Annual Report & Review 2017

# Taking care of our world

Musgrave

## Taking care of our world

Our world is changing. Today, more than ever we are acutely aware of the enormous challenges facing our fragile planet – from climate change, population growth, resource depletion, water scarcity, over-use of plastics and loss of biodiversity to human rights, poverty and health.

s a sixth-generation family business with a 140-year heritage and a strong set of values that guide our actions, Musgrave genuinely cares for people and for the planet. This is why we became one of the first companies worldwide to embed the UN Sustainability Goals in our strategy. It's why our purpose is Growing Good Business – because we believe growth should not come at the expense of doing the right thing.

In 2017 we set about exploring this purpose further, to see if we could challenge our business to implement more stretching targets that would have national and even global impacts. Sustainability has been a core part of our business strategy for more than 15 years and we have been actively delivering and reporting on our community work, our leadership in health, our sourcing policies and how we are reducing our impact on the environment during that time.

For example, we have donated millions to charity, devoted thousands of hours of volunteer time for community projects, created healthy living campaigns for our brands, and powered our business premises and stores with green energy. However, we wanted to go further, and so we put together a framework of commitments to take us into the next decade and beyond – pledges and targets for the business to work towards that were stretching and impactful. We divided these commitments into four areas of focus:

40.000 2.000800 1.400 2 million colleagues suppliers retailers communities consumers Shared ambition for positive change Shared Trusted brands Meeting local needs Growing Economic multiplier A positive & lasting legacy

- **1 Inspiring healthier lives.** We will improve the health of 2 million consumers across the island of Ireland.
- 2 Building sustainable communities. We will make a positive impact on the planet by enabling our partners to make every local community in Ireland a sustainable community.
- 3 Sourcing responsibly. We will be the most trusted food operator across the island of Ireland, known for the integrity of our supply chain from farm to fork.
- 4 Caring for our world. We will minimise the impact of our operations on the world around us and use our network to influence others to do likewise.



The Musgrave effect

commitments

"Our overarching ambition is to be the most trusted and most sustainable brand in Ireland"

Inspiring healthier lives

Caring for our world People, planet & prosperity

Building sustainable communities

#### A network of positive change

Our overarching ambition is to be the most trusted and most sustainable brand in Ireland; making a real difference to people's lives and creating a positive impact on the planet by working with our partners to make every community a sustainable community. Building on our bold and ambitious sustainability agenda, we have started mobilising our network to bring about positive change. Musgrave has a unique network of retailers and suppliers – local entrepreneurs who are passionate about their communities and being part of a better more sustainable Ireland. Together with these partners, we can work to achieve our targets, whether that is inspiring people to make healthier food choices or supporting local initiatives to enrich communities. We believe that, by leveraging this network, we can help make every Irish community a sustainable community.

#### Waging a war on waste

As a responsible business we want to ensure the safety, quality and freshness of food from when it is produced until it is consumed. We also want to prevent food waste, which is why we use packaging. Plastics are an invaluable component of packaging in the modern supply chain, however, their resilience also makes them persistent pollutants when disposed of or littered in the environment, particularly in the marine environment where they damage marine fauna.

Packaging is a very complex issue, however, we are working hard to re-evaluate our use of plastics and proactively eliminate, reduce or replace them wherever possible.

In addition to operating a zero tolerance policy on food waste to landfill for the past 10 years, through our brands we are playing our part in seeking to eliminate, reduce and replace plastics wherever possible. For example, SuperValu is the first retailer in Ireland to

Sourcing responsibly



introduce fully compostable and biodegradable produce bags for use by customers. The compostable produce bags are designed to replace the use of plastic bags within the fruit and veg section, with customers using the bags to purchase loose produce.

This is part of a broader strategy to reduce packaging and make 100% of SuperValu's own brand and fresh produce packaging become recyclable, reusable or compostable by 2025. We also recognise that progress will only be meaningful through collaboration. This is why we are also committed to working in partnership with our retail partners to raise awareness amongst colleagues and consumers of how to shop our stores in more sustainable ways.

Every child deserves to grow up in a world that is vibrant, healthy, abundant and prosperous

## Inspiring healthier lives



And we want to do more. Working with partners, using technology and through our network of local stores and organisations, we want to improve the health and wellbeing of more than 2 million people across the island of Ireland

With our stores at the heart of towns and cities across Ireland, we feed many thousands of people every day. This gives us a unique opportunity to influence shopper habits, encourage healthier food choices, and educate consumers on food and nutrition to give them the knowledge to make informed decisions on their own diet. We understand that we have a wider role to play and take our responsibilities seriously. From individuals making decisions about the food they feed their family, to organisations creating healthier working environments, to chefs developing menus for people in their care, we want people to make better choices, to cook from scratch at home, and enjoy using fresh, seasonal produce.

The decisions we make about the suppliers we use, the products we promote and the messages we share with our customers; all have a role in driving this positive change.

## Centra encourages people to get fit and healthy – both mentally and physically

We recognise that health and wellbeing is as much about being mentally and physically well, as it is about eating the right foods. That's why, following on from the Centra Live Well initiative, in 2017 we launched several campaigns aimed at encouraging shoppers to get fit and healthy, and to try 'mindfulness' practices to help with mental health, and ease every day stresses and strains.

In 2018 Centra Northern Ireland introduced the 10-Week Wellness Plan including fitness challenges, supported by nutritious meal plans, recipes and mindfulness tips and a



10-Day Live Well Guide packed with suggestions of small changes that can make a big difference to your health plus two 30-day Live Well challenges designed to improve your fitness and wellbeing. All designed to help inspire the people of Northern Ireland to 'Live Well'.



## **Driving change**

Government legislation is driving change with the introduction of new legislation like the Public Health Alcohol Bill, the Code of Practice on marketing foods that are high in fat, salt and sugar and the sugar tax which took effect 1st May 2018. These initiatives reflect significant societal changes and we will continue to actively work with government to help improve the nation's health, as well as making sure our brands do the right thing.

We believe it is our responsibility, as a business that feeds one in three people on the island of Ireland, to ensure health is at the top of the agenda and that our offer aligns with these new priorities. This journey has already started – for example, with Centra removing almost 200 million calories from shoppers' baskets by reducing shelf space for carbonates in favour of promoting healthier alternatives. And working with suppliers such as Greencore to reformulate products to reduce salt.



#### Our commitments to inspiring healthier lives

- By 2020 we will grow our sales of healthier products in SuperValu and Centra by 25%
- By 2020 we will support colleagues to make Musgrave one of the healthiest workplaces in Ireland
- By 2020, 40% of food promotions in SuperValu and Centra will be on healthier products
- By 2020 we will reduce fat, salt and sugar in our own brand products by 10%
- By 2020 we will increase our healthy own brand ranges by 20%
- By 2020 we will support over 2,000 foodservice customers to create healthier menus

 By 2020 we will support over 300 symbol operators to create a healthier food offer

## SuperValu backs WellFood



More than 5,000 people descended on Herbert Park in Dublin in early May for WellFest 2017. Bringing together some of the biggest names in nutrition, fitness and mental health, WellFest is Ireland's only health and wellbeing festival. As part of its commitment to health and wellness, at this year's festival SuperValu sponsored WellFood, an on-site area dedicated to wholesome food and live cooking demonstrations. Over the weekend, leading nutritionists and popular foodies such as Deliciously Ella, Rhiannon Lambert, The Doctor's Kitchen, Happy Pear and Roz Purcell led cooking demonstrations and workshops, sharing their nutrition knowledge and food hacks along the way.

## **Building** sustainable communities



In an era of unprecedented social and cultural change, communities today need to constantly shift and change to survive. We know that despite the changes communities need to make, Ireland has an enduring passion for local life and that our retail partners play a big part in bringing people together.

To create vibrant communities with a sense of social cohesion, we need to consider their social, environmental and economic need. We are a family business with family values, the same values that bind communities and cement relations, and this is what drives our business every day. As a single force for good, each store supports the livelihoods of many other local families through sustainable, local employment. Together with our retail partners we employ almost 40,000 people across the island of Ireland. If we multiply this by the thousands of people across our broader network – from producer to consumer – we can start to see the vast resource we have. People who can help us to prevent social isolation, build local economies and protect the environment, wherever they may live.

Every year our retail partners seek out and support hundreds of local sporting, social, cultural and charitable causes. This support comes in many guises from cash and product donations, to providing space and time in-store to the hundreds of hours of volunteer time. Sometimes it's just about doing a good turn for a neighbour.

We can harness the unique position of our independent retail partners and their understanding of their communities, to deliver initiatives that actively improve the everyday lives of people in villages, towns and cities across Ireland.

## SuperValu and Centra continue support for GAA

2017 saw two major projects launched by our leading brands in support of the GAA. Supporting our national sports is important to Musgrave, as it not only encourages health and fitness but it brings communities together and provides wholesome activities for children. SuperValu is a long-standing sponsor of the GAA All Ireland Football Championships. The 2017 #BehindtheBall campaign was a nine-week summer programme which saw individual retailers donate 55,000 GAA 'First Touch' footballs to clubs across the country – an ambitious initiative designed to get children as young as six playing football and exercising more regularly. SuperValu also delivered a number of GAA events throughout the summer, encouraging parents to volunteer at their local club.

Meanwhile Centra launched their #WeAreHurling team into the champion hurling community, aimed at amplifying the nations' love of the sport. The 15-strong team was a mix of players, partners, family members, super fans and volunteers. As well as the main campaign, which included a TV advert, on a local level, through the network of retailer partners, Centra stores held over 70 local events, such as medal presentations, community awards, family fun days, and jersey donations.



We will foster inclusive, diverse and healthy workplaces that encourage, challenge, support and respect colleagues; helping them to grow and develop?







### **Award-winning people**

When we say we have an award-winning Graduate Programme, we really mean it. Building on our success at the 2017 gradireland Graduate Recruitment Awards where we achieved the bronze award for Best Training & Development Programme – Business/Management, Ross Kerrigan, currently in his second year of the Programme, was the winner of the Graduate Employee of the Year award at the 2018 award ceremony. Ross won from a field of 13 shortlisted graduates and the judging panel commended his "... drive, tenacity and innovative mindset..." In addition our Programme was awarded the Best Talent Development Initiative at the IITD National Training Awards (Irish Institute of Training & Development) 2018 against a competitive field of early talent and management development initiatives across a range of industries.

#### Our commitments to building sustainable communities

- Working with our retail partners, we will improve the prosperity and vibrancy of communities across the island of Ireland
- By 2020 we will increase our support for local suppliers by 25%
- By 2020 we will expand the award-winning Tidy Towns programme to encompass 25% more communities, enhancing local and built environments across Ireland
- We will foster inclusive, diverse and healthy workplaces that encourage, challenge, support and respect colleagues; helping them to grow and develop
- By 2020 we will support Musgrave colleagues to complete 10,000 hours of community volunteering annually
- We will work with Business in the Community to embed sustainable business practices in Irish SMEs

## Our Musgrave community

At Musgrave building vibrant communities is at the heart of our vision and every year our colleagues support a wide variety of local sporting, social, cultural and charitable causes contributing cash, product, time and expertise to support their community. The annual Musgrave Triathlon is a feature on our employee calendar and, thanks to enthusiastic participants and supporters, raised a total of €205,000 for charities with the team donating a cheque for €35,000 to food charity Cork Penny Dinners, €35,000 to children's ambulance service Bumbleance, €35,000 to Pieta House and €100,000 to Breakthrough Cancer in 2017. Musgrave Marketplace's charity of the year for 2017 was Pieta House with a total of €50,250 being raised by a variety of activities undertaken with enthusiasm by our colleagues. At Musgrave we work hard to nurture a diverse, vibrant employee community who derive satisfaction from their commitment to us. We are delighted to be alongside them as they support their communities. For us, it's all a part of Growing Good Business.



## Sourcing responsibly



As populations grow, we need to produce more food. On our small island, the same land space must continue to feed ever more people – and, over recent years, satisfy more demand for greater variety and quality of food.

As a leading food business, we are aware of the need to retain the trust shoppers have that the food we sell is of the highest quality and has been produced and sourced to strict ethical, animal welfare and food safety standards. We are working to increase the transparency of the supply chain and to constantly improve sustainability standards, making it easier for consumers to trust the provenance and the quality of their food.

We only work with suppliers who take due care of their people and the environment in which they operate. Through our sourcing policies and supplier partnerships we deliver inspiring and innovative ranges to Irish consumers and support a thriving network of local producers and food businesses that are the bedrock of local economies.

We seek out and promote Irish suppliers, but we need all producers to commit to continually raising their environmental, ethical and animal welfare standards to meet the expectations of today's shoppers. Their commitment to building a thriving ecosystem that is sustainable for the long term will benefit businesses and consumers alike for generations to come.

However, this hard work will be wasted if we do not drive home the message to shoppers and create consumer demand for locally produced, high quality food. Our retail stores play a pivotal role in supporting shoppers to make informed choices by showcasing the best of Irish produce on their shelves. Meanwhile employees and communities can play their part by choosing products that support independent food producers in Ireland.

We will continue to support enterprise and innovation. Year on year, we commit to increasing the number of micro suppliers we support in our retail and foodservice businesses.

## Safety assured

We know our customers care about the safety and quality of their food and its origins. Clear labelling, on all our products including ingredients, origin, storage, cooking instructions, and allergens ensures consumers can make informed choices every time they shop. Product traceability gives confidence on the origin of food which our Foodtrace and DNA TraceBack systems provide.

We have strong relationships with the finest suppliers both in Ireland and overseas to ensure the best quality products. For example all our fresh produce suppliers hold GlobalGAP certification which ensures our consumers can trust the origin, safety and quality of all our produce. Site inspections of our suppliers by our expert teams provide continuous oversight of the management of food safety and quality standards.





### Safe from field to fork

Our retail and wholesale distribution businesses are 24 hour operations. A product can be of perfect quality when manufactured or picked, however, careful storage and distribution is integral to ensuring it arrives in perfect condition on-shelf. Musgrave has dedicated chill, ambient and frozen facilities as well as a large temperature-controlled fleet. Our distribution centres hold numerous food safety accreditations including the Q Mark and ISO 22000.

## SuperValu forges partnership with global animal welfare and autism expert

We know that consumers are becoming more aware and more interested in the welfare standards of their meat placing greater emphasis of sourcing, welfare and treatment of animals. This is why SuperValu teamed up with animal behaviour specialist and autism spokesperson, Dr. Temple Grandin, who is a designer of livestock handling facilities and a Professor of Animal Science at Colorado State University. Whilst in Ireland in 2017 she came to advise SuperValu and its beef suppliers on current best practice in animal welfare. During her visits to farms in Co. Cork and Co. Tipperary to better understand current farm practices, Dr. Grandin also provided insights on improvements to procedures and processes in both of our suppliers' factories.



#### Our commitments to sourcing responsibly

- We will set leading standards for sourcing; continuously raising the bar on transparency across our entire supply chain
- We will collaborate with government agencies, Bord Bia and Origin Green to ensure that 100% of our Irish meat, dairy and eggs are always in compliance with the highest standards of animal welfare
- By 2020, 100% of our Irish meat and fresh produce will be certified Origin Green
- By 2018, we will establish a system to audit and validate that the human and labour rights of all workers in our fresh and own brand supply chains are fully respected
- By 2020 we will increase by 25% the number of small suppliers we support in our retail and foodservice businesses through our Food Academy and our Foodservice Academy Programmes
- We will continuously improve the sustainability standards of our meat, fish and produce, taking account of environmental, biodiversity and livelihood factors



Animal behaviour specialist Dr. Temple Grandin (centre)

## Caring for our world



our world faces a range of environmental challenges driven by a combination of factors that includes population growth, increased demand for natural resources, greater intensification of agriculture, rapid industrial development and expansion of transport systems. These factors result in higher emissions of greenhouse gases (GHGs) linked to climate change and other pollutants that impact air quality and human health.

At Musgrave, our strategies are designed to minimise the environmental and climate change impacts of our operations. We set ambitious annual energy and waste reduction targets and use renewable and alternative energy to cut our emissions of greenhouse gases and other pollutants.

For more than 10 years we have operated an energy monitoring and targeting system across our building estate and have supplied our facilities with 100% green electricity. We have also extended the supply agreement to make green power available to our retail partners across Ireland, reducing GHG emissions.

We focus on preventing waste at source and on maximising recycling by sending zero recoverable waste to landfill. We also leverage our expertise to help our retail partners and their customers to minimise their waste too.

Collaborating with suppliers, farmers and growers, we are working hard to reduce the water footprint of our supply chain.

## **Reducing food waste**

Reducing and diverting food waste is a key priority for Musgrave, as well as encouraging our shoppers to do the same in their own home. We have operated a zero tolerance on food waste to landfill for the past 10 years. By quantifying our waste and identifying the root causes of surpluses, we have been able to develop standard operating procedures that focus, first, on prevention, then re-distribution to charitable causes and, thereafter, on using the remainder in the manufacture of petfood or as feedstock in composting systems.

We are ensuring that surplus food fit for human consumption is used to alleviate food poverty, which is why, during 2017, our donations to FoodCloud amounted to almost 133 tonnes; contributing to over 292,000 meals.

We are also impacting on food waste by designing our own brand packaging to prevent product damage or loss and extend shelf life. We work with suppliers to optimise our own brand packaging so that it is fit-for-purpose, but minimal from a materials and energy-inputs perspective. We are also making sure that we harmonise the date labels we place on own brand and fresh produce, in line with international best practice, to avoid confusing consumers and creating more food waste.

The causes of food surplus are complex and we know that we still have more to do to reduce it further and to ensure that no food that is fit for human consumption is wasted. However, we are committed to working towards halving our food surplus by 2030 in line with UN Sustainable Development Goal 12.3.





## 100% packaging reduction by 2025 for own brand and fresh

As part of our pledge to make 100% of SuperValu own brand and fresh produce packaging recyclable, reusable or compostable by 2025, SuperValu has become the first retailer in Ireland to introduce fully compostable and biodegradable produce bags for use by customers in initially 70 of its stores.

At the same time, Frank and Honest has become the first national coffee brand in Ireland to eliminate non-recyclable single-use cups. All Frank and Honest coffee cups will be fully compostable by the end of September 2018.

#### Our commitments to caring for our world

- By 2020 we will ensure that no food that is fit for human consumption is wasted, but is used to alleviate food poverty through our support for food re distribution charities
- By 2020 all of our retail and foodservice operations will have access to food re distribution charities
- By 2030 we will halve our food surplus in line with UN Sustainable Development Goal 12.3
- Through product and packaging initiatives, we will help consumers to reduce food waste in the home
- By 2020 we will implement three major collaboration projects with suppliers aimed at enhancing bio-diversity
- By 2025 we will reduce the carbon intensity of our operations across the island of Ireland by 70%\*
- By 2025 we will reduce the climate impacts of our refrigeration systems by 80%

\*from our 2006 baseline

# No food fit for human consumption should be wasted

We were delighted to be an early signatory of the Irish government's Food Waste Charter, which is focused on a common approach to the issue of food waste across the retail sector. We will continue to engage with the government on this and future initiatives to ensure that no food that is fit for human consumption is wasted, but is instead used to alleviate food poverty.

At the same time, we are sharing food waste reduction guidelines with the more than 1,400 independent retail partners that operate our SuperValu, Centra and Daybreak brands in Ireland, Northern Ireland and Spain. And in-store we continue to provide consumers with information on how to reduce food waste in their homes, including recipe cards and a food waste prevention app.





## Our values



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