Born and Bred
A report into The Co-operative Food’s UK-wide sourcing

The co-operative food
Here for you for life
Foreword

STEVE MURRELLS
RETAIL CHIEF EXECUTIVE
THE CO-OPERATIVE
We know food provenance really matters to our customers. In times of austerity, value for money remains important while needing to retain quality. These reasons drive our enthusiasm to invest in the UK economy to provide an opportunity for British food to have pride of place in our British aisles.

British products are the ‘staples’ of our stores, and we go above and beyond many other retailers to make it easy for our customers to choose British – from fresh beef, chicken, pork and sausages to the meat in our sandwiches, chilled pies and ready meals.

This report sets out our commitments to sourcing UK meat and poultry and how we intend to go further in supporting more home grown fruit and vegetables – from apples to potatoes.

We also aim to invest further in the UK economy by building on our current commitments to source more British goods. We believe that this investment amounts to £500m annually, and we aim to match or exceed this target for each of the next three years.

At the heart of our pledge is a commitment to be open and honest about where the food we sell comes from and to ensure that it is marketed and promoted in a fair and transparent way. In the past, supermarkets have been criticised for saying one thing and then doing another. In the interests of being open with our consumers and the farming industry, this report serves to highlight where our meat, poultry, milk, cheese and fresh produce comes from and show that backing British means more than just rolling out the bunting.

“BRITISH FOOD TO HAVE PRIDE OF PLACE IN OUR BRITISH AISLES”
CONTENTS

2–3  Foreword
6–7  Introduction
8  What consumers think
9  What farmers think
10–11  Our pledges
12–13  Clarity and honesty
14–15  UK farmed: Farming groups
16–17  Case study – Colin Mair
18–19  Case study – Chris Weston
20–21  UK farmed: British produce
22  Affordable
23  Supporting the economy
24  The view of the National Farmers’ Union
25  What Red Tractor has to say
26–27  Conclusion
Introduction

The Co-operative has a long history, tracing its roots back to 1844, and we have been sourcing goods from across the United Kingdom since our inception.

At the heart of this report is our commitment to source co-operatively and champion a better way of doing business. The Co-operative Food has long been seen as a champion of Fairtrade, which guarantees a better deal for producers and workers in developing countries, but we are also a major supporter of British farming and home produced foods. We trade with almost 2,000 UK farms and have over 550 suppliers from across the UK. In addition, we directly employ over 70,000 people and are owned by and answerable to 8 million UK shoppers.

British sourcing matters not just because it contributes to the UK economy and employment, but also because consumers expect it. It offers reassurance and helps them trust food security and sustainability. Importantly, a viable agricultural sector is also essential to feed the UK’s growing population.

This report sets out The Co-operative Food’s 3-year commitment (2015–2018) to investing in our agricultural supply chain across England, Scotland, Wales and Northern Ireland as we seek to implement our purpose of “championing a better way of doing business for you and your communities.”
2,000 UK FARMS
550+ UK SUPPLIERS
73,000 UK EMPLOYEES
OWNED BY 8 MILLION UK SHOPPERS
Supporting home producers matters because shoppers say that supporting British is important to them, and they want to see the UK have a sustainable farming industry. There is a huge groundswell of support and enthusiasm for more British food in shopping aisles. Consumers also demand strong pledges from supermarkets on sourcing from UK farms. Home grown products instil greater confidence, appear more traceable to the vast majority of today’s shoppers.

The top reasons for shoppers ‘buying British’ are that it shows support for the UK’s farmers and growers and, for two in every three consumers, it helps support UK employment.

Consumers state that the origin of their food is the second most important piece of information they want to see on a label – beaten only by use/sell by dates, but ahead of weight, nutritional information and product description.

The foods or products shoppers most want to be British sourced are:
1. Fresh meat
2. Milk
3. Fresh vegetables
4. Fresh fruit
5. Fresh fish

Consumers believe that supermarkets should do more to support UK farming. 88% feel that more should be done to back farming. In addition, nine out of ten people believe supermarkets should sell more food from British farms while 87% would like food retailers to make stronger pledges.

Almost nine out of ten people feel that food is more traceable when sourced from UK farms. Shoppers also see buying UK produced goods as helping to reduce the distance food travels and channelling money back into the economy.

In detail, the survey of consumers found:

- 73% of consumers have more confidence in British sourced food (peaking at 77% in Yorkshire and East Anglia)
- 86% of consumers feel that food is more traceable when produced on British farms
- 84% say that buying British sourced food is important to them (one in three say it is very important)
- 77% say the top reason for its importance to shoppers is to support British farmers and growers
- 88% of consumers feel supermarkets should do more to support British farming
- 90% feel supermarkets should sell more food from British farms
- 87% would like to see supermarkets making stronger pledges e.g. guaranteeing a set amount of fresh food to be British sourced

The other key reasons for its importance are:
- Supporting British jobs 64%
- Reducing food miles 52%
- Greater confidence and trust in British sourced food 42%
- Supporting the wider economy 42%

The foods we most want to be British sourced are:
- Fresh meat (72%)
- Milk (67%)
- Fresh veg (66%)
- Fresh fruit (60%)
- Fresh fish (51%)
- Frozen meat (33%)
- Meat in ready meals (29%)
- Frozen fish (26%)

**ORIGIN**
Is now the 2nd most important piece of information on the label

**5 most important pieces of information when buying fresh food**
1. Use/sell by dates (60%)
2. Origin (47%)
3. Nutritional info (25%)
4. Product description (23%)
5. Weight (27%)
WHAT FARMERS THINK

The Co-operative supports almost 2,000 farmers across the UK and has dedicated long term relationships with over 400 carefully selected farmers, collectively known as The Co-operative Farming Groups. The foundation farms, across key species, are focused on delivering quality protein and dairy and offering clear visibility of the supply chain. They provide chicken, pork, Hereford and Aberdeen Angus beef, Cambrian lamb and dairy through a transparent supply chain built on honesty, fairness and trust.

In the first year, the Farming Groups have supplied 63% of our protein and all our milk is British. The selected farms are foundation farms and promote best practice, which is shared with the wider Farming Groups. By having these groups we foster stronger relationships with the farmers involved and ensure we can provide more consistent products for our consumers through continued investment in quality. This, in turn, guarantees more great quality British food on more British plates.

As part of the ongoing relationship between The Co-operative and these farmers, we canvassed their views in order to hear their concerns and respond.

- The Farmer Groups are very supportive of The Co-operative’s efforts to back British agriculture. They recognise our efforts to sell British products over alternatives, but opinion is split among farmers as to whether shoppers know this.

- Farmers face a host of challenges and the cost of production topped their list of worries. Two out of three farmers believe it is important to be a member of a farming producer group and 63% believe being a member of such a group helps address issues that British agriculture is facing.

- Farmers want retailers to show their support for them publicly. 97% believe it is important that food products are labelled British not just to show its origin, but because it is seen as a clear indication of support for the farming industry.

- Almost all farmers (96%) say it is important for all food retailers to be publicly supportive of British farmers and growers. 81% of farmers thought retailers should support UK farming by only selling British meat and poultry.

Online survey with 66 farmers between 4 and 11 September 2014
THE CO-OPERATIVE HAS ESTABLISHED 4 KEY PRIORITIES

CLARITY AND HONESTY
Consumers want to know that the food they are eating has been produced in the UK and not just packed here.

UK FARMED
Shoppers prefer meat and poultry to be from UK farms.

AFFORDABLE
Purchasers want quality British products at value for money prices.

SUPPORTIVE OF THE ECONOMY AND COMMUNITY
Customers want products to be sourced from the UK where possible to pump money back into the economy.
The Co-operative’s purpose as a born and bred British enterprise is to champion a better way of doing business for you and your communities. In line with that purpose, The Co-operative Food aims to invest further in UK producers to ensure that each one of its stores, in every postal district across the UK, stocks British meat, poultry and fruit and vegetables. Either all year round or when they are in season.

For the next three years we promise to:

NEW

• Invest a minimum of £1.5bn to source own brand British meat, produce and dairy products from the UK.
• Commit to openness and transparency by highlighting sourcing in our sustainability report and to producing a detailed report on our progress each year.
• Market British products honestly, clearly identifying British products on packaging and in store.

✓ Demonstrate to customers the lengths to which our British farmers go to provide products by showcasing some of the British farmers that produce the goods.
✓ Support home produced goods with British themed marketing material in aisles and on shelves.

• Develop relationships with our produce grower base and provide greater availability of seasonal produce. When in season, we will commit to 100% British produce on potatoes, carrots, cabbage, swede, onions and parsnips; with an aim over the next three years to extend this to even more home grown fruit and vegetables.
✓ The Co-operative will make the most of the changing seasons and highlight the best of our seasonal produce for our customers, whether it’s British seasonal fruit or vegetables.

• The Co-operative will extend our Farming Groups to additional species and tiers, with the aim of sourcing all standard beef, lamb, turkey and eggs from these groups within the next three years.
• Develop concept farms and invest in applied research to support a sustainable future for farmers within the Farming Group Model.

CONTINUE

• Provide only 100% fresh British beef, chicken, ham, pork, sausages, duck and turkey.
• Provide only 100% British milk.
• To support British lamb when in season.
• Only use British meat in all chilled ready meals, pies and sandwiches*.
• Ensure labelling is clear and proudly promotes British sourcing.

*Excluding continental ready meals featuring a continental meat variety, e.g. Chorizo
CLARITY AND HONESTY

We believe that marketing campaigns and in-store promotions should be honest and truly reflect the sourcing position and commitments that we have made as a retailer. In doing so, we can help customers make informed choices about buying British products.

To this end we have launched a clear and honest appraisal of our own brand meat and poultry sourcing, including products used in chilled ready meals and sandwiches, to ensure shoppers are not unwittingly misled. When we do import meat, such as Danish bacon and New Zealand lamb, we promise to be upfront and honest about it.

The Co-operative also calls on competitors to follow suit and publish their sourcing policies on own brand products, in an easy to understand and accessible way.

“ENABLE CUSTOMERS TO MAKE AN INFORMED CHOICE”
At The Co-operative, we have been labelling the origin of our products and key ingredients since 1997. What is legally required on pack has changed since then, but The Co-operative still gives information over and above what is required.

We label the country or countries that the main ingredients in our products come from; be that beef in a ready meal, apples in an apple pie or milk used in cheese. This isn’t just where we’re keen to highlight the British credentials of our products or where there is a customer perception of quality linked to that country (such as Danish bacon), but anywhere in the world a characterising ingredient originates from. The format that we declare the origin in may vary depending on the size of the label, but we are as specific as possible.

We also aim to restrict the sourcing of meat, poultry and farmed fish ingredients to a maximum of two individual countries to help us label this way, instead of us using the smallest geographic region such as EU, South America, but recognise this isn’t always possible.
IN THE FIRST YEAR, OUR FARMING GROUPS HAVE SUPPLIED 63% OF OUR PROTEIN AND ALL OF OUR MILK IS BRITISH
They provide chicken, pork, Hereford and Aberdeen Angus beef Cambrian lamb and dairy, through a transparent supply chain built on honesty, fairness and trust. In the first year, the Farming Groups have supplied 63% of protein and all of our milk.

All meat and poultry sold under The Co-operative brand is produced from livestock reared to strict standards of animal welfare. All Farming Group farms must meet criteria on animal health, welfare and quality to enhance the quality of life of millions of animals each year (c.53m animals so far since launch in June 2013). All meat and poultry sold under The Co-operative brand is produced from livestock reared to strict standards of animal welfare and must be accredited to one of the national Farm Assurance Schemes controlled by Assured Food Standards, which allows meat to display the Red Tractor Logo (or equivalent).

In addition, all of our selected foundation farms are independently audited on an annual basis against a set framework (with the exception of dairy farms, which are not working to the same framework to date, but receive a premium) to determine premium payments. These farms are measured against five key pillars of achievement, of which two are mandatory.

All selected farms will need to meet strict and sustained health, welfare and quality standards. These will be measured and monitored using agricultural performance indicators and The Co-operative Brand pillar requirements to pass the fundamental elements and achieve bronze status. As farms progress through our additional pillars, including environmental, sustainability and ethical and training, they are rated up to silver and gold standard – receiving a premium for the level they achieve.

The Co-operative has always been a strong supporter of the UK farming industry and promotes meat and poultry sourced from the UK. Our view is that the provenance of products is an issue of growing importance to customers, and research shows that they are increasingly concerned about the origin of foods and the ingredients used in their manufacture. After listening to their concerns, The Co-operative has responded by increasing the amount of British meat and poultry we sell, and we are working with farmers and suppliers to shorten our supply chains.
Case study

COLIN MAIR

SCOTLAND DAIRY FARMER

OUTSTANDING FARMER OF THE YEAR
Dumfries-based dairy farmer Colin Mair was the first to win the prestigious Outstanding Farmer of the Year Award, presented at the 2014 Co-operative Retail Trading Group Awards. Colin, who has just under 200 milking cows and 130 heifers on his 330-acre farm, has been a member of The Co-operative Dairy Farming Group since its launch in 2011. Colin impressed judges with his work ethos of ‘Keep it Simple and Practical’, paying great attention to detail and planning for the future.

The award recognises the most outstanding farmer within the Co-operative’s Farming Group model, and the judges were looking for an individual who is really embracing progressive farming methods with a clear vision for the future. Colin, who farms with his wife (Lorraine) and children (Erin and Robbie), has made significant investments to improve overall herd health and cow welfare, as well as the conservation of energy and water.

By setting clear targets, the family have increased the herd by 90% from 2011 and made significant investments in a new parlour and housing: which includes electric curtains, floor grooving, automatic scrapers and an automatic footbath, amongst many other things. Enhancements to herd health and the environment in which the cows are kept has enabled the family to move to milking three times a day.

Local sourcing of inputs, the use of a natural spring and the installation of solar panels and a heat recovery system has enabled the farm to become highly efficient.

The family’s involvement with the Royal Highland Trust sees them host six primary school farm visits per year, and their compliance across all key performance indicators stands at 100%.
Case study

CHRIS WESTON

YORKSHIRE
BEEF FARMING GROUP
(HEREFORD)

GOLD AWARD 2014
Chris farms 210 acres of permanent grassland and grazes 40 suckler cows – mostly Hereford, including 30 pedigrees. He rears 80 cattle for replacements, pedigree and prime sales. The farming system is very traditional with few inputs and mainly home grown fodder. Chris works closely with the Beef Farming Group, is a regional representative and recently attended the overarching Farming Group event to represent beef.

Chris has a Red Tractor approved farm, along with full certification to the soil association. He has enjoyed hosting school, WI and Young Farmer visits, sharing knowledge about why farming is so important and food production methods that do not impact greatly on the environment.

Chris takes sustainability seriously. Using farm manure management maps, which clearly identify all the high pollution risk areas, he is able to spread manure safely and at designated times to reduce the risk of watercourse pollution on the farm while maintaining natural soil health and fertility.

Higher Level Stewardship (HLS) is part of Chris’ farm business – this governs the inputs and outputs of the grassland, which places significant limitations on how the land is farmed. Chris has not let this affect the quality of stock reared and finished on his land. Instead, he has used it to maintain and enhance his green goals.

Chris has also undertaken a carbon footprint audit. This shows that minimal electricity is used on the farm. What electricity he does use is a good mix of locally sourced inputs to support other local businesses.
86% of customers believe it is important to shop seasonally.
UK FARMED: BRITISH PRODUCE

Our research has revealed that 86% of customers believe it is important to shop seasonally, and our aim is to ensure that seasonal varieties are available and at value for money prices.

The Co-operative aims to develop a closer working relationship with the English Apple and Pear Marketing Board, Potato Council and the British Growers Association, along with some of the regional growing organisations.

When in season, The Co-operative is committed to 100% British produce on potatoes, carrots, cabbage, swede, onions and parsnips.

The Co-operative is seeking to ensure that customers are clearly informed about British seasonal launches, such as British apples and British tomatoes, and we will actively support British cut flowers throughout the summer months.

Further work to develop relationships with the grower base, and cover areas such as British strawberries and tomatoes, is underway. This clearly sets out our commitment to the grower base.

During our apple season we’ve worked with growers to provide customers with British produce offers, starting with British dessert apples. Each week we ensure that we have the best eating varieties available and will change what’s offered according to the season, starting with Discovery and moving through varieties such as Junami and Scrumptious.

The Co-operative recognises that this has been a great year for growing apples, and as part of this, we are working with growers to ensure that we provide enjoyable and uniquely flavoured British apples at great prices for our customers.
The Co-operative Food has invested £100m in reducing prices, but we have been careful to ensure that farmers and producers haven’t had to shoulder these costs. Lower prices have been introduced on hundreds of everyday essential items – over a third of all lines sold by The Co-operative Food – without compromising quality or our support for UK reared meat and poultry and other home produced goods.

The move ensures that our British products are competitively priced against cheaper foreign imports and it is a key commitment of The Co-operative to support UK food.

The business has seen a 6% rise in sales across categories featuring price cuts. The permanent price reductions, which average 5%, are across a wide range of essential staple products typically seen in our customers’ everyday baskets.
SUPPORTING THE ECONOMY

The Co-operative can trace its roots back to the original Co-operative Rochdale Pioneers of 1844, and we are the UK’s largest consumer co-operative. Our food business employs 73,000 people across England, Scotland, Wales and Northern Ireland. We are owned by 8m UK shoppers, who make up our membership, and our 2,800 stores cover postal areas across the UK.

The Co-operative Food also works in partnership with and, therefore, supports almost 2,500 farmers and suppliers from all over the UK to source our meat, poultry, dairy and fresh produce, as well as sandwiches and chilled ready meals.

In recent months, we have changed all of our ready meals to include only British meat and poultry. This, coupled with our pledge to source and stock more seasonal British produce, will see The Co-operative own brand investment in UK farming and food suppliers rise to £500m – up by over 10%. This will be achieved by moving more of our suppliers to 3- and 5-year contracts.

In 2014, we expect to invest £350m alone in British meat for our fresh and prepared products:

- Bacon, pork and sausages – £54m
- Chicken – £123m
- Beef – £111m
- Lamb – £6.5m
- Cooked meat – £44m (and ingredients – £13m)

In addition, The Co-operative’s highest achieving farmers received an additional £5m premium for meeting or surpassing welfare standards and other key criteria.

England | Scotland | Wales | Northern Ireland
---|---|---|---
Farmers | 776 | 822 | 108 | 228
Suppliers | 453 | 51 | 23 | 19
Total | 1,229 | 873 | 131 | 247

In 2014, we expect to invest £350m alone in British meat for our fresh and prepared products:
The NFU welcomes the Born and Bred report issued by The Co-operative. The report highlights the importance of British produce to consumers, with almost nine out of ten people being of the opinion that food sourced from UK farms is more traceable; consumers want a product that they can trust, and it’s encouraging to see that major retailers are increasingly looking to British produce for this.

This report also serves to support the findings of a recent YouGov survey commissioned by the NFU which showed nearly four in five GB adults (79%) felt that British supermarkets should sell more food that’s been produced on British farms. Moreover, they are making headway in meeting this demand for British food.

It is reassuring to see a major retailer clearly setting out its commitments to UK produce in a transparent and reviewable fashion, in particular via an open and clear report on their commitments to British agriculture through the publication of an annual report.

The Born and Bred report will allow consumers and farmers to monitor The Co-operative’s performance against its sourcing commitments on an annual basis. This is of paramount importance to help instil confidence in consumers and producers alike in how The Co-operative operates continuously.

We look forward to working with The Co-operative in helping them further their support to British agriculture.

NFU President
Meurig Raymond
The Co-operative has over 500 products with the Red Tractor logo on-pack across their fresh meat, dairy, fruit and veg, bread and even breakfast cereal ranges. Our logo is an independent assurance to the shopper that these products have been produced responsibly and are traceable back to Red Tractor certified farms which meet our rigorous production standards.

David Clarke
Assured Food Standards CEO

We’re extremely proud that The Co-operative is such a big supporter of farm assurance and Red Tractor, helping shoppers feel confident about the food they buy.
Conclusion

MICHAEL FLETCHER
COMMERCIAL DIRECTOR
THE CO-OPERATIVE FOOD
This report examines our claims about supporting British agriculture. We invest a substantial amount each year to source British meat, fruit and vegetables and for good reason. British products are still seen as a sign of quality, and people want to know where their food has come from because it helps them trust our supply chain. It is important that customers are not unwittingly misled by marketing and in-store campaigns. Our commitments aim to provide consumers with greater reassurance and transparency about the products they are buying.

Trust in retailers has been dented in recent years, and we hope our openness about where we source our meat, poultry and produce will encourage more retailers to follow suit. It’s important that we can prove our support for British products in a robust manner.

Shoppers want to know about the origin of their products. If supermarkets import meat for use in products, it is important that, as well as being identified on product labelling, in-store marketing should not seek to unwittingly misinform them. For these reasons, we are making a commitment to ‘honest British marketing’ to ensure we do not inadvertently mislead our customers.

We have more work to do to improve our British sourcing, but we are already actively sourcing 100% British produce for almost all of our core meat and poultry ranges and using only British chicken and beef in our sandwiches, chilled ready meals and pies.

Britishness is a sign of quality. It improves the traceability and perceived ‘safety’ of the products our customers buy. We hope that this report serves to highlight the lengths to which we go to source British products and that, for customers and farmers alike, it offers reassurance and honest appraisal of what we are doing and how we intend to go even further to support British farmers in the future.

“IT IS IMPORTANT WE CAN PROVE OUR SUPPORT FOR BRITISH PRODUCTS IN A ROBUST MANNER”