these data raise concern not only for the outsized impact that climate change has on the environment, but also on people's lives and the economy. Indeed, recent years have been characterized by a rising number of strong natural events, such as wildfires, hurricanes, and other climate disasters across the continents whose increased frequency and violence can be attributable to climate change. UN data shows that, in 2018, more than 39 million people were affected by natural calamities and disasters (United Nations, 2020). Looking at the European Union, between 1980 and 2017, damage from weather- and climate-related calamities exceeded 425 billion euros, with an increase of 7.6% in the last five years alone. Furthermore, the European data show how the variability of the events—with 70% of the total damage attributable to only 3% of the events—makes it even more difficult to forecast and manage the events themselves (European Union, 2020).

Moreover, it should be considered that the increasing number of natural disasters, and more generally speaking global warming, are making some areas of the planet less habitable by threatening access to drinking water, lead to an accessible location of arable areas and thus put millions of people in a condition of extreme poverty and precariousness. (Abeygunawardena et al., 2009). In this scenario, climate change could raise the number of people in extreme poverty up to 122 million by 2030 (Rozenberg and Hallegatte, 2015).

Nevertheless, it has been evident that in the last year, due

to the pandemic, environmental sustainability and other sustainable development goals (SDGs) have been somewhat buried in government agendas. In just a few months, COVID-19 has threatened many of the results achieved over the last years on the front of poverty and hunger reduction, health care and education and thrown millions of people - especially the most fragile and those in precarious conditions - into a situation of health, social and economic uncertainty (UNDESA, 2020).

Sustainable development, however, is more relevant than ever. The pandemic's effect should therefore push countries to stay on course and not abandon the efforts made so far to reach the objectives of the 2030 agenda. As reiterated by António Guterres, Secretary-General of the United Nations (UN), "Everything we do during and after this crisis [COVID-19] must be with a strong focus on building more equal, inclusive, and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face." (UN, 2020).

Considering all this, it is plausible to assume that the recovery period that will follow the pandemic will offer an opportunity to accelerate the transition to a greener and more sustainable economy and, in this transformation, the contribution of cooperatives will be fundamental.

As recalled by the director of the International Labour Organisation (ILO) on the launch of the 2020 International Cooperative Day, "One of the things this pandemic has done is to remind us just how closely the world of work is connected to climate change and therefore of the central role it must play in combating it. It's precisely because the cooperative model aligns short-term actions with long-term vision that it can give us precious insight into how to confront global crises, be it pandemic or climate change" (ILO, 2020b).

There are many examples of how cooperatives already contribute to building a greener society. In Africa, cooperatives have supported local communities in the fight against deforestation (Committee for the Promotion and Advancement of Cooperatives, n.d.). Elsewhere, agricultural cooperatives have supported communities in responding to and reducing the impact of natural disasters related to climate change as well as supporting local farmers in adopting more efficient, sustainable farming practices (Food and Agriculture Organisation, n.d.). En-

ergy cooperatives have offered sustainable technologies to produce clean energy (ILO, 2013), and consumer cooperatives have committed themselves to guaranteeing more sustainable production chains and reducing waste (Eurocoop, 2012).

Furthermore, by operating in different sectors, cooperatives can establish collaborations to address climate change on several fronts that contribute to the construction of a zero-carbon economy (Sustainability Solutions Group, 2014). This is even more evident in the large cooperatives that, operating in many sectors and interacting with many suppliers and partners, can promote large-scale initiatives to build low-greenhouse-gas (GHG) emission and climate-resilient economies and societies.

LARGE COOPERATIVES AND CLIMATE CHANGE

Having said that, the next paragraphs will present examples of actions by large cooperatives to combat climate change focusing on the actions put in place to respond to the targets of SDG 13 – Climate Action.

Among the objectives of the 2030 agenda, SDG13 is the one explicitly dedicated to the fight against climate change with a focus on climate change mitigation and adaptation. However, climate change mitigation and adaptation are only a small part of the contributions that cooperatives can make to the environmental protection of our planet. As highlighted by several studies (International Council for Science, 2017; UN, 2018) the 17 SDGs are strongly interconnected. To fully understand how cooperatives contribute to environmental protection, then, we must deepen not only the contributions directly connected to SDG 13 but also the contributions that cooperatives can make to the protection of life below water (SDG 14), life on land (SDG 15), and to the production of clean, affordable energy (SDG 7). Only an integrated analysis of the SDGs can offer a complete picture of the real contributions of cooperatives on the environmental front. Nevertheless, the examples discussed in the next paragraphs clearly demonstrate how the contributions of cooperatives can be fundamental on several fronts, helping the progress toward a carbon-free society.

The examples are collected from annual reports and sustainability reports¹ of the top-300 cooperatives and by looking at the results of a survey conducted by the ICETT among its members aiming at collecting information on the programs or policies these cooperatives have intro-

duced focused on Climate Action.

To collect comparable data, the analysis focuses on reports complying with the guidelines of the Global Reporting Initiative (GRI).² The analysis examines a selection of GRI indicators that, according to the guidelines of the Sustainable Development Goal (SDG) compass project,³ are relevant to climate change (SDG 13). Limiting the analysis to the 2018-2019 annual and sustainability reports complying with GRI standards also considerably limits the number of cases examined. Of the 300 cooperatives in the ranking, only 40 are present in the online GRI database. Of these, only 32 compose their reports using the GRI indicators. Despite these limitations, the examples provide interesting insights into the contribution that cooperatives can make toward achieving the objectives of SDG 13.

CLIMATE MITIGATION

Reducing GHG emissions that originate in human activity is the key goal of climate mitigation.

Large cooperatives contribute widely on this front, not only reducing their own emissions by taking action in their day-by-day operations but involving all the players in production chains in medium-to-long-term projects, leveraging their suppliers, members, and customers to adopt low-carbon technologies and more sustainable behaviours.

This is the case, for example, of the Co-operative Group, which aims to reduce its emissions by 50% by 2025 (compared to 2016 levels) and to reach zero emissions by 2050. For the cooperative, however, it is not just a question of reducing emissions but also of improving the efficiency of its entire production chain. For this reason, the Group launched the Co-op Enviro Map project in 2016, a three-year project that aims to measure and improve energy efficiency by reducing the carbon footprints of their supplying farms.

The S Group is also on the same path, aiming to be the first carbon-negative Finnish company by 2025. To achieve this goal, the Finnish cooperative group aims both at energy efficiency and greater use of wind and solar energy. However, the S Group has estimated that 90% of emissions are produced during product-manufacturing and use phases, so it has involved 107 partner companies in the Big Deal climate campaign to reduce

¹ Basing the analysis on annual and sustainability reports has both advantages and limitations. Given the difficulty of collecting data directly from organizations, their annual and/or sustainability reports are the most complete sources of extra-economic data on them. However, reports necessarily underscore some actions that organizations have implemented, not necessarily every action.

² "GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being" (<https://www.globalreporting.org/>).

³ The SDG compass (www.sdgcompass.org) is a project jointly developed by the UN Global Compact, the GRI, and the World Business Council for Sustainable Development (WBCSD) that "provides guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs."

climate emissions by one million tons by 2030—equal to (as estimated by the cooperative) “eight million trips by car from Helsinki to Rovaniemi, or the annual carbon footprint of 100,000 people in Finland.”

In some cases, cooperatives’ actions synergize with those of public administrations to transition entire territories toward clean energy. For example, KREAN (a cooperative of the Mondragon Group), has started collaborating with the local energy agency on the construction of a solar energy park (55 hectares, 67,000 panels, 24 MW installed, and 26 investment companies) in Basque country.

Speaking of climate change mitigation, one cannot fail to touch on the issue of plastic. Disposing of plastic is a major

problem for our oceans, where more than 8 million tons of plastic are dumped every year (United Nation Environment program, 2017). However, plastic pollution of the oceans is only one problem associated with its production and use. The entire life cycle of plastic is linked to GHG emissions, from its production to disposal.

The problem of plastic and its disposal is an important issue among consumer cooperatives. For example, the Midcounties (see box below) and MIGROSS (Switzerland) are working on reducing the plastic contained in packaging or permanently replacing it by optimizing packaging, expanding plastic-recovery systems, and containing waste.



INTERVIEW WITH PETER WESTALL

CHIEF VALUES OFFICER AT MIDCOUNTIES CO-OPERATIVE

Midcounties Co-operative is a UK consumer cooperative in the retail sector. Peter Westall is also leading the ICETT Working Group 3 focused on the World Cooperative Monitor and SDG 13. .

How does being a cooperative influence Midcounties’ actions on climate change?

Coop Midcounties is one of the largest consumer co-operatives in the UK. In line with all co-operatives across the world, we are owned and controlled by our members. Our Board is made up of elected members, with responsibilities including setting the Society’s objectives and strategy, monitoring delivery of that strategy by management and ensuring that the Society adheres to Co-operative values and principles. Our Executive team, led by our Chief Executive Phil Ponsonby, report into that Board. That Governance structure, and my Executive role as Chief Values Officer, is there to ensure that every aspect of the Society – from commercial decisions to culture and ethos – has members and member voices always at the forefront of thinking and co-operative values fully integrated.

We launched the “Your Co-op Voice” programme two years ago to improve the feedback we get from our members. Since then we have actioned nearly 100 surveys, receiving almost 40,000 responses from members on a range of issues central to the development of our plans.

Our member-owners have told us that climate action is a real priority to them, and that they want to be able to work with us to understand what they can do, what we can do and what we can

all do together to take action on Climate Change. In response, we launched our “1 Change” campaign.

What are the key aspects and results of your 1 Change campaign?

Our 1 Change programme focuses on working with our members, colleagues and communities to drive transformational change to support climate action. Many of the over 1,000 ‘1 Change’ pledges made by our members was around re-using waste plastics in some way. Members created “eco-bricks”, which were used by one of our community partners, Fairy Tale Farm in Oxfordshire, to build animal houses. That simple example helped educate local school children, as well as their parents, of practical uses of waste plastic rather than disposal. In addition, we worked with members to set up collaborative community tidy up activities, enabling over 700 volunteers to tidy up 380 bags of litter from the natural environment.

Our members also told us of the ‘1 change’ they would like Midcounties to make to take climate action. We used that feedback to shape our environmental commitments. This has resulted in a range of positive impacts including reducing over 2 tonnes of plastic from our operations per year, and replacing single use plastic carrier bags with compostable bags across all of our Food Stores, reducing 8 million plastic bags per year.

What are the future prospects for the initiative?

Our 1 Change programme will be a catalyst to further engage our members and communities in helping to achieve the UN Sustainable Development Goals by driving behaviours around issues such as climate action, responsible consumption, and helping to build sustainable communities.

Increasingly, we are using member insight to influence the development of values led products and services. Our members have told us that they want us to support community renewable energy, and to help increase the amount of community energy generated in the UK. In response, our Co-op Energy trading group have launched our Community Power tariff – at the time of writing, the UK's only consumer product providing 100% community-generated green energy. This forms part of our wider Co-op Community energy initiative, which sees us working with over 90 community energy groups across the UK to provide a route to market for unsubsidized community energy generation.

We also aim to inspire our younger members and indeed the next generation of co-operators by working with our 50 partner schools to educate around climate action, helping to develop and showcase Co-operative solutions to the UN Global Goals.

What is the value in sharing best practices like this one within the cooperative movement?

The International Cooperative Alliance Statement on the Cooperative Identity notes as Principle 6 that Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. The sharing of best practice amongst all of us is fundamental to ensuring co-ops remain relevant and effective for all our members.

Our membership of ICETT has benefited us through learning from other co-ops around the world, and this best practice sharing has helped us develop our own climate change projects.

We have also enjoyed hosting visits from other co-ops to share our activity, including hosting a visit from Rabobank last year to share best practice around our approach to climate action and how we are helping develop sustainable communities. We were delighted to be asked to share our '1 Change' Climate Action programme earlier this year at a joint webinar between the ICA and UN, to share how we have engaged members to take collective action to help tackle this issue.

The sheer scale and size of the global co-operative movement, and of the social and economic impact it has, is demonstrated in this, the World Cooperative Monitor. That collective impact places our movement and each and every co-operative in a unique position to raise member awareness & political influence on the importance of so many subjects, including the UN Sustainable Development Goals both today – and long into the future.

CLIMATE CHANGE ADAPTATION: BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

However, the contributions that large cooperatives can make to combating climate change do not end with concrete actions in their companies or production chains to reduce GHG emissions.

Cooperatives actively contribute by raising awareness of the risks associated with climate change, not only to the environment but also to public health and production and by supporting communities and people damaged by natural disasters caused by climate change.

Looking at actions aiming at raising awareness, several examples can be found among cooperative initiatives to encourage employees, shareholders, partners, suppliers, communities and customers toward more environmentally aware behaviour.

IFFCO and the Buldana Urban Cooperative Credit Society have focused on engaging communities to plant trees and raising awareness of their importance in the next generation. The two cooperatives joined the "Go Green Campaign" launched by the

ICA Asia and Pacific Committee on Youth Cooperation to promote awareness of climate change, SDG 13, and the importance of planting trees.

In some cases, the aim of raising awareness is broader, encouraging companies and customers to take more environmentally sustainable actions. For this reason, the Talanx Group has been developing a Group-wide ESG screening process since 2016 by which almost 90% of the Group's investments under self-management are rated according to their compliance with the UN Global Compact to retain or divest holdings considering the environmental impact.

Moreover, starting in 2018, Talanx no longer invests in companies that derive more than 25% of their revenue or generate more than 25% of their power from coal. Along the same lines, Rabobank (see box below) has also adopted rating policies to encourage its customers to adopt more sustainable behaviours. Finally, talking about climate change vulnerability and the capacity to meet climate change, cooperatives actively contribute by supporting communities and people damaged by natural di-

sasters caused by climate change.

The Co-operators in Canada, for example, integrates technology, modelling, and analytics to “better quantify risks and build the personal resilience of [their] clients.” Likewise, the Sancor Seguros Group in Argentina has organized teams of volunteers that offer psychological support to the victims of disasters, whether due to human or climatic causes, in the context of

the workplace. They seek to contain and accompany the insured, their families, and co-workers to mitigate the emotional impact, facilitate social reintegration, and restore routines. In this way, the early recovery and quality of life of those affected are favoured, preventing the development of chronic pathologies, the multiplication of victims, and the judicial processes of claims.

CASE STUDY

RABOBANK

Innovative banking for climate consciousness

IN 2019:

EUR **45.4 million**
(2018: 48.8) for future investments
in the local community.

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(2018: 48.8) for future investments
in the local community.

AGRI3 fund: partnership with UN
Environment to make a facility of USD
1 billion available to help farm-
ers switch to more sustainable farming
and reforestation methods.

Accounted for **4.1 billion** Euro
through project finance in investments
in sustainable energy generation

46 billion Euro in sustainable fi-
nance with over 200 million Euro issued
in impact loans to businesses with a
meaningful sustainability label.

Rabobank started calculating its CO2
footprint in 1998, and its offices have
been **100%** climate neutral since
2007

Rabobank is a financial services cooperative rooted in the Dutch agricultural sector. Born from small agricultural cooperative banks founded in the late 19th century, Rabobank today is active in 39 countries with over 40,000 employees worldwide. It provides financial products and services to customers in Retail Banking, Wholesale Banking, Rural Banking, Private Banking, Vendor Finance, Leasing and Real Estate. No matter how large it grows and diversifies across the food and agriculture sector, Rabobank remains committed to its founding principles and to making a difference in society.

One of the ways Rabobank attempts to make a difference is through meaningful contributions to achieving the UN Sustainable Development Goals (SDGs). To ensure the actions remain a priority and the bank’s decisions reflect this, Rabobank has embedded contributing to the SDGs into their strategic planning. Examples of specific actions the group is taking include financ-

ing the food and agriculture sector to help boost the world’s food supply, actively financing and investing in sustainable energy generation, instituting a Circular Business Desk for clients, increasing sustainability-linked products and financing sustainable housing solutions, and establishing key partnerships both in the Netherlands and beyond to support sustainable agriculture on a large scale. In 2019 Rabobank participated in a group advising the European Commission on the SDGs contributing to the adoption of a Reflection Paper “Towards a Sustainable Europe by 2030”. With most of their members in the food and agriculture sector, Rabobank places a special importance on environmental protection and the SDG 13 goal, climate action, recognizing the urgency to act. In 2019, Rabobank contributed substantially to the establishment of the Dutch Climate Agreement and together with 50 financial institutions signed the Climate Commitment Finan-



cial Sector which commits to the Dutch Climate Agreement. To further climate action response Rabobank is also committed to the Paris climate goals and the U.N. Principles for Responsible Banking. Rabobank's commitment also extends through the work of the Rabobank Foundation with, for example, support to over 5 million smallholder farmers in Africa, South America and Asia. But to instill a climate change mindset within the entire organization, Rabobank has set up a company-wide Climate Program led by the Managing Board, which has installed the Rabo SDG Banking Committee to ensure Rabobank's climate ambitions are met. The cooperative also believes in the importance of change starting from the ground up, and knows that in order to be a leader in the energy transition and climate smart agriculture, it must also empower its clients and members to prioritize sustainability. Most recently, starting from the Sustainably Successful Together (SST) program, which set Rabobank's sustainable development goals from 2015 to 2020 through concrete corporate targets incorporating sustainability in the organization, Rabobank then further developed the program to promote an all-encompassing change of perspective in both corporate and retail clients.

The program established 14 corporate key performance indicators (KPIs), divided into five thematic areas focused on communities, sustainable agriculture and food supply, corporate clients, retail clients, and the cooperative's efforts. To ensure coherence across the organization the program also focused on increasing employee's sustainability awareness by providing sustainability training to staff and management at local Rabobanks, to corporate bankers and to retail advisors.

Reaching the end of the established timeframe, Rabobank renewed its commitment by developing the Rabobank Sustainability Ambitions 2020 – 2024 (the medium-term plan) and launched "Growing A Better World Together" as its mission, further highlighting its ambition to integrate sustainability into the bank's core business. The goals established by the medium-term plan have been organized into five themes as focal points and are explained in a published booklet available online¹. The first, "From Trend

Analysis to Vision Development", aims to develop long-term sustainability visions for each sector, which will serve as a foundation for Rabobank's sector policy, helping inform the decision of which sectors to reduce, maintain or expand.

The second theme builds upon one of the successful outcomes of the Sustainably Successful Together programme, the Client Photo. This sustainability assessment tool for corporate clients will be further developed into an "e-rating" client profile giving a sustainability score and measuring the client's impact on the SDGs. Rabobank intends to utilize this tool during the client-acceptance processes.

The third theme, "From Performance Optimization per Client to Transition Banking", focuses on an analysis and scoring methodology of client sustainability performance and SDG impact aiming to increase the number of clients who have a positive SDG impact and financial performance and persuade and support clients to make the transition to a sustainable way of doing business. "Distinctive Products and Services", the fourth theme, focuses instead on the product side, with the aim of developing more products that contribute to Banking for Food (helping the agri-food sector meet the global demand for food) and Banking for the Netherlands strategies and at the same time helping reduce Rabobank's indirect CO2 footprint. Lastly, in a further sign of commitment to sustainability across the entire organization, the fifth theme, "Integration in Performance Management", deals with recruitment, training and performance management practices. Rabobank recruits staff with a proven interest in sustainable and cooperative banking and supports the professional development and training of colleagues in sustainability.

Some of the key successes and results coming from the Sustainably Successful Together and Rabobank Sustainability Ambitions initiatives include increased investments in the local community and the continuous development of products and services that help Rabobank's clients mitigate climate risks and green their activities. An example of these products and services comes from the housing sector, where Rabobank en-

¹<https://www.rabobank.com/en/images/rabobanks-sustainability-ambitions-2020-2024.pdf>

courages and finances energy efficiency in homes and supports local energy cooperatives generating sustainable energy. In the food and agribusiness sector Rabobank is working in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI), the World Business Council for Sustainable Development (WBCSD), the Food and Agriculture Organization of the UN (FAO), the World Wildlife Fund (WWF) and others on a science-based targets-based measurement system for greenhouse gas emissions. Rabobank is attentive to invest in funds that share its climate vision, for example the F&A Innovation Fund and SHIFT Invest. Additionally, Rabobank is partnering with Samen Tegen Voedselverspilling (a Dutch Foundation whose mission is to limit food waste in the Netherlands) helping to save 61 million kilos of food a year in Dutch restaurants.

Rabobank's work with SMEs to promote transitioning into circular enterprises has also been a key activity over recent years. With assistance provided through the Circular Business Desk, knowledge creation, networks, financial solutions, and circular economy challenges, Rabobank is helping its clients transition to a circular economy. In 2019 alone, 107 Circular Entrepreneurship Challenges were held in seven regions in the Netherlands to ac-

tively support an additional 250 entrepreneurs developing circular action plans.

To monitor progress on all fronts, the governance committee established indicators on progress and works with the Program Office and individual departments to report on targets. For example, Rabobank reports on its own carbon footprint and sets annual targets to reduce it. However, accurately measuring impact can be a challenge. For example, while Rabobank works to encourage reduced emissions from its clients, there is not always an agreed-upon scientific methodology for certain calculations, such as carbon sequestration in agriculture, a sector in which calculating carbon emissions can be complicated. But Rabobank continues to contribute to developing climate impact measures and promoting their use among its clients. In the words of Berry Marttin, member of the Rabobank Managing Board, "We can and will make a difference as a financial services provider – by providing financial solutions with climate-related products and services – and also through our network and by sharing knowledge. This is not easy and we are definitely not ready yet, but we accept the responsibility and see the opportunity to become an even more meaningful service provider for our members and clients."

CONCLUSION

Through this research, we see some actions undertaken by large cooperatives to actively contrast climate change, and many more examples surely exist within the cooperative movement. Examples in the previous sections show that the strength of large cooperatives lies precisely in the magnitude of the actions implemented. Promoting change does not only mean acting on the enterprise's day-to-day operations, but it means promoting awareness-raising actions pushing their partners, members, and communities to adopt more environmentally aware behaviors. It also means supporting communities and vulnerable people in climate vulnerability, too. The examples analyzed highlight only a part of the contribution that cooperatives are making to environmental protection.

Many other actions could be highlighted by looking at the targets of other SDGs such as the fight against poverty reduction, soil and ocean protection and much more.

But we need data to prove such contributions. It is not enough to say cooperatives are environmentally and socially responsible businesses without the data and analysis to demonstrate it. Cooperatives must communicate the actions that demonstrate their fundamental nature as ethical businesses both within and beyond the cooperative movement. The more they participate in reporting initiatives that enable the collection of reliable and internationally comparable data, the more research and analysis can be done to demonstrate their social and economic impact.

“One of the things this pandemic has done is to remind us just how closely the world of work is connected to climate change and therefore of the central role it must play in combating it. It’s precisely because the cooperative model aligns short-term actions with long-term vision that it can give us precious insight into how to confront global crises, be it pandemic or climate change.”
ILO Director- General, Guy Ryder

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