New Zealand Trade and Enterprise
Sustainability: Business Partnerships

Market analysis: Food miles and sustainability trends in the UK

Contents

Executive Summary

Consumers in the UK have become increasingly aware of the environmental impact of their lifestyles, and are changing their purchasing behaviour. Retailers and the food and drink industry in the UK are seeking to capitalise on this increased focus on environment and sustainability, and the UK market is seen as an "early adopter" in this area.

A simple Google search throws up nearly 90 million results on the term 'food miles', so it is perhaps unsurprising that media coverage is on the increase. Over 200 articles were found in the UK from January 2007 to date (August 2007), and New Zealand featured in some 17% (largely as a result of the Lincoln Report). However, only 34 articles were 'significant' - with the large majority of these being balanced and looking at the bigger life cycle analysis (LCA) picture and highlighting the limitations of food miles as a concept. These tended to be in the more serious (broadsheet) publications.

However, the remaining 160 plus articles were passing mentions of food miles, and were in the more tabloid and consumer lifestyle media. This tacit acceptance of food miles as a term is potentially more insidious and problematic: it gives it credence. The result may be a potential divide between broadsheet readers, with a more balanced view, and the wider public, for whom food miles is simply taken as fact.

Analysis was also undertaken of the position of the major UK retailers on sourcing and the sustainability of the products they sell. Because of sensitivities around direct contact, this was carried out through a review of their current CSR programmes.

There is a widely held belief that food miles is part of a wider debate on sourcing and sustainability and there is a strong consensus that there needs to be a proactive programme to ensure that New Zealand gets across its sustainability message. There is less consensus around food miles per se – with a concern that whatever New Zealand does should not inflame the issue.

There is also a varied opinion on who the core audience should be: regulator, retailer; or consumer. The answer is that all have a significance, given that each responds to perceptions about the other. We are of the view that, in the short-term, as long as 'influential' audiences are onside with the message that 'food miles' is too simplistic then this will drive behaviour – but that this should not be an excuse for doing nothing with consumers. Regulators and retailers also follow as well as lead opinion. Key is getting the commentators who help shape such public opinion 'on message' rather than tacitly endorsing the concept of food miles through everyday use.

Whilst there is a recognition that exporters will take the lead in communication (they are, after, actively marketing in the UK on a daily basis) there is also support for some core 'centralised' initiatives to help put New Zealand's sustainability message across. These range from specific initiatives with stakeholders and the media to the development of a core set of messages and a co-ordinated approach to avoid duplication and contradiction.

There is also a belief that broader 'brand New Zealand' marketing – whether for tourism or industry, is important in maintaining perceptions of New Zealand as green and pure. Such an image will help the sustainability agenda.

However, more problematically all respondents commented on the absence of ‘hard facts’ and data. There is a feeling that New Zealand has not had to prove its case in the past, and was able to develop its image on more ephemeral grounds. Going forward, especially in this arena, this is a situation that needs to be addressed.

Section One: Market analysis – detailed results

1.1 The external environment

As will be shown later in this report, in recent years, consumers in the UK have become increasingly aware of the environmental impact of their lifestyles and research suggests that this increased awareness is, in some cases, translating into action when it comes to their purchasing decisions. Retailers and the food and drink industry in the UK have moved quickly to capitalise on this increased focus on environment and sustainability, and the UK market has become something of an "early adopter" in this area.

It is crucial for export countries such as New Zealand to be aware of and understand fully the trend in the UK toward an increased focused on the environmental impact of products, and to consider their approach to communications in this market accordingly. An analysis of the media landscape, the environmental policies of the major retailers and consumer's attitudes suggest that environmental concerns will continue to have a high profile in the UK and that retailers are increasingly seeing business opportunities in demonstrating their "green" credentials.

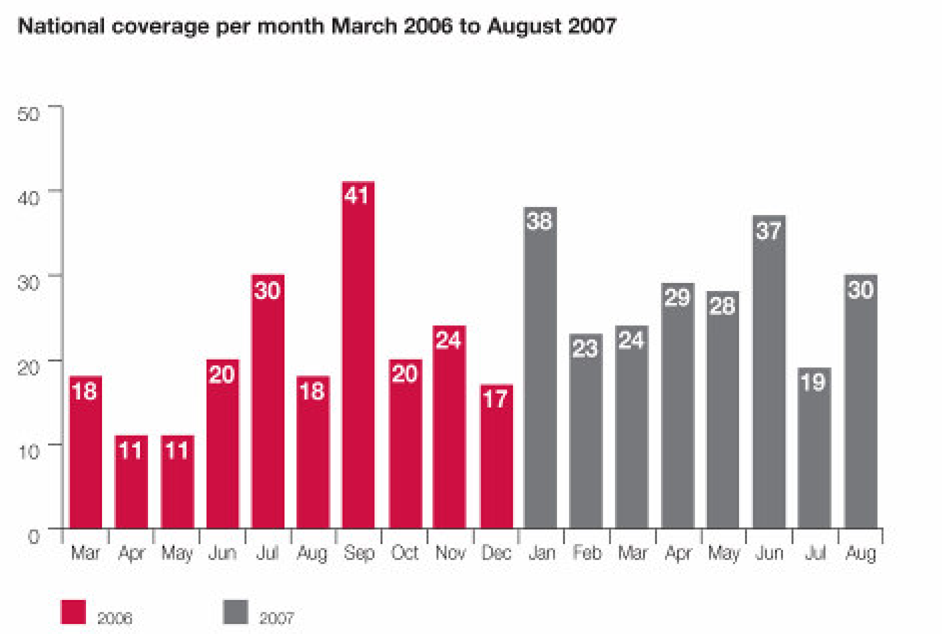
Through our work in the field of sustainability for a number of organisations, we have seen the trend toward a growing environmental-awareness in consumers beginning to result in a change in behaviour, and an increased focus on environmental policy within UK business. Government policy and regulatory developments are contributing to these trends.

The Media Landscape

The UK media spectrum is vast: there are nine national newspapers, over 1,300 regional newspapers, both daily and weekly, 389 radio stations and 5 terrestrial TV stations, not to mention the raft of satellite and cable channels.

To provide a snap shot of the media landscape we have concentrated on the UK national newspapers as the most influential sector of the media – in the UK 75% of people read a national newspaper each week. This amounts to thirty-six million people reading a national newspaper every week.

In the last 18 months, mentions of food miles in UK nationals has varied:



The peak of coverage in June / July 2006 included articles on driving to the shops in a car having more of an environmental impact than flying food from Kenya and the negative impact of eating fruits such as strawberries out of season. Discussion of green taxes and the plight of British farmers also mentioned food miles. Coverage in September 2006 focused on battery hens, green efforts of supermarkets, ethical shopping and the 60th anniversary of the Soil Association.

Coverage in the last 18 months includes peaks of interest around the environment in November 2006, when the Stern report was published which attracted considerable media coverage. Of the 229 articles in the national media in November 2006 on the Stern Report, three mentioned New Zealand and three others mentioned food miles – less than 2% of the total.

Peaks in January 2007 included articles on the Soil Association air freight debate and in June on Prince Charles' organic carrots and various measures supermarkets are taking to become greener.

Since the 1st January 2007 there have been over 200 mentions of the term 'food miles' within the national press.

However, only 34 of these articles actually used the term in the context of the broader debate on the environment and went into any level of analysis regarding what the term actually means, and whether it is an accurate indication of a product's environmental footprint. In the remaining majority of press coverage, food miles is used as a throwaway line.

The fact that such a small minority of articles went into any sort of in-depth analysis of the food miles issue highlights the challenge we face. These in-depth pieces feature in a more intellectual broadsheet context and often present at a minimum a more balanced argument that food miles is a simplistic concept that does not truly reflect a product's carbon footprint.   However, the majority of the passing mentions take place in the lifestyle sections of the papers, such as within lifestyle features regarding local produce and farmers markets, gardening and horticulture articles and even nutrition and health articles. The journalists writing these stories are more often than not generalists, rather than environmental correspondents and only have a top level understanding or interest in the issue.

The danger is that these casual mentions reinforce the view that 'food miles' is a valid concept and give it credence and currency among the wider public who are unlikely to be following the scientific debate. Consideration therefore must be given to ensuring that the environmental correspondents understand the scientific detail but also to ensuring that a wider range of journalists are educated that the food miles concept is too simplistic to accurately reflect a product's environmental impact. We have therefore proposed that there is a programme to engage with and educate this broader media, outlined in Section Two of this report.

For the purpose of our in-depth media audit (attached to this report) we concentrated on analysing the tone and content of the 34 detailed articles on food miles, in order to gain a better understanding of how and where the food miles debate is developing. The tone of an article was rated as positive when it acknowledged that using food miles as a measure for the environmental impact of a food was too simplistic. Overall the majority of the national newspapers followed this line of reporting with 14 articles being classified as positive and 8 being classified as neutral.

The food miles debate has been played out largely in the national broadsheets, with the Guardian and the Daily Telegraph leading the commentary. As the leading left-leaning broadsheet, with a particular social and environmental interest, the Guardian in general took a positive stance to explaining in detail that food miles do not tell the whole story about a product's environmental impact.   The Daily Telegraph, a conservative-leaning broadsheet with a strong business focus, has led on the 'Buy British/Buy Local' side of the food miles debate with four of the five articles published being rated as negative as they focus on the assertion that consumers should buy local in order to cut down on carbon emissions.

Of all the major mentions of food miles in the UK nationals only 17% specifically mentioned New Zealand products. These were largely references to the Lincoln report findings about the carbon impact of New Zealand lamb, apples and onions.   The other country most often referenced was Kenya, where articles focused on the ethical dilemma of whether one should boycott foods from developing countries because of the distance they travel to market, against the economic effect this may have on countries which rely on the trade.

Key stories which have kept the debate alive in the media include:

- Research from Cranfield University launched to coincide with Valentines Day which compared the carbon footprint of flowers flown in from Africa to those grown in hothouses in Europe. The coverage served to highlight that people should not be put off purchasing goods from developing countries as miles travelled are not necessarily an accurate measure of carbon impact.

- Ongoing commentary on the development of the methodology for a carbon labelling scheme currently being led by the Carbon Trust and Defra, as well as the report on "Sustainable Food Consumption at a Sub-national Level" published by the University of Wales in Cardiff. These stories served to widen the debate by highlighting that measuring a product's carbon footprint is not a simple endeavour, and that an accurate and quantifiable methodology has yet to be developed.

- The launch of the Soil Association's consultation about the organic certification of imports in May prompted another peak in media interest – though the focus was largely on the wider ethical implications of boycotting foods from developing countries that rely heavily on trade for development.

A wide range of stakeholders are quoted throughout the coverage on both sides of the debate:

> Vicky Hird, senior food campaigner, Friends of the Earth, *'When the concept of food miles was originally launched it was about so much more than carbon emissions. It was about fairness in the supply chain and about reconnecting with your food. Now it seems to have been simplified to be just about climate change and it's not always the best way of working out a product's true effect on the environment.'*

Euan Murray, strategy manager for the Carbon Trust, *'The idea of food miles is starting to resonate with consumers, but what we've found is the distance a product has travelled is important but so are lots of other factors across the chain.'*

Anna Bradley, chairman of the Soil Association's standards board, *'As awareness of climate change has grown, concerns have been raised about the damage of air freight. However when reducing our impact on the world's climate, we must carefully consider the social and economic benefits of air freight for international development and growth of the organic market as a whole.'*

Patrick Holden, Director of the Soil Association, *'There is a strong demand, from the public and many of our licensees, to reduce food miles.'*

Tim Lang, Professor of Food Policy at London's City University, *'In the next few years the big issue will be food security, how we get what we need to eat. And I don't think we're paying anywhere near enough attention to that.'*

Emily Amistead, Greenpeace, *'As climate scientists warn us that we have just 10 years to stabilise global emissions, it seems ridiculous to be flying food half-way round the world. Any sensible and sustainable approach to food production and distribution would see air-freight phased out.'*

The Retail Sector

Retailers in the UK market are increasingly using promotion of their ethical credentials as a way of differentiating themselves and the products they sell to consumers. This trend is exemplified by the rise in annual CSR reports detailing an organisation's commitment to making a positive impact on the local community, their workforce, and the environment. Previously the focus of such reports had been on finding 'ethical' suppliers due, for example, to the need to eradicate the use of child labour in the supply chain. Increasingly however the reports have broadened to encompass environmental concerns, particularly the focus on carbon offsetting and sourcing sustainable products.

During this project, Fishburn Hedges was asked to not have direct contact with retailers, because of the sensitivities of existing commercial relationships and a desire to not exacerbate the issue.

Therefore, in order to study the current attitude towards food miles within the UK retail sector, Fishburn Hedges reviewed the CSR reports published by some of the UK's major retailers.

The reports studied were:
- Handled with Care – John Lewis Corporate Social Responsibility Report 2006
- B&Q Energy Using Products Buying Standards Report, August 2006
- Why Boots believes a responsible business is a healthy business – Corporate Social Responsibility Report, 2006
- M&S, How we do business report, 2007
- Tesco Corporate Responsibility Review, 2007
- J Sainsbury's Sourcing with Integrity Review, 2007

- ASDA, local sourcing policy, 2007

A summary of the key commitments made by each retailer can be found at appendix B. In terms of issues potentially affecting New Zealand's current position, we have isolated the following trends:

Buy local movement

There has been the development of a strong buy local movement, which has predominantly focused on the growth of farmers markets at a regional level. This has resulted in UK supermarkets seeking to harness the increased interest in buying locally-sourced produce by making a series of pledges and commitments. For example, in 2007 M&S announced plans to source more of its produce from UK suppliers and is currently launching five research and development projects into the possibility of extending the UK growing seasons and how to develop new varieties that reduce the need for imports. Tesco launched an advertising campaign for their 'local choice' milk. The 50 second commercial featured celebrities camping in Cornwall and choosing local milk from a local supplier. John Lewis also made a commitment to supporting UK suppliers, including two of their UK textiles mills as case studies in its CSR report.

Greening the supply chain

Previously organisations had stressed the ethical credentials of their suppliers. More recently this has extended into the arena of environmental practices. One common theme running across all of the CSR reports we reviewed was that UK retailers are imposing stricter demands on the supply chain, requiring suppliers to set out and stress their green credentials. For example in an attempt to reduce the number of pesticides used in the growing of its products, Tesco has completed a three-year Nature's Choice rollout programme. All of the 12,000 growers that Tesco sources from are now registered and all suppliers comply with the standards. John Lewis, M&S and B&Q have all pledged to source sustainable wood wherever possible.

This focus on sustainability in the supply chain is increasingly impacting on product development. Boots has pledged that sustainability is now placed at the heart of its new product ranges and M&S has developed new products such as the 100% Natural homecare range, which is made from naturally or naturally derived cleaning ingredients.

In the long term, as the UK's retailers increasingly focus on the green credentials of the supply chain, this trend opens up greater opportunities for the New Zealand suppliers that can clearly demonstrate the sustainability of their produce.

Fishburn Hedges works with the Carbon Trust on its communications and supported the publication of a detailed piece of work on reducing carbon emissions in the supply chain. This is likely to be an ongoing priority for the organisation and the businesses it works with.

Labelling

In an attempt to provide consistent information to consumers and allow them to make informed purchasing decisions, a number of retailers have made commitments to introduce some form of environmental labelling for their products. M&S has committed to labelling all produce that has been air freighted; Tesco has introduced a similar tag. While companies such as Tesco have acknowledged the complexities of calculating the carbon foot print of the products they stock, it is still very much on the agenda. The major retailers are working with Defra, the Carbon Trust, and BSI as they develop the methodology for a carbon footprint. This methodology may result in some retailers developing carbon labels for individual product items.

Carbon labelling initiatives are to be welcomed, in principle at least. The methodology will tend to encompass a full LCA of a product and thus diminish the impact of freight (for sea imports). The need – and opportunity, is for NZ exporters to ensure that they can demonstrate their 'green' credentials and assist retailers by providing information on LCA on their products.

Implications

For many consumers, retailers arguably act not just as 'editors of choice' but as 'editors of issue'. There is a virtuous circle operating: for example, retailers believe that consumers are concerned about traceability or local, so they start to label their products with details of the specific farms (and farmers) – which results in more consumers seeing such labels and believing that traceability/localness is important. Although retailers are looking at more sophisticated ways to differentiate themselves from competitors on environmental grounds (such as through the development of carbon footprinting methodology), they will still look for easy ways to demonstrate their green credentials, and at the moment, food miles is still one of these. Promoting British products both plays to the food miles agenda, and current buy local campaigns in the UK. Though the 2007/08 year Food and Farming in the UK focuses on giving children and young people direct experience of the countryside, food and farming, we can expect to see retailers increasingly seeking to promote locally sourced products and their support for British farming, using the Year of Food and Farming as a "hook".

In this sense retailers have a key role to play in that they are both affected by and help shape consumer opinion and behaviour.

Overall, the challenge – and opportunity - for New Zealand is to embrace the retailer agenda and put in place mechanisms that demonstrate their sustainable pedigree and help retailers in their quest to be green and deliver on targets such as carbon labelling.

Consumer Attitudes

A wide range of research has been undertaken in recent years to track consumer attitudes to environmental, ethical and social issues associated with their food and beverage purchases. Major reports from organisations including the Future Foundation and the Ashridge Business School have all explored consumer attitudes and helped to identify some of the major themes and trends impacting consumer behaviour. An analysis of the most recent research provides us with a perspective on the increasing awareness among consumers of the environmental impact of products and an indication of which consumers are more likely to translate this awareness into action, and thus should be the focus of any proactive media relations activity.

A full list of the reports analysed is included at Appendix A.

Awareness and understanding of food miles

Research indicates that the concept of food miles has not reached all consumers in the UK, but that a reasonable proportion of people do have some awareness of the term.

Fishburn Hedges commissioned omnibus research, conducted by YouGov in May 2007, which indicated that 44% of British people do not know what food miles are. Research conducted for the Future Foundation's Local Life Report, published in January 2007, showed that 34% of all people and 45% of people in the 18-24 age group claimed not to know what food miles were.[1] The John Lewis' September 2006 CSR Consumer Research survey claimed that 39% of respondents did not know what food miles were.[2]

Impact on purchasing decisions

Being aware of the concept of food miles has not necessarily translated in to changes in consumer's purchasing decisions. Quality of produce, freshness and price still rank highly for consumers. The research YouGov conducted for Fishburn Hedges suggested that the origin of a product ranked below perceived freshness, value for money, and whether a product was free-range in the decision-making process. Research undertaken by Ashridge Business School showed that three-quarters of people name quality as the most important factor in food purchases, with approximately half of people saying price was the most important factor.[3]

The fact that freshness is one of the key factors influencing purchasing decisions is problematic (and is, we understand, also a trend being seen in New Zealand's domestic market). The "buy local" campaign plays strongly to the 'freshness' image, and import does not. This is potentially exacerbated by putting across the messages that 99.7% of NZ produce comes by sea, which could raises concerns about how long a product has taken to reach the UK and therefore how fresh it is.

The focus on quality is a point in New Zealand's favour however, as New Zealand's produce is often associated with quality.

Buy local

What people consider when making food purchases also highlights a crucial distinction between the "buy local" campaign, and the environmental impact of food that travels a considerable distance to the point of purchase. Consumers who want to buy local do so for a mix of reasons and not just because of the perceived environmental impact of a product. "Buy local" is also about traceability, food safety and supporting local farming communities. The John Lewis research shows that supporting local producers was the

---

[1] "Local Life Report", Future Foundation, January 2007
http://www.futurefoundation.net/publications.php?disp=282

[2] John Lewis, Consumer CSR research, September 2006
http://www.johnlewispartnership.co.uk/Display.aspx?MasterId=1dc36e92-9b82-4071-bfe0-1ff6476ffef7&NavigationId=631

[3] "Food labelling: Understanding consumer attitudes and behaviour", Ashridge Business School, March 2007
http://www.ashridge.org.uk/Website/IC.nsf/wFARATT/Food%20labelling:%20understanding%20consumer%20attitudes%20and%20behaviour/$file/ACBAS_Food_Labelling_Report_web.pdf

most important shopping decision for Waitrose consumers.[4] 35% of respondents in the Ashridge survey said that supporting local farmers and food producers was very important to them when making purchasing decisions.[5] Recent research conducted by Mintel showed that 54% of people believe that not enough locally produced food was available in stores.[6] However, in the Local Life report by the Future Foundation 20% of people admitted that, while they could shop more locally, they preferred to shop at a supermarket that was further away.[7]

The buy local campaign presents challenges, as often the motivation to buy local is to support local communities and farmers, which is a difficult position to combat. It does, however, also indicate that consumers are taking more of an interest in what some commentators call "food integrity" – traceability, use of pesticides, and all the other elements that go into food production. These are areas in which New Zealand producers have a strong story to tell. And, while there may be a trend in the buy local direction, there will always be consumers who will want produce out of season and New Zealand can fill some of the seasonality gaps in the UK market.

Who is concerned about these issues?

Some very definite trends emerge when we explore the demographics of consumers who profess to care about the environmental impact of their lifestyles. Almost all available research suggests that women are far more likely to make purchasing decisions based on a product's environmental, health or social impact than younger people or men.

The Ashridge research into consumer attitudes indicates that older people care more about health, social or environmental issues than the young and that women are between 20-60% more concerned than men about the broad range of environmental, health and social issues associated with food.[8]

The WI and Women's Environment Network report that a raft of recent surveys further support the proposition that women are more concerned about their environmental impact than men, including an Ipsos MORI 'Climate Change Survey' of September 2006, Populus's 'Putting the Environment in Perspective' survey of 2005, and an Emap advertising poll of April 2007.[9]

Emap's report, "The Inside…on the Environment", conducted in February 2007 with 3,000 consumers, shows that 84% of women versus 68% of men are worried about climate change, that women take more environmental action and encourage others to do the same, are 12% more likely than men to purchase green products and services and are 10% more likely to pay attention to what companies say about their impact on the environment.[10]

---

[4] John Lewis, Consumer CSR research, September 2006
[5] Food labelling: Understanding consumer attitudes and behaviour", Ashridge Business School, March 2007
[6] Mintel August 2007
[7] "Local Life Report", Future Foundation, January 2007
[8] Food labelling: Understanding consumer attitudes and behaviour", Ashridge Business School, March 2007
[9] WEN Report
[10] Emap research

Fishburn Hedges' omnibus research showed that 45-54 year olds and over 55s are most likely to be interested in a product's country of origin and that women were more interested in the issue than men.

Most recent is the latest British Market Research Board's TGI consumer research report, details of which were released on September 25, 2007. They report the following:

- Awareness of food miles is up from 36% in 2006 to 59% in 2007.
- Awareness of the concept of "food miles" is up from 36% in 2006 to 59% in 2007
- Half of all shoppers (50%) now regularly buy British grown fruit and vegetables, up from 38% 2006.
- Nearly half (46%) of shoppers said they were prepared to pay more for British food, up from 35% 2006.
- About half of shoppers (51%) say they are unconcerned about which country their fruit and vegetables have come from, down from 61% last year.
- Only 10% consider themselves "very concerned" and 38% "fairly concerned".
- When presented with a choice of options – 61% thought the UK should import less food so the environment is damaged less, even if this means there is less variety in the shops and food costs more (up from 52% last year) .
- But nearly a quarter (23%) still take the view that the UK should maintain or increase imports of food to maintain variety in the shops and keep costs as low as possible.

Over 50s

- Amongst the over-50s, awareness of food miles increases to 72%
- The over 50s showed a greater understanding of seasonality and propensity to "buy British".
- Nearly half (49%) of 25-34s regularly or always buy food grown in Britain, compared with 66% among the over 50s.
- Concern about country of origin is markedly higher among the over-50s, with 58% are "very" or "fairly" concerned), against 48% of 25 to 34-year-olds and 39% of 16-24s.

Their prior research has also indicated that women, people aged 25-34 and social groups A, B, AB and ABC1 are most likely to pay more for environmentally friendly products

- Women and people aged 45-54 or 65+ are more likely to buy products only from companies whose ethics they agreed with
- Women and people aged 25-34, 55-64 and 65+ are most likely to pay attention to where products are made / grown.

We have conducted a separate TGI analysis on the two New Zealand products they measure – wine and cheese, to look at the demographics of the buying population>

New Zealand wine is most likely to be bought by 25-44 year olds with significant bias towards the top demographics (AB and some C1).

By contrast, New Zealand cheese is most likely to be bought by older (55+) consumers, again with a significant but not as strong bias to the ABC1 consumer.

The challenge for NZ is that appears that many of its products appeal to the type of consumer who is at premium end of the market – where there is less price sensitivity but potentially greater sensitivity to environmental and food sourcing concerns, and thus a greater propensity to buy local.

However, it is also this consumer who is more likely to be a broadsheet rather than tabloid reader – and thus reached by, and able to assimilate, the argument that food miles is a simplistic measure. Continued activity to reach this audience with a strong sustainability message would therefore seem a worthwhile investment.

Implications

Consumers in the UK are becoming increasingly aware of the impact that the food they buy can have on the environment. However, freshness, quality and price remain overriding concerns, despite a growth in the buy local movement. Not all consumers are interested in, or are likely to respond to, this environmental debate. Predominantly, women and the AB social group are likely to make purchasing decisions based on the "greenness" of products.

The general trend to more traditional values (buy local, seasonal, fresh) embraces the 'distance' issue without being about food miles per se – and it also operates at an emotive level. In this respect, it is this trend which is potentially more of a threat than 'food miles'.

However, this also presents an opportunity for New Zealand exporters who can prove their sustainability credentials – they are likely to win with retailers and appeal to consumers.

Overall: The trend toward 'fresh and local' is an issue, but there are a significant numbers of consumers who value quality and will buy on quality and value. Continued investment in communication which promotes 'brand New Zealand' in the round (pure, green), and getting across sustainability and food safety/integrity messages will undoubtedly help New Zealand produce remain competitive and attractive in this new consumer climate.

Appendices

APPENDIX A: Consumer Research Reports

- Future Foundation “Shopping Miles” March 2007
- Farmers Weekly “Local food is miles better” April 2006
- John Lewis “CSR Consumer research survey” September 2006
- Trendwatch "Still made here" July 2007
- Deloitte “An Appetite For Change - Food and Beverage 2012” July 2007
- Mintel “ Ethical and Green Retailing – UK” June 2007
- Ashridge “Food labelling: understanding consumer attitudes and behaviour” Nov 2006
- Globescan “ UK & US consumers” March 2007
- Landor Associates, Penn, Schoen & Berland Associates and Cohn & Wolfe “The Power of Green Brands” Summer 2007
- Emap Advertising “The Inside…on the Environment” Feb 2007
- Women’s Institute and Women’s Environmental Network “Getting in the picture” May 2007
- British Market Research Bureau “Food survey” August 2006

APPENDIX B: Summary of UK retailer's CSR reports

Tesco www.tesco.com

Tesco published its sixth Corporate Responsibility Review for the financial year 2006/2007 in June 2007. In ten years, Tesco has gone from being the UK's third supermarket to one of the largest retailers in the world, employing 450,000 people throughout Europe and Asia. Across the UK, they have 1,900 stores, employ 250,000 people and have a turnover of over £30 billion. The CSR report focuses on 10 key areas: CR in the business, farming and local sourcing, being a good employer, retail and the high street, climate change, health and nutrition, sustainable consumption,

Developments covered in the report are:

- An absolute reduction in carbon dioxide emissions from Tesco's UK business
- Publication of the carbon footprint of all Tesco stores and distribution centres, with a target to halve emissions from such buildings by 2020
- Installation of what Tesco claims are the world's most advanced automated recycling machines in 120 of its stores
- A new target to reduce packaging by 25 per cent by 2010, and to label all packaging according to whether it can be recycled
- A move to set up eight 'local sourcing' buying offices to bring more local products to customers
- A saving of 500 million new carrier bags, achieved by rewarding customers with Green Clubcard points for re-using bags

The report also outlines how Tesco is stepping up its ethical training programme for buyers and suppliers, and gives results of audits of employment conditions among overseas producers.

M&S www.marksandspencer.com

M&S revealed Plan A in January this year. The plan addresses the following key themes: climate change, waste, sustainable raw materials, fair partner and health.

In Plan A, M&S announced that it is to invest £200m in the next five years in order to reduce its environmental impacts. The company's 100 point plan focuses on achieving "carbon neutrality", as well as eliminating waste to landfill sites and extending sustainable sourcing. By 2012, the company also aims to:

- Reduce energy consumption by 25%
- Increase the use of renewable energy
- Double regional food sourcing
- Reduce the amount of packaging used by 25%
- Restrict packaging materials to those that can be recycled or composted.

Sainsbury's www.jsainsburys.co.uk

Sainsbury's CSR is broken in to 5 main themes: sourcing with integrity, being the best for food and health, respect for the environment, making a positive difference to the community, and being a great place to work. The company has recently launched a series of 'Make the Difference' days to champion specific social and environmental issues. Issues that have been featured include re-using plastic bags and responsible sourcing.

Key aims for 2007/ 08 include:

- To reduce carbon emissions per sq metre by 5% by April 2008 against a 2004/05 baseline target
- To reduce waste sent to landfill by 5% against the 2004/05 baseline by 2010
- To reduce carbon emissions per case transported by 5% by March 2009 against a 2005/06 baseline
- To reduce packaging by 5% relative to turnover by 2010 against a 2004/05 baseline
- To reduce mains water usage by 50% by March 2009 against a 2005/06 baseline
- To reduce carrier bag usage by 5% by March 2006
- To stock eggs from either free range or free range organic birds, ceasing the sale of any eggs from caged birds by 2009

Waitrose www.waitrose.com

Waitrose has 185 shops, offering around 18,000 product lines. Emphasis is on traceability of food, organic products, responsibly sourced and GM free. Waitrose has been praised by Greenpeace as a leader in the sustainable sourcing of seafood.

Key targets include:

- Annual energy consumption per sales area to improve by 5% by 2008, and 10% by 2013, against 2003/04 baseline
- Reduce CO_2 emissions per £million sales by 10% by 2010 against 2001/02 baseline
- Proportion of waste recycled to increase by 10% by end 2006 against 2003/04 baseline
- Reduce total tonnes of waste produced per £million sales by 10% by 2006/07 against 2003/04 baseline
- Reduce Partner turnover and absence rates through sickness by 10% by 2006/07, against 2003/04 baseline
- Reduce accident frequency among Partners and contractors to below one accident per 100 full-time equivalent (FTE) Partners

John Lewis www.johnlewis.com

John Lewis is the largest employee owned company in the UK and one of the UK's largest retailers, 2006 in particular was an incredibly successful year for the company, reporting 9.6% rise in Christmas sales compared to 2005. The values behind the partnership, namely the importance of conducting business with integrity, have driven its CSR approach, environmental projects and work within the local community. The 2006 CSR report focused on twelve key areas: community partnerships, the employee partnership, becoming an employer of choice, the development of the shopping network, energy efficiency and reducing CO_2 emissions, reducing waste and recycling, making the distribution network environmentally friendly, supporting British manufacturers, sourcing responsibly and maintaining safety standards.

The report committed John Lewis to:

- Working with suppliers to ensure good working practices throughout its supply chains
- Minimising the environmental impacts of its products, packaging and its business operations
- Continuing to operate one of the cleanest and greenest distribution fleets in the UK and aiming to reduce the miles driven per £million year on year
- Continuing to support British manufacturers
- Reducing CO2 emissions per £million sales by 10% by 2010 against 2001/2002 baseline
- Improving energy efficiency by 5% by 2008 ad 10% by 2013 against 2003/2004 baseline
- Rolling out a long-life, reusable, biodegradable jute carrier bag across the partnership
- Never sourcing timber from areas where it believes forest management is poor

Boots www.boots.com

Boots is the UK's leading health and beauty retailer, with 1,500 stores in the UK and Irish Republic, serving approximately 8 million customers per week. Boots started its CSR reporting in 2004/2005 and sees the core values of the report as supporting its key business objective: to become the world's biggest health and beauty retailer, by establishing trusting relationships with its consumers.

The report focuses on four key areas: doing business fairly and with integrity; acting as a responsible part of the community; treating employees with dignity and respect and, finally, the environment and how to protect it for future generations.

In 2003 Boots embarked on a supplier verification process, assessing the ethical and environmental performance of over 550 businesses around the world. In 2005/6 stage one of this process was completed but will continue to be a part of Boots' sourcing practices.

Key commitments in 2006:

- Start assessing and reporting the social and environmental performance of suppliers of those products that are not for sale i.e. carrier bags
- Conduct at least 175 supplier assessments including continued monitoring of the ethical and environmental impact of products in the Boots brands
- Introduce systems to monitor and reduce the biodiversity impact of materials that are used in Boots products
- Continue to reduce like for like carbon emissions by a further 10% by 2007/2008
- Continue to work towards the UK government's target to use 6% energy from renewable sources
- Work with its transport provider to increase the number of drivers receiving training in fuel efficient driving

B&Q www.diy.com

B&Q is the Europe's number one DIY retailer and the third largest in the world, with more than 60 stores opened internationally, including B&Q Beijing, which is now the largest B&Q store in the world. B&Q's annual turnover is £3.9billion with a profit of £162.9 million for the year ending 03/02/07. B&Q's CSR programme focuses on four core areas, the environment; ethical trading; diversity and the community. As a supplier of energy using products, B&Qs approach also focuses on allowing its customers to make informed decisions.

Key aims for 2007:

- Continue to build active partnerships with suppliers to develop more sustainable supply chains
- Monitor and review the energy consumption of its premises
- Work with suppliers to develop more energy efficient produce and promote them to consumers
- Proactively develop the market for alternative energy such as renewable energy and micro-generation products
- Provide clear and informative advice on products, through energy labelling and supporting materials
- Provide consistent and factual information to customers about the efficiency of a product
- Work with suppliers to reduce their impact on the environment

ASDA www.asda.co.uk

ASDA, one of the UK's largest retailers and, from 1999, part of international Wal-Mart family, has made a major commitment to promoting local produce, cutting food miles and extending the British growing season.

Currently, ASDA sources 90% of produce that can be sourced in the UK in the UK; 100% of its fresh chicken and turkey, 95% of fresh lamb, 90% fresh pork and 80% of fresh beef come from British farmers. It is committed to sourcing all free range eggs from British farmers and is also calling for other UK retailers to follow. The aspiration is for ASDA to source all of its fruit and vegetables from local farmers, although it admits that they cannot find a way to 'grow kiwis in Kilmarnock.'

Commitments:

- Within the next 3-5 years ASDA will only stock wild-caught fresh and frozen fish from fisheries that meet the Marine Stewardship Council's independent environmental standard
- Continue to support sustainable forestry. All of its hardwood garden furniture catalogue range is Forestry Stewardship Council certified, 60% of own brand toilet tissue is 60% FSC certified.
- Increase the number of British farmers and specialist food producers from 2,500 to 3,500.
- Increase the number of local food hubs to enable local producers to deliver products to one central point to cut food miles

ASDA is also working to reduce the number of road freighted miles its products travel. Since 2002 it has led UK retailers in its increased use of rail freighting, taking 22 million miles off the road since 2002. It is currently applying for planning permission to put a wind turbine on Falkirk distribution depot.