#### COOP FOOD STORES

### 2023 impact report

# Governanc

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Environmental

#### LETTER FROM THE GM



AMANDA CHARLAND General Manager

It is with great pride that I present our first Environmental, Social, and Governance (ESG) Report. This report represents a significant milestone for our organization, serving as both an internal benchmark and a potential example for other cooperatives of our kind. We understand that sustainability means not only looking internally, but also setting standards that inspire and support broader, positive impacts in our industry and communities.

Our approach aligns closely with the United Nations' Sustainable Development Goals (SDGs), which serve as a global call to action to promote peace and prosperity for people and the planet.We are also excited to look ahead to the 2025 International Year of the Cooperative, an occasion to reaffirm the relevance and potential of cooperative business models in creating fairer, more sustainable economies. Through our ESG efforts, we embrace the chance to contribute meaningfully to these initiatives, driving progress within our communities and beyond.

In establishing this report, we aim to set ambitious goals that serve as a foundation for measuring our progress and a source of direction for the future. These goals allow us to hold ourselves accountable as we work to embed sustainable practices into our daily operations, evolve our social commitments, and strengthen our governance structure. This process is only the beginning, and our dedication to these values will continue to evolve as we seek greater transparency and accountability.

Thank you for your support and trust in our journey. We look forward to sharing our progress and working together to create a future that reflects our values and our commitment to sustainable, community-centered growth.

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#### Hanover Consumer Cooperative Society (the Co-op)

Established in 1936, the Co-op today consists of three food stores, a kitchen, a resource center, and two auto service centers all located in the Upper Valley of New Hampshire and Vermont. The Co-op employs more than 300 people, serves more than 27,000 member-owners, and does over \$90 million in sales annually.

Cooperatives are rooted in environment, social and governance activities. As triple bottom line enterprises (people, planet, and profit), and the principles of voluntary and open membership, democratic member control, members' economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern from community, there is an undeniable connection to the principles of ESG. That doesn't mean that the activities that help cooperatives exemplify these principles are highly visible or even fully made public. This report seeks to do just that.

#### **Co-op Ends**

The Co-op's Ends statements are a set of outcomes informed by the membership and articulated by the Board through policy. Ends are designed to drive the strategic direction of the Co-op.

The Hanover Consumer Cooperative Society is central to a well-nourished community that:

- Has food & product access for all community members based on their needs & wants, including foods and products that are source or produced locally, ethically, sustainably, by businesses owned by underrepresented populations, by businesses that value the well-being of their employees, that are healthful and that are fairly priced.
- Has access to services that support all community members based on their needs, including transportation needs.
- Values a vibrant cooperative ecosystem.

#### **Co-op Vision**

The Co-op's Board of Directors also created a member-informed vision statement and a set of unique values.

Our vision is a well-nourished community cultivated through cooperation.



#### **Co-op Values**

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- **Employees:** We value the well-being of our employees & their families. We prioritize the well-being of our employees and their families by providing comprehensive support, fostering a healthy work-life balance, and promoting professional development opportunities.
- **Community:** We value a diverse, equitable, and inclusive community. We are dedicated to building a diverse, equitable, and inclusive community by actively engaging with individuals from different backgrounds, advocating for equal opportunities, and fostering an environment of respect, acceptance, and belonging.
- Local: We value a resilient local food system and economy. We actively contribute to a resilient local food system and economy by sourcing locally, supporting local producers, and businesses, and collaborating with community partners to ensure sustainable and thriving local ecosystems.
- **Environment:** We value being a regenerative business with a positive environmental impact. We promote environmental stewardship through sustainable practices and active investment in initiatives that have a positive and measurable impact on the environment.

#### **This Report**

Environmental, Social, and Governance (ESG) reports provide a clear picture of a company's efforts in the key areas of environmental sustainability, social and community impact, and governance with accountability and transparency. This report covers greenhouse gas emissions, waste management, risk management, employee well-being, and community engagement. Internal goals and benchmarks are also shared. This report encompasses all Co-op activity across all Co-op locations.

#### **Report Criteria**

Much of the framework for this report comes from the B Lab Global's B Impact Assessment. The B Impact Assessment is a tool used to help companies measure and improve impact across five areas of community, customers, environment, suppliers, and employees. The Co-op's B Impact Assessment data in 2022 and 2023 helped shape much of this work. While the Co-op isn't currently a B Corp, the framework is useful. The United Nation's Sustainable Development Goals (UN SDGs) are also used as reference. The UN SDG's are an important benchmark for cooperatives and other businesses to consider as we enter into the 2025 International Year of the Cooperative. The UN encourages the use of SDGs as the theme for 2025 highlighting the global impact of cooperatives and the cooperative business model as a way to address global challenges.

In addition to B Impact and the UN SDGs the Co-op's own vision and values are incorporated into this report.

#### **B** Impact Assessment

Our B Impact score was calculated in 2022, and re-evaluated in 2023. The Co-op currently scores an 85.7 (above the 80 point minimum for a B Impact Certification).



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#### **Sustainable Development Goals**

The SDGs are a part of the 2030 Agenda for Sustainable Development, which was adopted by all member states of the United Nations in 2015. They represent "An urgent call for action by all countries" and drive companies to be conscious of their impact, actively pursuing improvements and investments in these key areas. Where relevant, symbols of the 17 SDGs are included throughout this report. Those include SDG #1, #5, #7, #10, #13, & #16.

# environment



#### ENVIRONMENT

This section covers the Co-op's progress toward reducing greenhouse gas emissions, improved energy efficiencies, waste reduction and the shift to sustainable packaging. Our goal to reduce the Co-op's environmental footprint is centered on improved efficiencies with fuel, electricity, and refrigerants as well as the use of innovations and technologies to help achieve these goals.

#### **GREENHOUSE GAS EMISSIONS**

Co-op Goal: Net Positive Greenhouse Gas Emissions by 2030

#### **SCOPE I EMISSIONS**

Scope I Emissions consists of all on-site stationary fuel usage. For the Co-op, this is primarily made up of propane, natural gas, refrigerant, heating oil and on-site solar energy.

One of the Co-op's major facilities projects over the past year was to reduce the use of heating oil. Heating oil is one of the

least sustainable energy sources. The Co-op was able to reduce total usage from 16,897 gallons in 2022 to 2,641 in 2023. The Co-op reduced heating oil usage in 2023 by 84.4%.

The trade-off for offsetting the emissions caused by heating oil was a slight increase in the amount of propane purchased. Gallons of propane consumed went up by 11.6%. The result of switching heating oil for propane ended with a net decrease of 2.6% total CO2 emitted from stationary energy use.

2023 Co-op Food Stores Refrigerants*						
LOCATION	REFRIGERANT	lbs	GWP	lbs CO2e	MT CO2e	
Hanover	R-134a	2	1,430	2,860		
	R-407A	215	2,107	453,005	205	The Co-op used several
Lebanon	R-410A	12	2,088	25,056		different types of
	R-448A	400	I,386	554,400	251	refrigerant throughout
	R-407C	12	1,774	21,288	10	the year 2023. Most
<b>Community Market</b>	R-410A	20	2,088	41,760	19	heavily used were R448a
Co-op Kitchen	R-404A	32.5	3,922	127,465	58	and R407a, both of whic
	R-22	10	1,810	18,100	8	are non-ozone depleting
	R-407C	9	1,774	15,966	7	refrigerants.
White River Junction	<b>n</b> R-404A	100	3,922	392,200	178	
	R-290	0.5	3	2	0	

#### **Refrigerant Use & Reduction Plan**

The largest driver of the Co-op's increased emissions in 2023 was a spike in the use of refrigerants. As a retail grocery store, the Co-op requires commercial refrigeration units to keep products fresh. In 2023 the Lebanon location experienced an undetected refrigerant leak that led to the bulk purchase of additional refrigerant.

The Co-op is focusing efforts on improved refrigerant tracking systems, both to detect potential leaks and to monitor the amount of refrigerant that is used. In the future the Co-op seeks to invest in cleaner refrigerant alternative such as CO2 based option, but at this time it is cost prohibitive.

In 2025, we are also looking to re-engage with GreenChill, a voluntary program of the United States Environmental Protection Agency. A renewed enrollment in the program requires a commitment to tracking and reporting refrigerant emissions annually and creating a plan to reduce refrigerant use over time.

#### **SCOPE 2 EMISSIONS**

Scope 2 Emissions consist primarily of purchased electricity. The Co-op purchases electricity from Green Mountain Power (Vt.) and Liberty Utilities (N.H.).

Since tracking began in 2019, the Co-op has reduced its kilowatt hours per year by nearly 500,000 hours. The majority of this savings use due to the shift to LED lighting at all locations. LED lights are free of some of the toxic chemicals contained by incandescent lighting, and can be up to 90% more efficient. The lighting systems installed can be adjusted based on natural lighting so less energy is used during brighter hours of the day, reducing emissions, saving money, and giving shoppers a comfortably lit store.

While the results of electric emissions from 2022 to 2023 are similar, expect notable progress in 2024 as the Co-op's lighting projects lead to more efficiencies.

**Note on Scope 3 Emissions:** Scope 3 Emissions are those emissions indirectly produced by a business' value chain including business travel, supply chain emissions, and purchased goods. Scope 3 emissions are complex and are not tracked at this time.

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#### 2023 STATS

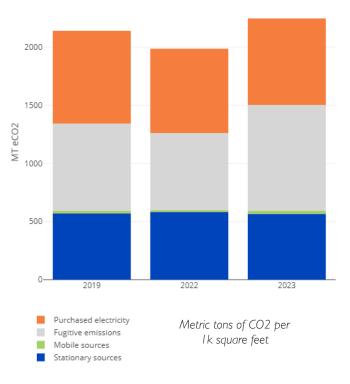
#### Overall Greenhouse Gas Emissions (includes Scope I and Scope 2)

- 2,289 Metric Tons of Carbon Dioxide Equivalent (MTC-DE) in 2023
- 12.87% increase from 2022
- 3,174,089 total kilowatt hours of electricity used in 2023
- 1.6% increase in emissions from 2022

Source: The Co-op's Greenhouse Gas Emissions were tracked using the University of New Hampshire's Sustainability Indicator Management & Analysis Platform (SIMAP)

#### **Greenhouse Gas Emissions Next Steps:**

- Track impact of new LED lighting systems
- Partner with GreenChill to track, manage, and reduce refrigerant use.
- Continue to pursue efficiency options for new capital expenditures and infrastructure upgrades with high energy reduction impact and return on investment

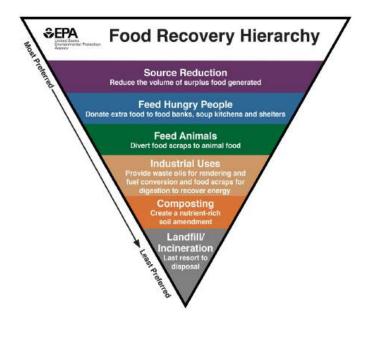


#### Categories: GHG Protocol (Carbon)

#### WASTE MANAGEMENT

**Co-op Goal:** All Co-op locations will be zero waste by 2025. (90% waste diverted from the landfill.)

While the work to reduce waste at the source and waste to the landfill is ongoing, we're taking a comprehensive approach to the goal by expanding access to commercial composting services and undertaking employee education and goal championing.



The Co-op follows the EPA's food recovery hierarchy. Our first priority is to reduce the waste we create wherever possible. Second, we give the food that cannot be sold, but is edible, to Willing Hands to share with those in need. Third, food that makes it past that point is given to farmers to feed animals. Fourth, the food that cannot be fed to animals is picked up and composted by a local farmer. The last resort is sending waste to the landfill.

#### 2023 STATS

- 72% waste diverted in 2023
- I 44.52 tons of cardboard diverted from the landfill
- 6.58 tons of plastic diverted from the landfill
- I 20.69 tons zero-sort recycled
- 163.3 tons of organic waste compost in 2023
- 32.50 tons of food used by animal farmers

#### Zero Waste Next Steps:

- Continue to reduce waste from the source
- Launch employee education program
- Launch Zero Waste Teams (champions at each location)
- Expand partnership on waste diversion programs

#### SUSTAINABLE PACKAGING

**Co-op Goal:** All Co-op provided packaging is either compostable, reusable, or recyclable by 2025.

While not all of the products sold at our stores are packaged at the Co-op, pre-made products are a large part of our business. Our goal is ensure all items packaged at the Co-op have minimal impact on the environment. This includes meat and seafood, bulk department items, and pre-made products in the prepared food section.

#### Sustainable Packaging

#### **Next Steps:**

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- Continue to work with individual stores and department managers on phased approach to packaging goals.
- Draft and test Supplier Code of Conduct to ensure suppliers improve their own packaging.

## social

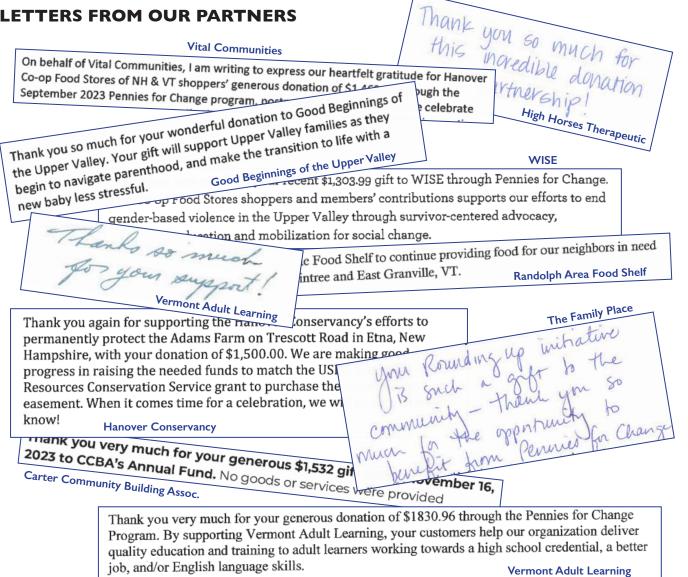




#### SOCIAL

Having a positive impact in our community by ensuring Co-op employees are respected and valued, advocating for policies and programs that positively impact our stakeholders, supporting community partners through charitable giving, and continuing to commit to the journey of exploration and learning in justice, diversity, equity and inclusion is foundational to our Co-op.

#### LETTERS FROM OUR PARTNERS



#### **COMMUNITY ENGAGEMENT BY THE NUMBERS**

#### 2023 STATS

#### **Co-op's Charitable Giving**

- \$82,000+ in customer donations to Pennies for Change (round up at the register program)
- \$15,000 in small donations to over 95 community organizations
- \$20,000 contributed to Twin Pines Cooperative Foundation (endowment supporting other cooperatives)
- 27,081 meals provided through Food for All food access program
- 19,031 meals provided through Double Up Bucks food access program
- 4,941 meals donated to LISTEN Community Services
  Holiday Baskets

#### COMMUNITY ENGAGEMENT PROGRAMS

#### **Pennies for Change**

Pennies for Change allows shoppers to donate to and support local community partners. In 2023, the program raised \$82,635 towards nine Upper Valley organizations.

#### **LISTEN Holiday Baskets**

LISTEN provides food and warm clothes during the holiday season to children and seniors in the Upper Valley. The Co-op donated the equivalent of 4,941 meals to LISTEN in 2023.

#### **Double Up Bucks**

Double Up matches consumers' SNAP dollars to allow people to purchase double the fruits and vegetables. In 2023 the Co-op had 221 participants, a significant increase of 44.4%.

#### Food for All

Food for All is a Co-op discount program intended to make healthy food more accessible to everyone in our communities, regardless of income. In 2023 the Co-op provided the equivalent of 27,081 meals through the program, with a total of 216 participants.

#### Community Engagement Next Steps:

- Engage members in Co-op's charitable giving decisions
- Create community partner surveys to get feedback and measure
- Expand food access programs for healthy and affordable food.



#### **Car Connects**

A partnership with LISTEN Community Services to offset autorelated expenses for people in need. In 2023, Co-op shoppers provided \$1,534 in donations and \$3,220 in vouchers for Car Connects.

#### **Charitable Giving Priorities**

In 2023, the Co-op's employee led Social Impact Team created new criteria for our charitable giving and social impact strategies to include focus areas of Diversity, Equity, and Inclusion (DEI) within the community by supporting organizations doing work in this space. The team also created new criteria for charitable giving to support organizations or community projects that focus on sustainability, climate change, and local food systems.

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#### **EMPLOYEES**

Ensuring the well-being of our employees through competitive wages and benefits, access to ongoing professional development and active community engagement and volunteer programs are key initiatives.

#### **Employee Well-Being & Benefits**

The Co-op offers a robust set of benefits to its full-time employees. This includes a healthcare plan that covers 80%+ of individual premiums, a retirement plan matching up to 4% as well as opportunities for learning and professional development. Part-time employees are eligible for the healthcare program in the months following their hires as long as they work greater than 20 hours per week. Currently over 70% of Co-op employees participate in our healthcare program. Where feasible, the Co-op offers flexible work-scheduling and telecommuting to allow employees a better work-life balance.

#### 2023 STATS:

- \$18.2 M combined wages. 5.7% increase from 2022
- 6.1:1 pay ratio from highest-paid to lowest-paid employee
- \$195,000 in profit sharing redistributed to employees

#### **Employee Training**

The Co-op provides important employee training in a number of areas including ongoing professional development, ServSafe, Food Safety, Unconscious Bias, and Anti-Harassment.

#### 2023 STATS:

- 22 new employee orientations. 99 training hours
- 3 ServSafe training sessions held. 48 training hours
- 96 employees completed Unconscious Bias training. 2,880 training hours
- 273 employees completed Anti-Harassment training. 14,220 training hours

#### Employee Training Next Steps:

- Build out Training Mentor Program for new employees.
- Build out Leadership Foundations (a four-session program designed to teach human skills to current and future leaders)
- Expand quarterly skill building trainings for employees focused on relevant topics such as Product Designation Initiative and zero waste strategies.



In 2023, the Co-op became a certified Recovery Friendly Workplace, promoting individual health by empowering workplaces to support employees recovering from substance use disorder.

#### FOOD SAFETY

The Co-op maintains a system to monitor products recalled by manufacturers or governmental agencies. Risks include contaminants or the presence of unlabeled allergens.

#### 2023 STATS:

- Facilitated 24 recalls requiring 953 member and customer notifications
- 22 food borne illness/foreign object instances investigated

#### Food Safety Training

Food safety training is mandatory while ServSafe certifications are for employees in high contact and prep areas such as meat and seafood and prepared food departments.

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#### **DIVERSITY, EQUITY, AND INCLUSION**

In 2023, the Co-op invested over \$93,000 on diversity, equity, and inclusion (DEI) efforts including formal assessments and listening sessions conducted by a third party consultant, as well as in-house interactive in-person and online trainings.

#### **Next Steps:**

- Analyze indicator scores on organizational DEI performance
- Encourage employee feedback to be a part of the normal conversation
- Expand employee micro-lessons on DEI topics.
- Encourage and train next generation of emotionally intelligent leaders.
- Commit ongoing resources to expand DEI efforts.
- Integrate DEI initiatives into business planning.
- Implement DEI practices into individual location work plans based on their needs

#### **Lighthouse Committee**

In 2020, the Co-op introduced the Lighthouse Committee created to learn what can be done individually and collectively to improve the sense of employee belonging and positive

#### **PUBLIC POLICY & ADVOCACY**

Our Public & Government Affairs Team (PGA) works to elevate community-based solutions for challenges facing the Co-op, its employees and the broader community.

In 2023, PGA worked to build lateral partnerships with lead advocacy organizations. Key contributions include dialogue about inclusive food systems, investing time with national, state and regional leaders, as well work to broaden impact on policies supporting small business development and community wellness.

The PGA team strives to empower Co-op employees through education, experiences, and the framing of a holistic view of the work of our Co-op. This year PGA launched a Farm × Food Tour series bringing Co-op employees across campuses to farms and food businesses to learn more about their operations, challenges, and opportunities. workplace culture. Some accomplishments include creating a calendar of cultural events and celebrations with resources to learn more, the development of employee-led anti-bias training, and the introduction of pronoun stickers.

#### Lighthouse Committee Next Steps:

- Expand employee understanding of Lighthouse Committee purpose and increase participation
- Continue exploring Employee Resource Groups
- Invite different voices to expand learning and engagement



#### Public Policy & Advocacy Next Steps:

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- Launch priority identification process to determine the most important issues for the Co-op and our community
- Continue to involve community and members in decision making process.
- Solicit internal cooperation and communication to integrate Co-op missions into everyday practices.
- Work on food and agriculture specific plan to improve farm viability through increased partnerships and shared understanding.

#### **PRODUCT DESIGNATION INITIATIVE**

The Co-op's Product Designation Initiative (PDI) is an opportunity to offer more products that align with our values, provide more information about those products, and grow sales in those areas.

Products from businesses that align with our values are sought after, promoted, and marketed in the stores. This continues to be a key differentiator.

#### **Current Product Designations include:**

- Local—Vermont and New Hampshire
- Third-Party Certified—products such as B-Corp, FairTrade, or Organic certified
- Co-op Owned—products sourced from other cooperatively owned businesses
- Zero-Waste—products that reduce waste and use of materials
- Inclusive Trade—products from historically and currently underrepresented groups

#### STATS

- 18.41% of sales from USDA Organic products
- \$8.8M in sales from Zero-Waste Products
- 27 Fair Trade Certified brands sold from
- 1.55% of sales
- 411 local brands sold from
- 20.97% of sales
- \$1.2M in sales from businesses run by underrepresented groups
- 98 B Corp Certified brands sold from

inclusive

trade

• 6.69% of sales

#### Product Designation Initiative Next Steps:

- Increase consumer awareness of PDI
- Boost promotion of designated products
- Grow the PDI program by offering more products
- Work to increase transparency of our supply chain
- Strengthen commitment to expand availability and visibility of these products.

#### Social Impact Next Steps:

- Solicit Feedback from Community Partners
  & Consumers
  Offer opportunities for stakeholder input to inform
  - Offer opportunities for stakeholder input to inform programs and services.
- **Conduct Employee Satisfaction Surveys** Seek to gain a better understanding of the wants and needs of our workers.
- Build out Product Designation Initiative Continue due diligence on third-party certifications to build list of PDI offerings. Pursue increased transparency of the supply chain and strengthen commitment to these products and their suppliers.
- Create a Supplier Code of Conduct Develop a Supplier Code of Conduct to ensure suppliers meet similar ethical and legal standards.
- **Provide more Access to Affordable Healthy Food** Continue to expand food access programs, accessible memberships, and affordable Co-op Basics products.

Look for this mark to find brands owned by people who identify as women, BIPOC, disabled, LGBTQIA+ or veterans.



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#### GOVERNANCE

Good structures and policies are the foundation of our cooperative governance. The Co-op Board of Directors using a system called Policy Governance which enables a balance of oversight and empowerment. Governance, in relation to ESG reporting is an analysis of that oversight related to the values of the ownership, the monitoring of operational leadership, and risk management.

At the highest level, our Co-op is governed by a member elected Board of Directors. Three of the twelve board seats are open to Co-op employees. Board recruitment strategies strive for a diversity of lived experience and perspectives.

The Board, elected by members at an annual election in April,

is responsible for understanding the vision and values of the members and translating those values into policy. It's the job of the Board to ensure the Co-op follows those policies and procedures, abides by ethical standards, minimizes risk, complies with regulatory demands, and is transparent in their activities.

Each year the Board engages an external auditing service to ensure the Co-op's financial policies and procedures are adequate. The Board is kept apprised of operational outcomes through rigorous monitoring in the form of monthly reports, business plans, and quarterly financial updates.



2023 Board Members

All Board meetings are open to members. An Annual Meeting of the membership occurs every year in April where the finances of the Co-op are shared and explained. Financial literacy and training is also offered to Co-op employees.

In addition to the Board Committee of Bylaws, Governance,

and Owner Linkage, Co-op employees also convene internal committees such as the Social Impact Team and the Lighthouse Committee (see social section).

#### Governance Next Steps:

- Work to increase member participation in voting and board recruitment.
- Continue to build member informed policies
- Commit to initiatives that align with the Co-op's DEI strategies.
- Expand participation in employee led committees
- Conduct annual survey of the membership

#### GLOSSARY

#### **Emissions Categories:**

- Purchased Electricity—Indirect emissions from electricity bought from another provider, and used at the Co-op.
- Fugitive Emissions—Unintended gas or vapor leaks, from fuel sources or refrigeration systems that are automatically calculated by SIMAP platform.
- Mobile Sources—Includes fuels used in cars, trucks, and other vehicles used for business. Stationary Sources - Fuel sources used on-site, which include propane and heating oil at the Co-op.
- O-Zone Depleting—Used to describe hazardous materials that may damage the O-Zone layer of our atmosphere.

**Regenerative Business**—Contributing to the restoration of ecosystems, through reduced waste and more efficient usage of resources.

#### REFERENCES

B Lab. "B Impact Assessment." Www.bcorporation.net, 2023, www.bcorporation.net/en-us/programs-and-tools/b-impact-assessment/. UNH Sustainability Institute."Home | SIMAP." Unhsimap.org, unhsimap.org/home.

United Nations. "The 17 Sustainable Development Goals." United Nations, 2024, sdgs.un.org/goals.

Additional data sources include: Vermont Energy Investment Corporation (VEIC), Casella Waste Systems, and the University of New Hampshire's Sustainability Institute (UNHSI).