

Race to net-zero

The role of co-operatives in driving
climate action post-COP26

October 2021



Introduction

Since 1995, the United Nations has hosted a global climate change conference called COP or the 'Conference of the Parties'. The 2021 conference is the 26th annual summit – giving it the name COP26. Hosted by the UK in partnership with Italy, it takes place in Glasgow in November 2021.

At COP26, countries are being asked to present targets for reducing greenhouse gas emissions by 2030, which align with the global goal of reaching net-zero emissions by 2050. This is the point at which the amount of emissions produced is balanced by the amount removed from the atmosphere.

To deliver on these targets, countries are being encouraged to accelerate the phase-out of coal, curtail deforestation, speed up the switch to electric vehicles and encourage investment in renewables. There is much to be done if we are to bring climate change under control and this will require collaboration between governments, businesses and civil society.

It is a challenge we are familiar with at Co-operatives UK. As the trade body for the UK's co-operative sector, worth nearly £40 billion to the UK economy, we are supporting the UK's 7,237 independent co-operatives in their journey towards becoming environmentally sustainable. To understand where we are today and what challenges lie ahead, we've carried out new research looking at how co-operative businesses are responding to the climate emergency.

In this report, we reveal the findings of a survey of co-operatives and an analysis of carbon reduction initiatives among the UK's largest 100 co-operatives by turnover. We outline the key areas where co-operatives are taking action and where they need greater support to achieve net-zero emissions.

State of play

Co-operatives driving climate action

Two-thirds of co-operatives in the UK (66%) are currently taking action to reduce carbon emissions. Of those co-operatives taking action, one in five (23%) has published a strategy to achieve net-zero emissions. More than half (61%) are taking action to reduce the amount of greenhouse gas emissions they produce, but have yet to define or publish a low carbon or zero-carbon strategy.

Co-operatives are punching above their weight, with just 30 per cent of the UK's FTSE 100 companies pledging to eliminate their carbon emissions by 2050. Our analysis includes the carbon reduction initiatives of the UK's largest 100 co-operatives (around half of which are SMEs) and the results of an online survey of 88 small to mid-sized co-operatives. Among the UK's largest co-operatives, the race to net-zero is led by organisations in three specific sectors. Co-operatives in retail (36%), agriculture (29%) and manufacturing (14%) are the most likely to have a net-zero strategy in place.

Nearly one third (31%) of co-operatives have a defined strategy in place for reducing carbon emissions, but are not currently targeting net-zero emissions. Almost half (46%) are taking action to reduce the amount of greenhouse gas emissions they produce, but do not have a published low or zero-carbon strategy in place at this stage.

Many more co-operatives are in the early stages of becoming more climate-friendly. Almost one in five (19%) are concerned with tackling climate issues but have yet to take any significant action to reduce greenhouse gas emissions. Many co-operatives have focused on other climate-friendly initiatives, such as introducing recycling schemes, planting trees, purchasing second-hand IT equipment and encouraging staff to walk or cycle to work.

Climate action

Approaches to reducing emissions

Across the UK, co-operatives are employing a range of different approaches to reduce carbon emissions. These range from switching to renewable energy sources like solar or wind, to making greater use of more energy-efficient technologies in buildings, such as LED lighting and thermal insulation.

Some of the ways co-operatives are reducing carbon emissions include:

- **Taking a scientific approach to developing targets and strategies:** Credible targets and strategies for reducing and eliminating emissions require a scientific approach to measuring current impacts and identifying remedial actions. Southern Co-op's ambitious net-zero plans have been assessed by the Science Based Target's Initiative, as have those of The Co-op Group.
- **Switching to renewable energy:** A growing number of co-operatives are reducing their reliance on fossil fuel energy in favour of renewable sources including solar panels, wind farms and other low or no-carbon sources. The Midcounties Co-operative established Yunity, a joint venture with Octopus Energy, which has agreements with around 100 community energy groups, guaranteeing a fair price for generated electricity while also helping ensure long term energy security. Other co-operatives, like ground-breaking sustainable energy co-operative Co-Pilot Wind Project in Wales, are working to help more people switch to green energy through co-ownership of a wind farm.
- **Offsetting carbon emissions:** Carbon offsetting is also a key action, with some co-operatives using carbon offsetting to eliminate any carbon emissions they are unable to prevent through other efforts. While we understand that making real emissions reductions is absolutely critical, when used appropriately, offsetting can play a valuable role along the road to net-zero. Suma Wholefoods, one of Europe's largest worker co-operatives, is currently carbon neutral through procurement of 100% renewable energy and offsetting any other emissions (whether directly through operations or indirectly from energy suppliers). Suma aims to build on this by achieving net-zero status through mapping all other indirect emissions and reducing reliance on offsets through further carbon reductions.

- **Becoming more energy-efficient:** Many co-operatives have made investments in technology to conserve energy. Initiatives range from installing energy-saving doors on refrigeration units to replacing lighting systems with energy-efficient LED bulbs. Central England Co-operative has reduced its refrigeration gas emissions by 69% since 2010. Scotmid Co-operative has achieved significant energy savings with the rollout of LED lighting, building management systems and specialised software to optimise heating and air conditioning energy use. East of England Co-op has reduced its annual electricity consumption by 1% and gas by 27% by investing in its properties and equipment, including the retrofit of refrigeration units, refurbishment of food stores and installation of head office LED lighting. Upgrading refrigeration units has been a significant factor in a 25% year-on-year reduction of CO₂e emissions.
- **Embracing greener transportation:** To reduce carbon emissions from vehicles, co-operatives are investing in more eco-friendly alternatives. Initiatives include making greater use of electric vehicles and swapping diesel for biomethane fuel produced from food waste. In some cases co-operatives are helping their customers embrace greener transportation. Channel Islands Co-operative Society is introducing electric vehicle charging points at several of its stores, including its Grand Marché St Peter store in Jersey, while the worker co-op Green City Wholefoods, in Glasgow, is trialling deliveries by electric trike.
- **Making climate action a business priority:** Businesses are more likely to take effective climate action when it's a priority for senior leadership. A number of leading co-operatives, including The Midcounties Co-operative and The Co-op Group have tied executive remuneration to the achievement of their ambitious carbon reduction targets.

A greener future

What support do co-operatives need?

Although our survey reveals that almost one in four (23%) co-operatives have sufficient in-house expertise and finance to deliver low carbon or net-zero carbon strategy targets, many co-operatives would welcome greater support. Some of the areas where co-operatives would most like help include greater access to funding for carbon reduction projects and expert advice on how to reduce carbon emissions.

Forty-one per cent of the co-operatives surveyed told us they would like to see more grants made available to help fund the implementation of low carbon or net-zero carbon strategies. A similar number (40%) would appreciate expert advice and guidance on developing a low carbon or net-zero strategy so they can support the global goal of reaching net-zero emissions by 2050.

Another area where co-operatives would like support is in accessing expert advice on raising finance to implement low carbon or net-zero carbon strategies. Nearly one in four (23%) co-operatives told us that this is something that could make a big difference in their efforts to reduce carbon emissions. Similarly, almost one in five (18%) co-operatives told us that they would like greater support with raising investment to help fund the implementation of low carbon or net-zero carbon initiatives.

With support our research suggests that co-operatives could make an even greater impact and contribution to the UK's efforts to reduce emissions. However, working out where to start can be daunting. That's why at Co-operatives UK, we're committed to doing what we can to help co-operatives take effective climate action. But ultimately government has an instrumental role to play in requiring more of businesses and making it easier for all business to play their part in the race to net-zero.

[Read the UK co-operative sector's declaration on climate action and our asks of the world's governments >>](#)

Methodology

About the research

Co-operatives UK carried out an online survey with responses from 88 co-operatives businesses in September 2021. Co-ops were asked about their efforts to reduce carbon emissions and what support they require.

Co-operatives UK commissioned research consultancy Priestley to analyse the survey responses and conduct an independent review of climate action published on the websites belonging to the top 100 largest co-operatives by turnover as listed in Co-operatives UK's Co-op Economy Report 2021.

Thousands of businesses, one network

Co-operatives UK is the network for thousands of co-operatives. We work together to promote, develop and unite member-owned businesses across the economy. From high street retailers to community owned pubs, fan-owned football clubs to farmer controlled businesses, co-operatives are everywhere and together they are worth billions to the UK economy.

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