UK Supermarket CSR Reports: 
A Comparison Using Environmental 
and Social Reporting Guidelines

University of Manchester 
Manchester Business School 
BSc (hons) in Management 
Supervisor: Paul Upham 
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Holly Waterman: 22877270

“This dissertation is my own original work and has not been submitted for any assessment or award at University of Manchester or any other university”.
Acknowledgements

This dissertation is dedicated to my parents who have sparked my interest in the environment. To my mum who is an amazing inspiration and to my dad for his profound but crazy ideas! Thank you also to Paul Upham for all his great advice.
Abstract

This dissertation provides an in-depth analysis of the UK supermarket sector and its impacts on a wide range of stakeholders. It draws from corporate social responsibility and environmental reporting literature in order to develop three matrices by which to analyse the reported CSR performance of five major UK supermarkets. The three matrices are developed from the Government’s Food Industry Sustainability Strategy 2006, Business in The Community’s Environmental and Social Indicators, and DEFRA’s Environmental Key Performance Indicators; and the five supermarkets analysed are The Co-operative Group, Marks and Spencer, Sainsbury’s, Tesco and Waitrose. The analysis was undertaken in order to determine a rank order of UK supermarkets in terms of reported CSR performance; to ascertain how the selected supermarkets’ reported CSR performance measured up against the three matrices devised; to identify areas of good and poor performance; to assess how the CSR reports compared with research in the literature review; and to enable recommendations as to future CSR reports of the selected supermarkets to be made.

The rank order of supermarkets in descending order according to this research was: The Co-operative Group; Waitrose; Sainsbury’s; Marks and Spencer; and Tesco. Overall scores on the DEFRA KPI matrix were the lowest, leading to speculation about its applicability; however the other two matrices were deemed highly relevant to the supermarkets analysed, and overall the results indicated areas of good and poor performance. Finally, the main conclusions to be drawn from this dissertation are the need for a standardised set of CSR reporting guidelines for the UK supermarket sector, the need for reconciliation between supermarkets’ perceived and reported CSR performance, and a comparison between their actual and reported CSR performance.
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Chapter 1: Introduction

1.1 Introduction

“Awareness is steadily growing that global food is altogether too costly – to our health and that of our children, to the environment and to local economies everywhere”.

Helena Norberg-Hodge’s comments illustrate the concern over the huge impact that global food production is having on an array of stakeholders and also highlights the current relevance of the topic. As is well reflected in the press, the UK supermarket sector has never been stronger and the leading supermarkets are causing such concern that there have been three Competition Commission reports into their behaviour and practices and numerous independent investigations, such as the recent documentary Dispatches: The Supermarket that’s Eating Britain (Channel 4, 19.02.07). Indeed Morgan and Morley (2002) state that the UK supermarket sector “is said to harbour the greatest concentration of retail power anywhere in the world” (p8). According to Piacentini, MacFadyen and Eadie (2000), there is a lack of research into “aspects of ethics or CSR as they apply to retailing”. It would seem therefore, that there is a significant gap in research around the topic of corporate social responsibility (CSR) and ethics within the retailing sector in the UK.

This research addresses this gap by looking specifically at the CSR policies of UK supermarkets, which are reported to account for 80 per cent of the UK grocery market (ElAmin, 2006). By using three different reporting guidelines – the Government’s Food Industry Sustainability Strategy 2006, Business in the Community’s (BiTC’s) Social and Environmental Indicators, and DEFRA’s Environmental Key Performance Indicators (KPIs) – it is expected that identification of relative performance will be possible in the form of ranking the supermarkets on the basis of the performance reported within their CSR reports. Also, it is hoped that the results will demonstrate key areas in which the supermarket sector as a whole is performing well or not so well.
It must be stressed that this research does not seek to assess the actual performance of the selected supermarkets in terms of environmental and social behaviour, nor does it seek to rate or rank supermarkets’ actual performance. Instead this research is concerned with analysing the supermarkets’ performance as described within their current CSR reports; seeking to assess whether the described past performance and projected future aims of the supermarkets are in line with reporting guidelines issued by DEFRA and BiTC, and whether or not they meet the targets issued by the government for the food industry as a whole, or will do so in the future.

In addition to analysing the CSR reports of the leading UK supermarkets, this research also aims to put forward evidence from other sources, such as academics, NGOs and government sources, on the impact which supermarkets are having on numerous stakeholders. The CSR reports will also briefly be assessed using “essential principles of reporting” (Japanese Ministry of Environment, 2004) to consider whether, in general, they meet such principles or not. Evidence from the literature review will also be compared with the supermarkets’ reported CSR performance in order to determine whether there is a correlation between the two representations of the UK supermarket sector as a whole – bearing in mind the potential bias of all sources. The final discussion compares the CSR reports of the selected supermarkets with the aim of determining whether or not they are truly comparable, and whether there is a need for a standardised reporting format, which all supermarkets would follow in order to ensure comparability.

This chapter outlines the aims and objectives of the study, in order to give a brief summary of the research as a whole, to provide background information on the UK supermarket sector in terms of its history and current statistics, and to outline three important concepts: CSR theory; environmental reporting; and sustainability theory. The chapter therefore provides a building block to enable a deeper understanding of why the topic has been chosen, and the outcomes that are intended.
1.2 Aim, Objectives and Overview

The aim of this dissertation is to assess the CSR policies of the UK’s leading supermarkets, in terms of the Government’s Food Industry Sustainability Strategy 2006, Business in the Community’s (BiTC’s) Social and Environmental Indicators, and DEFRA’s Environmental Key Performance Indicators (KPIs).

The main objectives are:

1. To review the evidence relating to the ways in which large, powerful supermarkets are continuing to change the nature of the UK grocery sector.
2. To provide an overview of the positive and negative impacts of UK supermarkets on customers, employees, suppliers, local communities and the environment.
3. To assess and evaluate the extent to which UK supermarkets’ CSR reports meet the requirements of the BiTC social and environmental indicators, DEFRA’s environmental KPIs and the Government’s Food Industry Sustainability Strategy 2006, by devising separate matrices for each, through which to analyse the selected supermarkets’ CSR reports.
4. To supplement this assessment through the opinions of relevant experts with specific food industry and CSR expertise.
5. To draw conclusions as to whether UK supermarkets’ CSR reports do conform to the reporting guidelines and targets outlined, whether they can be accurately compared with one another, and how supermarkets might improve their CSR policies in future.

Additionally, this chapter will highlight current statistics of the UK supermarket sector. It will first describe the history of the development of UK supermarkets; then highlight the competitive nature of the sector, the relative market positions of UK supermarkets and their combined power. This will provide an overview of the UK supermarket sector to enable a deeper insight to be gained into the impacts of UK supermarkets on various stakeholders, as explicitly stated within Chapter 3. Chapter 1 will also give a brief outline of CSR theory, environmental reporting theory and
sustainability, which will be extended within Chapters 2 and 4. Chapter 2 will give a more detailed analysis of CSR and the main alternative theories. It will outline the ways in which its principles can and should be applied to the UK supermarket sector; alongside arguments for the business case for CSR and arguments against the application of CSR.

Chapter 3 will critique the UK supermarket sector in terms of environmental and social impacts – both negative and positive – on customers, suppliers, employees, local communities and the environment as reported within relevant literature, from academic sources, non-governmental organisations (NGOs) and government publications. Chapter 4 will build upon the concepts of environmental reporting theory and sustainability outlined in Chapter 1, and will discuss their application to CSR reporting. It will raise several theoretical debates, such as the use of normative judgements, and whether absolute or relative reductions, for example in emissions, are sought; and will outline the functions of CSR reporting and its essential principles. This will provide a background for the method and main section of this dissertation. Chapter 5 will discuss definitions of a ‘supermarket’ and explain the method of selection of the supermarkets to be assessed and the web search used to retrieve the selected supermarkets’ CSR reports. It will also outline background information to the three guidelines which will be used to analyse the supermarkets’ CSR reports, and will describe how each scoring matrix and relevant assessment questions were devised.

Chapter 6 will give the results of the three matrices for each of the selected UK supermarkets and will represent these graphically. Chapter 7 will provide a discussion of the results represented in Chapter 6; it will assess each of the three matrices individually and determine their relevance to this research; analyse how the CSR reports as a whole compare to one conceptualisation of the essential principles of reporting; and assess comparability between the CSR reports and the views generated within the literature view. Finally Chapter 8 will provide a summary of the research as a whole and discuss conclusions drawn from the results of this research; it will also provide recommendations for future supermarket CSR reports, and for further research within the area.
1.3 The UK Supermarket Sector

The concept of the supermarket originated in the USA when Clarence Saunders decreed that “shoppers should serve themselves and...opened the world’s first self-service store [Piggly Wiggly] in 1916” (Bevan, 2005, p8). The supermarket is a more recent notion in the UK, dating back to 1950 when Sainsbury’s opened its first self-service shop (ibid). It was initially welcomed as liberating, especially by women, as it freed people from daily food shopping; but as supermarkets have expanded and gained power, they are increasingly resented by some people as people feel too dependent upon them (ibid).

The supermarket sector changed vastly in the 1960s – the so-called ‘golden age’ of supermarkets – when Retail Price Maintenance (RPM) was abolished (Michaels, 2004). Previously, RPM had allowed suppliers and manufacturers to dictate prices to supermarkets and other resellers (ibid), meaning the same product sold for the same price regardless of where it was sold; abolishing it facilitated the domination of supermarkets over small businesses. It enabled supermarkets to reverse roles and dictate prices back to suppliers, meaning they could demand bulk discounts and even sell some products such as bread and milk at a loss in order to entice customers into their supermarket (ibid). As a consequence, small businesses were often unable to compete with supermarket prices, meaning many were forced to close, causing devastating consequences for small-scale food producers and retailers. Such negative impacts of supermarkets will be discussed further later.

Since supermarkets first evolved, there have been huge changes in the nature of the food sector as a whole. According to DEFRA (2005), during the last fifty years there have been “dramatic changes in the food production and supply chain in the UK” (p i), the most striking changes being: globalisation of the food industry; concentration of the food supply base into fewer, larger suppliers; changes to delivery patterns such as the use of supermarket regional distribution centres and trends towards the use of HGVs; and the centralisation and concentration of sales in supermarkets. Michaels (2004) concedes this point, stating that over the past thirty years, the UK “has been transformed from...a nation of shopkeepers, with innumerable small businesses, to a supermarket culture dominated by a handful of
Corresponding with the boom in supermarket sales and profits over recent years – in April 2005, Tesco became the first British retailer to report annual profits of over £2 billion (BBC News 24, 12.04.05) and in April 2007, profits of £2.55 billion (Guardian, 2007) showing the scale on which British supermarkets are now competing – there is an exceptional and increasing interest in the supermarket sector as a whole. It is due to such record-breaking profits and expansion on such a phenomenal scale that interest in and criticisms of the supermarket sector are reaching an all-time high, culminating in two lengthy investigations by the Competition Commission in 2000 and 2003 (Bevan, 2005), and a third investigation in 2006 to assess their dominance of Britain’s grocery markets (BBC News 24, 09.03.06). Although unfair pressure on suppliers was identified in fifty four separate cases in the two earlier studies, the supermarket industry was largely allowed to carry on as normal (Bevan, 2005), leading to the third investigation.

These investigations, led by the Office of Fair Trading (OFT) focus on the top four supermarkets – Tesco, Asda, Sainsbury’s and Morrisons – which it believes have built up a dominance of the food retailing business over the past six years (BBC News 24, 09.03.06).

**Figure 1.2.1 Market Shares of UK Supermarkets**

Table 1.2.1 Market Shares of UK Supermarkets

<table>
<thead>
<tr>
<th>Retailer</th>
<th>4 wks ending July 2003</th>
<th>4 wks ending July 2004</th>
<th>Implied value growth, YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tesco</td>
<td>26.8%</td>
<td>28.1%</td>
<td>+ 9.7%</td>
</tr>
<tr>
<td>Asda</td>
<td>16.8%</td>
<td>16.7%</td>
<td>+ 4.4%</td>
</tr>
<tr>
<td>Sainsbury's</td>
<td>16.0%</td>
<td>15.3%</td>
<td>+ 0.5%</td>
</tr>
<tr>
<td>Morrisons / Safeway</td>
<td>14.4%</td>
<td>13.8%</td>
<td>+ 0.5%</td>
</tr>
<tr>
<td>• Morrisons</td>
<td>5.6%</td>
<td>6.3%</td>
<td>+ 17.5%</td>
</tr>
<tr>
<td>• Safeway</td>
<td>8.8%</td>
<td>7.5%</td>
<td>– 10.3%</td>
</tr>
<tr>
<td>Somerfield Group</td>
<td></td>
<td></td>
<td>– 3.0%</td>
</tr>
<tr>
<td>• Somerfield</td>
<td>3.6%</td>
<td>3.5%</td>
<td>+ 3.1%</td>
</tr>
<tr>
<td>• Kwik Save</td>
<td>2.6%</td>
<td>2.2%</td>
<td>– 11.3%</td>
</tr>
<tr>
<td>Co-ops</td>
<td>5.1%</td>
<td>5.2%</td>
<td>+</td>
</tr>
<tr>
<td>IceLand</td>
<td>2.2%</td>
<td>2.0%</td>
<td>–</td>
</tr>
<tr>
<td>Waitrose</td>
<td>3.1%</td>
<td>3.3%</td>
<td>+ 9.8%</td>
</tr>
<tr>
<td>Discounters</td>
<td>4.5%</td>
<td>4.9%</td>
<td>n/a</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n/a</td>
<td>4.9%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Total market</td>
<td>100.0%</td>
<td>100.0%</td>
<td>+</td>
</tr>
<tr>
<td>4.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total market exc Tesco</td>
<td>73.2%</td>
<td>71.9%</td>
<td>+</td>
</tr>
<tr>
<td>3.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


During the period covered by Mintel’s (2005) analysis (Figure 1.2.1), the positioning of the top four supermarkets has shifted: Tesco overtook Sainsbury’s in 1995 to become the biggest supermarket in the UK; and the acquisitions of Asda by Wal-Mart and Safeway by Morrisons increased their dominance. Bevan (2005, p2) believes these acquisitions “radically changed the dynamics of food retailing in Britain” and accredits them with prompting the two previously mentioned Competition Commission reports.

Whether the third Competition Commission investigation will conclude that the top four supermarkets are dominating the market and effectively operating as a monopoly remains to be seen, but during the takeover of Safeway by Morrisons, the Competition Commission forbade any of the other top four supermarkets from bidding for Safeway and banned the top four from any acquisitions which would lead to them becoming a
top three rather than a top four (Bevan, 2005). This would seem to show that the OFT is at the very least concerned that any further concentration of power within the top supermarkets would be disadvantageous for other competitors and for the public.

According to BBC News 24 (09.05.06), the four UK ‘supermarket giants’ – Tesco, Asda, Sainsbury’s and Morrisons – control almost 75 per cent of the £120 billion UK grocery market; others place this figure even higher, such as ElAmin (2006) and Blythman (2005) who place the figure at 80%. To put this in an economic context, a strong oligopsony – a market dominated by a few buyers – occurs when four firms control over 50 per cent of the market (Fox and Vorley, 2004); therefore Fox and Vorley (2004) go so far as to say that the UK grocery market is heading towards a monopsony. This shows the sheer scale and amount of money involved in the UK supermarket sector and highlights the power that these four companies have over the supply chain and over the stakeholders who come into contact with them. Wielding particular power is Tesco which holds 29 per cent of the market and is far ahead of the other three ‘big four’ who each hold between 16 and 17 per cent of the market (Bevan, 2005).

“All the big four...stand accused of bullying suppliers, putting independent shops out of business and laying waste to historic urban centres” (Bevan, 2005 p3-4)

The big four supermarkets in the UK in respective order are Tesco, Asda, Sainsbury’s and Morrisons (BBC News 24, 09.03.06) and due to the nature of the market, Bevan describes them as “at war” (p2), claiming that competition between them has never been more ferocious as they compete to capture customers’ loyalty. According to Whitwell (2006), Sainsbury’s is set to overtake Asda, but whether this change in rank occurs or not may be inconsequential, because as a combined force their power is likely to increase. In 2004, it was reported that £1 of every £8 spent in the UK was spent in Tesco (Bevan, 2005) and this figure is now much higher at £1 in every £3 (BBC News 24, 23.01.07). However, there is an “opposing current” to the power of supermarkets according to Norberg-Hodge et al (2002) in the shape of a “small but rapidly growing groundswell of support for local food systems” (p1), as some consumers now “favour foods grown nearby, rather than global commodities mass-produced thousands of miles away” (p1).
This recent movement increases the pressure placed on managers and companies alike to acknowledge their responsibilities towards society and to act in ways that benefit society as a whole (Piacentini, MacFadyen and Eadie, 2000). This trend could be leading to a new battle within the supermarket sector; the battle to become a socially responsible supermarket in order to gain competitive advantage. Indeed, over recent years, many UK supermarkets have began to publish CSR reports alongside, or within, their Annual Reports, indicating that supermarkets are becoming more socially responsible, at least on the surface. One possible barrier to the move towards more ethically-sound, and possibly locally-produced food is the involvement of the government, as Norberg-Hodge et al (2002) believe that “governments everywhere promote the further globalization of food” (p2).

1.4 Corporate Social Responsibility

“Supermarkets are drawing increasingly intense attention and concern from a wide range of civil society interests about their growing dominance of the food system” (Fox and Vorley, 2004).

Corporate Social Responsibility (CSR) is currently highly topical. A Google internet search of ‘corporate social responsibility’ reveals 64,700,000 results in just 0.13 seconds – providing internet search engine returns can be taken as an informal indicator of prominence, this is prominence indeed. Regardless of whether this is the case, many of the links listed by Google are to specialist business and government CSR websites such as www.csr.gov.uk and www.csreurope.org, showing that the issue of CSR is not just one discussed by a minority of ethically-minded consumers who do not reflect the population as a whole, but is a widespread issue that is also taken seriously by businesses and governments. The importance of CSR and the sudden explosion in interest surrounding its application in UK businesses is not a fad or a fashion, but recognition of the responsibility that businesses should always have shown for environmental and social factors, as well as the economic factors that the majority of businesses have traditionally focused on. As supermarkets are reaching record size and profitability, it seems imperative that they now begin to focus on CSR.
issues, and a search through the websites of the major UK supermarkets reveals that most have reported on CSR for the past couple of years.

As UK supermarkets are expanding globally and nationally, making record-breaking profits and moving into non-food areas such as clothing and financial services, many academics believe consumers are becoming more concerned with the ethics of supermarkets. According to Strong (1996, p5), “ethical consumerism incorporates all the principles of environmental consumerism and more – taking on board the “people” element of ethical consumerism”. Therefore, the focus on CSR issues by many pressure groups and some governments, combined with the rise in the ethical consumerism movement has led to increasing pressure on leading supermarkets to incorporate CSR thinking and goals into their business operations. As supermarkets have made their fortune by responding to consumer demands, they are beginning to respond to the demand for more socially responsible operations.

In demonstrating the power the UK supermarket has over its supply chain and stakeholders in the previous section, we can begin to see how and why the issue of corporate social responsibility is increasingly being discussed with regard to UK supermarkets. A more detailed discussion of CSR can be found in Chapter 2.

1.5 Environmental Reporting

An important element of CSR reporting is environmental reporting which “can be thought of as communicating an accurate, although much simplified, overview of the organisation’s environmental interactions to its stakeholders” (Brady, 2005, p310). It emerged in its current form in the 1990s as a voluntary activity which has continued to grow, but generally remains a partial phenomenon “dominated by larger companies” (ibid, p310). Environmental reporting should include details of environmental performance in relevant areas, for example greenhouse gas emissions, waste and water use (www.egeneration.co.uk). This information should be expressed in quantified data and improvement targets, and is usually found in the annual reports, and/or a standalone report (ibid). Brady (2005) agrees, stating that the
communication of this information can be either in the annual report, in a standalone environmental report, on the company website, or through a combination of these.

1.6 Sustainability

Sustainability relates to the capacity to continue indefinitely (Brady, 2005, p28), and sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland report, 1987, p24). The Brundtland report (1987) also states that there are limits to sustainable development, but not absolute ones; “limitations imposed by the present state of technology and social organisation on environmental resources and by the activity of the biosphere to absorb the effects of human activities” (p24). Sustainability is a state, whereas sustainable development is a process of development from the present state towards the ideal state (Brady, 2005). Indeed the Brundtland report (1987) describes sustainable development as “not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, and institutional change are made consistent with future as well as present needs” (p24). Jones (2002) believes that “a key indicator of environmental sustainability is the energy and material throughput associated with economic activity” (p564). According to Brown (1987, in Shearman, 1990, p1) a social definition of sustainability is “the continued satisfaction of basic human needs – food, water, shelter – as well as higher-level social and cultural necessities such as security, freedom, education, employment and recreation” – clearly there are various definitions of sustainability which can be seen to be dependent on context (Shearman, 1990).

To emphasize the relevance of sustainability to agriculture and therefore supermarkets, Pretty, Ball, Lang, and Morrison (2005) state that:

“Recent years have seen growing concern about the sustainability of agricultural and food systems and the unintended side-effects that can be imposed on the environment and human health” (p2).
In short, sustainability is integral to the future of the environment and also human health.

1.7 Conclusion

This chapter has outlined the reasons for undertaking this research, and also its aims and objectives. It has given a detailed analysis of the UK supermarket sector, how it has changed over time, with current statistics. Additionally, it has begun to highlight why many sources are concerned about the conduct of UK supermarkets due to their immense power. The chapter has also provided a brief overview of three concepts key to this research: CSR theory; environmental reporting theory; and sustainability. These concepts will subsequently be revisited in greater depth.
Chapter 2: Corporate Social Responsibility

2.1 Introduction

Corporate social responsibility is a term that companies frequently use, and that is increasingly fashionable; but what is CSR? This chapter seeks to further define CSR, to outline alternative theories, such as the societal marketing concept, which have similar aspirations to CSR theory, and to assess the business case for CSR as well as its potential disadvantages. This more detailed explanation and assessment of CSR as a concept will enhance the analysis of UK supermarkets’ CSR reports by providing a deeper understanding of the underlying principles of CSR, the reasons for its application and its potential downsides. This will better enable a discussion of whether the CSR reports produced by UK supermarkets are genuinely in keeping with the aspirations of CSR theory or whether, as is frequently alleged, they are more rightly seen as a public relations exercise.

2.2 CSR Theory

Snider et al (2003) believe that the CSR construct “describes the relationship between business and the larger society” (p175). Unfortunately there is no standard, consensus definition of CSR, possibly due to the fluctuation of “beliefs and attitudes regarding the nature of this association [between business and the larger society]” (ibid, p177). However, most definitions highlight certain common features. According to Kok et al (2001, in Snider et al, 2003, p176) CSR is “the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company”. However, this definition does not appear to specifically include environmental issues, which are generally considered an element of CSR.

Mallen Baker (2007), who provide CSR news and resources online and in print, recognise the many varying definitions of CSR which are used and offer their own:
“CSR is about how companies manage the business processes to produce an overall positive impact on society” (Mallen Baker, 2007).

In order to elaborate on this definition and provide further insight into the different groups of stakeholder generally included within CSR considerations, Mallen Baker (2007) provides an illustration, reproduced as Figure 2.2.1.

**Figure 2.2.1 Mallen Baker’s Representation of the Business in Society**

Although specific to Mallen Baker, this diagram adopts the same concepts as the most widely recognised conception of CSR – as a three-legged stool (Mallen Baker, 2007) comprising economic, social and environmental concerns; the diagram above has split social concerns into ‘workplace’ and ‘community’ and used the term ‘market place’ to replace economic concerns.
The UK government sees CSR as: “the business contribution to our sustainable development goals. Essentially it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides”, and as a voluntary action (www.csr.gov.uk, 2004). This is similar to the previous conceptualisations, but adds an important element of CSR within the UK; it is voluntary. In some cases, a company may require its suppliers to produce a CSR report but this is at the discretion of the purchasing company and is not government enforced. However, producing a CSR report and adhering to CSR principles may subsequently enable a company to meet present environmental and social regulations more easily and in some cases enable them to pre-empt government or business legislation, possibly leading to a competitive advantage as other companies struggle to comply when legislation comes into force. Thus we begin to demonstrate that as well as social and environmental benefits, there is also a business case for CSR as it can often benefit the company itself, especially with consumers’ increasing concern for ethics.

2.3 Alternatives to CSR theory

Although the focus here is primarily on the application of CSR principles and theory within the UK supermarket sector, it is important to recognise that there are other theories which seek to address and remedy similar issues to those of CSR theory. For example, stakeholder theory posits that an organisation is not only responsible for its shareholders’ interests, but additionally for the interests of customers, employees and the local community (Piacentini et al, 2000). This includes social, economic and moral responsibilities and goes beyond the purely economic and legal responsibilities once believed to be an organisation’s only responsibilities (ibid). As is obvious from these descriptions, stakeholder theory is a theory that follows the same principles as CSR theory and indeed covers the same aspects of business responsibilities – economic, social and environmental.

Marketing is an integral aspect of any business, in particular for large businesses in highly competitive environments, such as UK supermarkets, and the societal marketing concept is an aspect of marketing which begins to introduce CSR into
accepted marketing theory (Piacentini et al, 2000). Piacentini et al (2000) believe the societal marketing concept helps focus companies on creating a balance between their own profitability, consumers’ needs and wants, and society’s long-term interests. The societal marketing concept is similar to stakeholder theory and to CSR theory. In short, alongside CSR theories, there are other well-known theories developed within areas such as marketing which are not primarily concerned with ethics, but which support and work alongside the theories of CSR discussed within this research.

2.4 The Business Case for CSR

Edwards (1998) has analysed the link between environmental and financial performance and found results which challenge Moore’s (2001) findings that financial performance deteriorated as social performance improved. Edwards (1998) results are highly relevant to this study. He summarises his findings: “in most cases it appears that companies which pursue environmental improvements, do financially better than their non-green competitors. At the very least, this study shows there need be no financial penalty for corporate environmental excellence”. This is extremely important in giving the business case for CSR, although it does only relate to environmental performance and not CSR as a whole. However, it must be mentioned that Moore (2001) analysed the UK supermarket sector, whereas Edwards (1998) did not.

There is a substantial literature demonstrating the positive impact for a company of practising CSR. As a brief demonstration of the type of positive impacts reported upon, Flynn (no date) of Tidewatch Consulting analysed the business case for CSR in Canada and found that 77% of people are most likely to invest in, 81% to purchase from, and 79% to work for companies they believe are socially responsible. This is at a time when Flynn (no date) reports that less than 25% of people have ‘faith’ in the integrity of big businesses. A business implementing a CSR policy and reporting on this may experience increased investments, increased purchases and a higher pool of applicants for jobs. CSR may well be an asset to a company and may lead to a competitive advantage if other competitors are lagging behind in this area. This
would appear to show that there is a business case for CSR; however, as the next section will show, this view is not one on which there is complete consensus.

2.5 Disadvantages of CSR

A famous view of CSR is that of Friedman (in Snider et al, 2003), who believes that “the only social responsibility of businesses is to increase profits by legal means” (ibid, p175-176). Clearly, not everyone believes that businesses should act in a socially- and environmentally-conscious way. Indeed, although the business case for CSR is widely discussed, some research appears to show that CSR can have a negative impact on businesses. Moore (2001) studied the UK supermarket sector, and found that financial performance deteriorated as social performance improved. Additionally, according to Piacentini et al (2000), when an organisation is positioned as being socially responsible, this automatically raises consumers’ expectations and additionally opens the organisation up to a range of potential criticisms which the organisation may not be able to manage.

Some observers believe consumers are now becoming sceptical about companies who engage in socially responsible behaviour – particularly so-called ‘ethical consumers’ – as they believe companies engage in such behaviours for purely business rather than philanthropic concerns (Piacentini et al, 2000). This point is compounded by Bowen (2004) who believes that supermarkets such as Sainsbury’s and Tesco may see CSR as a subdivision of marketing.

2.6 Conclusion

CSR focuses on moving a business away from concentrating purely on economic concerns and raises the issue of environmental and social concerns, so that a wider range of stakeholders are taken into account. As this chapter has shown, there are both positive and negative views of corporate social responsibility as applied to business. Despite this fact, given the positive benefits highlighted combined with increasing environmental and social legislation and increasing consumer sanctions for
unethical behaviours such as using child-labour, it would seem that incorporating CSR policies into an overall business strategy is possibly a necessity in today’s competitive marketplace.
Chapter 3: Environmental and Social Impacts of UK Supermarkets

“The ‘cheap food’ that supermarkets peddle…comes at a very high price to taxpayers, small manufacturers, small farmers and the environment”

(Michaels, 2004, p10).

“[T]he food system has never had such a high profile or been the focus of so many concerns. These are diverse and include: a series of food safety issues; concerns about national food security due to increases in food imports; the food system being dependent on crude oil supplies; the health implications of poor diets; the ecological consequences of industrialized agricultural production; and the demise of small mixed farms and independent grocers”


3.1 Introduction

As highlighted above, environmental and social concerns surrounding the impact of UK supermarkets on customers, suppliers, employees, local communities and the environment are contemporary and highly debated issues. According to Norberg-Hodge et al (2002), food has been reduced to a commodity within a volatile market, leading farming to become “ever more specialised, capital –intensive, and technology based, and food marketing ever more globalised” (p1). They develop this point and support Michaels’ (2004) above view, stating that “these trends are proving disastrous for consumers, farmers, local economies, and the environment” (ibid); they also accuse governments of intending to accelerate this process. Many stakeholders and groups such as consumers, food producers, policy makers and environmental groups are beginning to bring these issues out into the open and there are now concerns over “the way in which food is produced, sourced, distributed and marketed” (Jones, 2002, p560). Norberg-Hodge et al (2002) believe this is due to the fact that “corporations are tightening their hold over the world’s food supply, inciting farmers and other citizens around the world to call for boycotts…and to uproot genetically engineered
crops” (p1). This gives an indication of the ethical issues at stake due to the hold which large corporations such as supermarkets have over the world food supply.

Jones (2002) has analysed the food supply chains of dessert apples and concludes that “Over three quarters of all apples consumed in Britain are imported, 77% of retail sales of fruit are at supermarkets, the majority of shopping trips to supermarkets are by car, and almost all putrescible waste is disposed in landfill sites”; showing clearly the impact that supermarkets’ food supply chains have on the environment. However, he also states that these impacts can be prevented by local sourcing, travelling by alternative means to the supermarket and composting waste, demonstrating the fact that we are not resigned to accept his present conclusion. Figure 3.1.1 demonstrates the difference in carbon dioxide emissions between imported, locally sourced and home grown produce with varying methods of purchase.
Jones (2002) believes that the first step in developing a more sustainable food system is to gain a deeper understanding of the present situation. This research aims to provide at least a basic understanding of the present situation and the current impacts supermarkets are having on customers, suppliers, employees, local communities and the environment; the decision to focus on these particular stakeholders stems in part
from Moore (2001) who analysed the UK supermarket sector by considering employees, customers, shareholders, suppliers, community and environment.

This chapter seeks to address the above viewpoints and concerns by assessing the impact, both negative and positive, of UK supermarkets on the previously mentioned stakeholders. Negative impacts are given more focus in this chapter, as the supermarkets’ CSR reports themselves highlight many of the positive impacts they have on stakeholders (See Appendices 4, 5 and 6), whilst tending to ignore negative impacts. The impacts reviewed here will later be contrasted with the mainly positive image portrayed within supermarkets’ CSR reports. Additionally, this chapter will report on an interview conducted with Tara Garnett of the Food Climate Research Network (FCRN).

One point to be made explicit regards the depth of analysis within this chapter. This analysis of literature on the impacts of supermarkets is intended to provide a background for the present research and also an alternative viewpoint to that given within the CSR reports themselves; it is not the main focus of this research and hence not all of the following areas of impact can be discussed in great detail. Instead, the differing degrees of attention paid to each stakeholder reflect both their level of prominence in the literature and their importance as stakeholders in terms of the three guidelines used. For example, all three guidelines focus on the environmental impacts of supermarkets, whereas only the Business in the Community guidelines focus on supermarkets’ impact on local communities.

One final point which must be made clear is that the impacts reported within this chapter are general impacts and therefore will be more indicative of some supermarkets than others. As will be evident in the analysis and discussion of the selected supermarkets’ CSR reports, some supermarkets do score highly and positively on many of the issues portrayed here, despite these being reported as areas where supermarkets have a negative impact. Also, as demonstrated in Chapter 5 in the method section, only a selection of UK supermarkets produce standalone CSR reports; therefore there is the possibility that the negative impacts supermarkets are reported to have on various stakeholders may be less applicable to the supermarkets that actually produce CSR reports, although this remains to be seen. There is a danger
of over-generalisation here, so again it must be stressed that the impacts described in the following sections, positive and negative, relate to the supermarket sector as a whole and may not be indicative of a particular supermarket; especially those known for their more ethical stances.

### 3.2 Impact on Customers

With respect to the impact of UK supermarkets on customers, or consumers, this is an area in which many positive impacts are reported. According to BBC News 24 (09.03.06), supermarket practices have led to falling prices, and some instances of increased choice and improved quality; suggesting that consumers are benefiting from strong competition. According to DEFRA (2006) “real food prices declined 7.3 per cent between January 2000 and December 2005” (p17). Additionally, they believe that “low-income consumers have benefited from ‘economy’ own-label ranges” (ibid, p17). However, the view that UK supermarkets have led to falling prices is disputed by Michaels (2006) who claims that behind the ‘stack it high, sell it low’ mantra, supermarkets use underhand pricing methods such as pricing milk and bread as loss leaders in order to entice customers into the shop; once inside, she claims, non-known value items are often more expensive than they would be in a local independent shop. This view is upheld by Bevan (2005).

However, it must be acknowledged that Michaels’ (2006) report is not a peer-reviewed academic source and may be less objective than BBC News 24; it is likely that many sources would confirm the positive views of supermarket impacts on consumers. This said, one academic source which concedes the view that cheap supermarket food has costs that are not “factored into the cheap food equation” is a report by Morgan and Morley (2002, p 8) of the Regeneration Institute, Cardiff University. They highlight extensive costs not internalised in the price of food, such as water pollution and BSE, whose costs, they assert, are borne by the tax payer.

An issue that appears minor on the surface, but which reflects the different responses and attitudes of the UK’s leading supermarkets with respect to customers, is confectionary. Confectionary, such as sweets, is linked to poor dental health in
children and supermarkets have come under criticism for displaying confectionary at check-outs (Piacentini, et al, 2000). Some supermarkets such as Sainsbury’s and Waitrose have responded proactively to these criticisms by removing confectionary from check-outs; some supermarkets such as Morrison’s, Somerfield and Marks and Spencer have responded passively by offering sweet-free alternatives; and some supermarkets such as Netto and Iceland have not responded at all (The Grocer, 1996, cited in Piacentini, et al, 2000).

3.3 Impact on Suppliers

Analysts publishing the website Bananalink (www.bananalink.org.uk) credit British supermarkets as being the most powerful actors along the international banana supply chain, showing how supermarkets have the power to improve or worsen conditions for plantation workers. Bananalink reveals how the price war between Asda and Tesco over the bananas has led to an unsustainably low price meaning that it is impossible for many plantation workers to earn a living wage, or even a legal minimum wage. It is due to the already described, highly competitive, cost-conscious supermarket sector that price wars such as between Asda and Tesco are arising; however, instead of lowering their profit margins in order to achieve lower prices, Bananalink claim supermarkets are reducing the price paid to suppliers, who in turn pass this loss onto the workers.

Although again this is not peer-reviewed information, more an example of current opinion on supermarket practices, Fair-Trade Guide (2007) backs up this point of view and also highlights new developments which will positively affect banana suppliers. In December 2006, Sainsbury’s announced it would sell one hundred per cent fair-trade bananas (Bretman, 2006) – a move quickly followed by Waitrose (Fair-Trade Guide, 2007). As both sources highlight, this will prove a “lifeline for Caribbean banana-growing smallholders” (Bretman, 2006) as Sainsbury’s sells 10 million bananas a week (ibid). The increased money received by banana suppliers will strengthen their communities and will be spent on a variety of projects, such as improving schools (ibid). This demonstrates how the vast power of supermarkets can result in positive impacts for suppliers, and the competitive nature of the market
means this action has already been matched by Waitrose and others will likely follow the lead. Indeed, Bretman (2006) has gone so far as to name Sainsbury’s move as “the world’s biggest ever commitment to fair-trade”; demonstrating the significance of Sainsbury’s switch to fair-trade bananas.

However, in general, Michaels (2004) believes that in their demands for cheaper and cheaper products from their suppliers, supermarkets “ruthlessly exploit their effective monopoly as the biggest buyer of food” (p11). Their control over the supply chain is so immense that she claims they are able to dictate “how, where, when and for how much their food is produced, packaged, stored and delivered” (ibid). One of the methods she believes supermarkets utilise in order to obtain the lowest prices, is the use of blind auctions over the internet, where farmers are unaware of the price other producers are offering, forcing them to offer a lower price to ensure a sale. These kinds of methods of purchase could be viewed by many as unethical, as they do not allow farmers a living wage.

Often these types of exploitation by large multinational companies are associated with workers in poor, third-world countries. However, Michaels (2004) uses a case study of dairy farmers in the UK, showing that the problem is not only causing damage to other countries. She shows how, since the Milk Marketing Board was abolished in 1994, farmers have been paid lower amounts per litre, resulting in them currently being paid 19p per litre of milk – which cost them 18-22p to produce and will sell in the supermarkets for 72p (ibid, p13); indeed Morgan and Morley (2002) state that UK farmers receive 30 per cent lower than the EU average price for milk. Michaels (2004) condemns this as “clear examples of supermarkets exploiting their monopoly position” (p13); and this is backed up by the belief that low pay to dairy farmers is caused by fragmentation of UK dairy farmers and “the enormous power of supermarkets in the UK” (Morgan and Morley, 2002, p8). Morgan and Morley (2002) demonstrate that farmers in other agricultural areas, such as peas, are also being forced to sell produce to supermarkets at a loss due to threats that supermarkets will otherwise purchase from abroad. This is due to supermarkets’ strength as ‘gatekeepers’ (Lawrence, 2002, in Morgan and Morley, 2002).
Although there are arguments that supermarkets are merely playing the market, the consequences for farmers are clear; as Morgan and Morley (2002) show, fifty years ago at least half of the retail pound found its way back to the farmer and the rural community, whereas today this figure is more like seven per cent. This shows a vast drop in payment for farmers, demonstrating the change in supermarket buying behaviours. Additionally, although supermarkets are often exonerated of blame, in such cases as the UK dairy market, due to claims they merely respond to consumers’ demands, it has been demonstrated that consumers would be willing to pay 5p more for milk if they were assured the extra money would go to the farmer (Morgan and Morley, 2002). Morgan and Morley (2002) believe the dairy crisis is synonymous with the general problem with the UK food chain: “the huge asymmetry of power between producers and retailers in what is increasingly believed to be an unsustainable relationship and the hidden costs include the loss of local producers of fresh produce” (p8). However, despite such negative views of supermarkets, DEFRA (2006) concluded that there was no evidence to support the claims that supermarkets had squeezed UK farm-gate prices; they believe they are driven by a range of factors such as exchange rates (p19).

Therefore, as has been demonstrated, there are mixed views on the impact of UK supermarkets on suppliers. Some direct positive and negative impacts have been outlined, although these opinions are by no means a consensus. The highly contested nature of views on these impacts must therefore be kept in mind.

3.4 Impact on Employees

Wal-Mart, which owns the UK supermarket chain, Asda, is the largest food retailer in the world and has been linked with unethical practices for many years. A stark indication of these ethical breaches has been highlighted by the Norwegian government’s recent actions. The Norwegian government’s pension fund has pulled out the stocks it held in Wal-Mart after the pension fund’s Council on Ethics completed a report on Asda in December 2005 (Macalister, 2006; and www.asdawatch.org). The reasons for this boycott are reported directly by Macalister (2006) as:
“The ministry said the council had found "an extensive body of material" that indicated Wal-Mart had broken norms, including employing minors in breach of international rules, allowing hazardous working conditions at many suppliers and blocking workers' efforts to form unions.

“It listed other alleged Wal-Mart abuses including putting pressure on employees to work overtime without compensation, discriminating against women in pay terms and blocking "all attempts to unionise".

“It said Wal-Mart "employees are in a number of cases unreasonably punished and locked in".”

He states that Wal-Mart is being boycotted due to “serious and systematic abuses of human and employment rights”, and that Wal-Mart is believed to be the first retailer boycotted by the Norwegian government.

Although Wal-Mart own Asda, they do not directly operate in this country so it is necessary to highlight an example of impacts on UK employees specifically. In 2005 and 2006, Asda had well-publicised disputes with employees over pay and bargaining rights (Personnel Today, 2006); although potential strikes were averted this demonstrates that employees of Asda believed they had been unfairly treated with regards to bonuses and bargaining rights.

3.5 Impact on Local Communities

Some supermarkets aim to show that they are socially responsible by attempting to improve the local community; for example Tesco have built supermarkets in deprived housing estates in order to improve the local community’s provision of food (Piacentini et al, 2000). Indeed, DEFRA (2006) state that Tesco has been particularly good at attracting consumers from all social categories. However, despite this positive view, a Channel 4 Dispatches documentary (2007) focusing on Tesco highlighted how the supermarket frequently went against the wishes of residents, councillors and local businesses by opening new stores using underhand methods and
ignoring planning restrictions; causing noise for residents at all hours and blocking residential roads frequently during deliveries. As highlighted in the documentary, there are many residents who strongly oppose Tesco opening stores within their local community, and it appears that their viewpoint is ignored by Tesco. However, it must be noted that most new buildings do attract some opposition, although perhaps not to the extent of Tesco.

An important element of UK supermarkets’ impact on local communities is their impact on competitors, in particular small, local businesses. The Advisory Committee for Consumer Products and the Environment (ACCPE, 2005) concedes the majority view that supermarkets are destroying small, local businesses and dominating the market in food areas such as seafood. Traditionally, the majority of the fish trade was conducted through fishmongers, but today 90 per cent of purchases are made at supermarkets. According to BBC News 24 (9.03.06), the UK’s leading supermarkets are driving local convenience stores out of business. DEFRA (2006) identify two ways in which supermarkets may be harming independent shops: firstly, by obtaining better prices from suppliers, they may force suppliers to charge higher prices to other customers; and secondly, supermarkets’ buyer power may “undermine the viability of the wholesale distribution network serving independent stores” (p18). However, despite the contradictory figures, Norberg-Hodge et al (2002) believe there is a “small but rapidly growing groundswell of support for local food systems” (p1), which they claim could be an important opposing current to the globalisation of food systems.

It is believed that a local or regionalised supply system can offer potential social and environmental benefits (Pretty et al, 2005). The external benefits offered by local agriculture are listed by Pretty et al (2005, p2) as “recreation and amenity values of landscapes, water holding capacity, carbon sequestration, wildlife and biodiversity, and contributions to rural economies and communities”. Additionally, BBC News 24 (15.07.05) document the opinion that local food is more environmentally friendly, and believe that consumers should be looking not only at food from the UK, but local food specifically; this is due to the assertion that road miles account for proportionally more environmental damage than air miles.
However, despite the dominance of global food systems, local food systems are emerging; these local food systems have “relatively short distances – or food miles – between producers and consumers” (Norberg-Hodge et al, 2002, p4). Elements of such food production systems can now be found within some large UK supermarkets, as “multiples are becoming more interested in selling ‘local food’” (Morgan and Morley, 2002, p7).

### 3.6 Impact on the Environment

“The price of food is disguising externalised costs - damage to the environment, damage to climate, damage to infrastructure and the cost of transporting food on roads” (Professor Lang, City University, in an interview for BBC News 24, 02.03.05).

According to Piacentini et al (2000), one of the major issues threatening UK retailers in the present day is environmental concerns; creating a key area in which supermarkets can begin to act in a socially responsible way. This opinion is reinforced by Norberg-Hodge et al (2002) who believe that “supermarkets have tremendous ecological drawbacks” (p22), one of which is their reliance on large-scale centralised energy infrastructures which have a number of direct ecological costs: “large-scale hydro-electric dams disrupt ecosystems both upstream and downstream; fossil fuels contribute to global warming, acid rain and other forms of air pollution; and nuclear plants generate radioactive waste for which there is no disposal solution” (p28-29). However, it should be noted that these criticisms could be levelled at most large scale activities in the industrialised world.

One of the strongest critics of supermarkets on the basis of their environmental impacts is Friends of the Earth (FOE), who in 2005 produced a briefing entitled ‘Checking out the Environment? Environmental Impacts of Supermarkets’ which looks at these impacts on a local, national and global scale. Some of the issues they discuss are the increase in traffic congestion due to consumers using their cars to go shopping – an estimated cost to society of more than £3.5 billion per year, FOE claim; increased traffic congestion due to supermarkets’ distribution systems contributing
towards climate change; supermarkets importing 56 per cent of organic produce, again leading to increased climate changing emissions; the use of pesticides and wastage of food in the search for exact specifications in terms of “size, shape, colour and uniformity” (p3) of food; the fact that food related packaging makes up 70 per cent of household waste; the vastly increasing rate of imported food even at seasonal times when UK alternatives are available; and, finally, energy-inefficient supermarket buildings which emit three times more carbon dioxide per square foot than greengrocers (p6).

Additionally, Norberg-Hodge et al (2002) highlight the environmental impact of regional distribution centres which supermarkets use in order to lower their costs, but lead to an increase in transport and, due to supply chain principles such as just-in-time production deliveries, now contain “30 to 40 percent less produce…[meaning] more deliveries are required, more energy is used, and more pollution is emitted” (p22).

FOE’s (2005) briefing therefore makes a good basis for an overview of the many negative environmental impacts which supermarkets have on a local, national and global level. This supports Michaels’ (2004) and Professor Lang’s views that the cheap food sold by supermarkets has vast and varied costs to the environment, among other stakeholders. However, not all academics are entirely critical of the impact which UK supermarkets are having on the environment. According to Piacentini et al (2000), Sainsbury’s and Tesco were at the forefront of companies who took an early, proactive response to environmental concerns. They quote Strong (1996) who believes it is possible to distinguish between companies, such as the afore mentioned Sainsbury’s and Tesco, who take a proactive approach to environmental issues, and other companies who take a reactive approach, merely responding to regulation or industry standards.

### 3.6.1 Food Miles

One of the biggest environmental impacts of the food industry as a whole, and particularly of supermarkets due to their dominance of the food industry, is that of food miles – “the measure of the distance a food travels from field to plate” (BBC, ‘Food Matters’) , or “the distance food travels from the farm to consumer” (Smith et
al, 2005). According to the BBC’s online ‘Food Matters’ website, agriculture and food transportation now accounts for almost thirty per cent of the goods transported on roads in the UK. Food miles are constantly increasing (*ibid*) due to the nature of the food processing industry – i.e. the way food is transported around the country for different stages of processing, the increase in imported food, cheap labour costs in countries such as China which encourage supermarkets to send food abroad for processing, and the fact that consumers travel further to do their food shopping and use a car more often than in the past (*ibid*).

A demonstration of the sheer wastefulness of food miles in some instances is given by Norberg-Hodge *et al* (2002) who describe the UK trade in fresh milk: in 1996, Britain imported over 114,000 metric tonnes of milk and exported 119,000 metric tonnes (p18), clearly showing unnecessary transportation of milk. This is backed up by Morgan and Morley (2002) who also report similar trends for poultry, pork, lamb and apples, and refer to these ‘food swaps’ as “the unnecessary exchange of the same product” (p10). Although many state there are economic reasons for this, Morgan and Morley (2002) believe there are now convincing arguments that “EU countries could reduce imports of these products and meet the shortfall through local production” (p9).

As, according to a DEFRA publication in July 2005, “there is a clear cause and effect relationship for food miles for burdens” (p i) – burdens being carbon dioxide emissions, air pollution, congestion, accidents and noise, which will be discussed further throughout this section – this demonstrates the potential impact of these unnecessary ‘food swaps’. Also, when considering food miles, one tends to consider merely the miles which food products themselves travel, but just as important is the consideration of the transportation of pesticides and fertilisers which are required by the global food system and, in the US, added an extra 46 billion tonne-miles in 1997 (Norberg-Hodge *et al*, 2002, p32).

In industrialised economies such as Britain, food supply is now synonymous with convenience, extensive choice and year round availability of all types of produce (Jones, 2002). Despite this, Jones (2002) claims that few studies have “investigated the environmental impacts of the transport components of food supply chains” (p560). This point is conceded by Pretty *et al* (2005), who list current analytical perspectives
on sustainability such as energy counting, economic valuation of non-marketed goods and services, ecological footprints, carbon accounting, and the use of indicators for sustainability; stating that generally these methods have not considered the “additional environmental effects of transporting foodstuffs via processing to retail outlets and then to the point of consumption” (p2) – i.e. food miles. Further to this, Jones (2002) believes that over recent decades, UK food supply has become increasingly more transport-intensive, due to increases in imports – the UK trade gap in food, feed, and drink increased from £3.5 billion in 1980 to £8.3 billion in 1999; road freight distribution in the UK – the UK food, drink and tobacco sector accounts for 10 per cent of UK GNP (gross national product) but was responsible for a third of the growth in UK road freight between 1978 and 1993; and shopping trips by car – between 1985/6 and 1996/8 the distance of car shopping trips increased by 57 per cent and the frequency per week increased from 1.68 to 2.42 (ibid, pp561-562).

According to Michaels (2004, p20), “despite ‘locally-produced food’ being the latest supermarket buzzword, finding local food in supermarkets is unusual” and even local food has probably travelled the length of the country before it is purchased. She believes that a traditional Sunday lunch eaten in the UK could, in a worst case scenario, have travelled up to 25,000 miles, appearing to confirm the frightening statistic that the distance food is transported in the UK has increased by 50 per cent between 1978 and 1999 (Norberg-Hodge et al, 2002). Robertson and Lang (2005), believe that if all foods were sourced from within 20 kilometres of where they were consumed in the UK, environmental and congestion costs would drop dramatically leading to a £2.1 billion annual ‘environmental saving’, and if shoppers did not use cars this would drop by an additional £1.1 billion per year – although it is unsure as to what other transport might be used.

UK food and agricultural products accounted for 33 billion tonne-miles of transport within the UK in 1998, which directly added 13 million tonnes of carbon dioxide to the atmosphere (Norberg-Hodge, 2002). Supporting this point, Robertson and Lang (2005), cite food transportation as “one of the fastest growing areas of environmental pollution” and calculate the cost of food miles as about £9 billion a year. Included in this figure are the costs of time lost in traffic congestion, the wear and tear on roads, and the ill health resulting from air and noise pollution. Norberg-Hodge et al (2002)
identify similar costs of food miles and believe that an out-of-town supermarket creates £25,000 worth of extra costs due to car use per week than the equivalent market in the town centre; however they state that the real figure may be double this if congestion is accounted for. Robertson and Lang (2005) identify the drivers for the increase in food miles as being “the increase in global trade, concentration of supermarket power and attendant centralised systems of distribution, greater use of cars for shopping and an increased level of packaging and processing”. It has been demonstrated, therefore, that the environmental cost of UK supermarkets’ procurement policies is significant and rising at an alarming level. However, as DEFRA (2006) report, supermarkets are “consciously taking measures to improve transport efficiency”; this is further highlighted in the analyses of UK supermarket CSR reports, particularly in Appendices 2, 4 and 5 which underpin the analysis of supermarket CSR reports presented here.

According to Blythman (2005), in 2004 Tesco ran advertising campaigns “promoting ‘exotic’ out-of-season vegetables – available 365 days a year and flown in from the other side of the world – as the ultimate consumer aspiration” (p171) and it ran these adverts at the same time as numerous articles about rising carbon and greenhouse gas levels and emissions and our dependency on unsustainable oil reserves were published. This shows Tesco to be encouraging consumers to purchase products which have unnecessarily high food miles at a time when other sources are urging consumers to think of the environmental costs of such purchases, demonstrating Tesco’s “environmentally ruinous practices” (ibid, p171). As “air freight produces nine times more carbon dioxide emissions than road freight and fifty times more than shipping” (Blythman, 2005 p 172), are Tesco justified in importing out-of-season vegetables by air freight on a large scale, and advertising this as a positive event to encourage purchase of these vegetables, because they are “giving customers what they want”? (ibid). Additionally, Friends of the Earth (2005) focused on the issue of food miles and stated DEFRA’s estimation that transporting food to and around the UK produced 19 million tonnes of carbon dioxide in 2002, 10 million tonnes of which was produced within the UK.

According to Brady (2005), “one of the biggest drivers of environmental performance in the food chain…is the influence of the major multiple retailers” (p394) such as
Tesco and Sainsbury’s. He highlights the influence which multiple retailers such as Sainsbury’s have on their supply chain, quoting Sainsbury’s statement that they aim to “influence our suppliers to reduce their direct environmental impacts and improve the environmental quality of our own brand products through sustainable sourcing” (ibid).

If multiple retailers are motivated by consumer demand as Brady (2005) states, this may mean, on a positive note, that if consumers can be persuaded to think more about the environmental impacts of their food and drink purchases, this consideration can be passed on to other supermarkets who will not wish to lose customers to other retailers, and further passed on down the supply chain to suppliers and producers. Brady (2005) believes “consumer perceptions about and expectations of the supply chain are developing to embrace wider environmental issues” (p394), meaning that the whole supply chain is being forced to respond to environmental concerns.

Pretty et al (2005) have analysed the transport costs of food products in the UK in pence per vehicle kilometre; the costs they have included are congestion, harm to health, climate change and infrastructure damage. Their costs for different types of vehicle are reproduced in Figure 3.6.1.1

<table>
<thead>
<tr>
<th>Table 3.6.1.1 Environmental and Health Costs of Different Modes of Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and health costs (in pence) per vehicle kilometre for various modes of transport</td>
</tr>
<tr>
<td>Vehicle type</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Car</td>
</tr>
<tr>
<td>Light commercial</td>
</tr>
<tr>
<td>Heavy goods vehicle (rigid)</td>
</tr>
<tr>
<td>Heavy goods vehicle (articulated)</td>
</tr>
</tbody>
</table>

Sources: Nash and Salomon (1999) and Dodgson et al. (2002).

Source: Pretty et al (2005, p10)

When multiplied by the increasingly longer journeys food is transported from place of production to final consumption, Figure 3.6.1.1 indicates the huge environmental and health costs caused by the transportation of food. It also highlights the increasing environmental and health costs of larger HGVs, with which the majority of food is transported, and, considering that road transportation is considered to be far less
costly in terms of environment and health than air freight, suggests just how damaging air-freighting of food really is.

Despite the seemingly insurmountable problem of food miles and the negative environmental impact of this aspect of the food and drink sector, there are several proposed actions which, while possibly not offering a solution to the problem, certainly offer ways of mitigating the potentially devastating effects of food miles. One such proposal is the Slower Speeds Initiative (SSI, www.slower-speeds.org.uk), which has shown that speed reductions are the single most effective short term measure for cutting carbon emission from road transportation. The SSI calculates the reduction in carbon emissions if the speed limit of 70 miles per hour was properly enforced to be nearly one million tonnes of carbon (1 MtC) per year, and, if a 60 miles per hour limit was introduced, an annual reduction of 1.88 MtC. To put this in context, in 1995 road freight accounted for 7.4 MtC – at the time this represented 20% of UK transport emissions (Department for Transport, p19), but now road freight represents more like 25%. Indeed the SSI believe that a lower top speed limit would be the most “significant, certain, immediate, equitable and cost-effective” way of reducing carbon emissions from road transportation.

This section has demonstrated the huge impacts which UK supermarkets are seen to have on the environment and shows how much damage is potentially being caused by the volume of products being sold in supermarkets which have been transported from across the globe. Norberg-Hodge et al (2002, p3) believe purchasing locally produced food has a number of positive impacts: “relying more on locally grown, organic foods can help solve a whole range of social and environmental problems at the same time”, showing that the benefits of local food extend beyond reducing environmental problems and go some way towards tackling social problems. As is evident from the UK supermarkets’ CSR reports, some supermarkets such as Waitrose are making a feature out of the local produce they offer, and as DEFRA (2006) found, supermarkets are now at least attempting to tackle transport issues.
3.6.2 Fishing Policies

Sustainable fishing is a very important environmental issue in the present day as it is estimated by Greenpeace (reported in the ACCPE - Advisory Committee on Consumer Products and the Environment - report, October 2005) that three quarters of commercially valuable, global fish stocks have been fully exploited, over exploited or depleted. According to the ACCPE report in October 2005, Asda was the worst performing supermarket on seafood, but since then, they report, it has improved its policies and Morrisons now ranks bottom. Table 3.6.2.1 shows the rankings of UK supermarkets in accordance with their seafood performance prior to Asda’s improvements:

### Table 3.6.2.1 Ranking of UK Supermarkets’ Sustainable Seafood Policies (ACCPE, 2005)

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>1. Sustainable seafood sourcing policies</th>
<th>2. Support for sustainability initiatives</th>
<th>3. Labelling &amp; promotion of sustainable seafood</th>
<th>4. Selling the most destructively fished species</th>
<th>Total score (out of 20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;S</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Waitrose</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Sainsbury's</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Co-op</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Somerfield</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Tesco</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Iceland</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Safeway/Morrisons</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Asda</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

However, despite the high scores given to Marks and Spencer, Waitrose and Sainsbury’s, ACCPE believes that nearly all UK supermarkets are selling endangered and threatened species of fish. Marks and Spencer was credited with supporting research and promoting sustainability initiatives, though, highlighting and supporting the public perception of Marks and Spencer as a more ethical supermarket.

The ACCPE report quotes Greenpeace as stating that supermarkets have the power to protect fish stocks for future generations or to hasten their extinction. This shows the enormous power that supermarkets have over the environment and highlights why sustainability principles must be applied to the policies of the UK’s largest supermarkets.

Greenpeace (2005) argue that, due to the serious threats that fishing poses to the future of marine life, supermarkets should be sourcing sustainable fish. However, Greenpeace provide evidence that this is simply not the case. Greenpeace (2005) believe that worldwide up to ninety per cent of large predatory fish have already been lost; showing the critical state of marine life. As ninety per cent of seafood products bought in the UK are purchased in supermarkets (ACCPE, 2005), the extent of supermarkets’ involvement in depleting the oceans is apparent. Greenpeace (2005) show that Marks and Spencer and Waitrose are leading the way forward towards sustainable fishing policies, and urge other supermarkets to follow suit. This demonstrates yet again how the power held by UK supermarkets can enable positive action to be taken.

3.6.3 Organic and Non-Organic Food Production

Organic food sales represent a positive impact of UK supermarkets as Morgan and Morley (2002) state that multiple retailers are the “largest retailers of organic foods” (p7). Pretty et al (2005) believe that organic agriculture, although not the only sustainable current practice, has a “well-defined system of standards…and seeks to promote and enhance ecosystem health whilst minimising adverse effects on natural resources” (p3) and is therefore a good comparison standard for non-organic production. Pretty et al (2005, p 4) have produced a table, reproduced as Figure
3.6.3.1 below, comparing costs from current agriculture – based on 2000 figures – for non-organic and organic farming; the organic figures assume the whole of the UK is organic. This shows the additional environmental externalities created by non-organic farming: the total figure for negative externalities for a non-organic UK is £1514.4 million; and for organic the total figure is £384.9 million.

Figure 3.6.3.1 The Negative Externalities of UK Agriculture

<table>
<thead>
<tr>
<th>Source of adverse effects</th>
<th>Actual costs from current agriculture (£ M yr⁻¹)</th>
<th>Scenario: costs as if whole of UK was organic (£ M yr⁻¹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pesticides in water</td>
<td>143.2</td>
<td>0</td>
</tr>
<tr>
<td>Nitrate, phosphate, soil and Cryptosporidium in water</td>
<td>112.1</td>
<td>53.7</td>
</tr>
<tr>
<td>Eutrophication of surface water</td>
<td>79.1</td>
<td>19.8</td>
</tr>
<tr>
<td>Monitoring of water systems and advice</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Methane, nitrous oxide, ammonia emissions to atmosphere</td>
<td>421.1</td>
<td>1727</td>
</tr>
<tr>
<td>Direct and indirect carbon dioxide emissions to atmosphere</td>
<td>102.7</td>
<td>32.0</td>
</tr>
<tr>
<td>Off-site soil erosion and organic matter losses from soils</td>
<td>59.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Losses of biodiversity and landscape values</td>
<td>150.3</td>
<td>19.3</td>
</tr>
<tr>
<td>Adverse effects to human health from pesticides</td>
<td>1.2</td>
<td>0</td>
</tr>
<tr>
<td>Adverse effects to human health from micro-organisms and BSE</td>
<td>432.6</td>
<td>59.4</td>
</tr>
<tr>
<td>Totals</td>
<td>£1514.4</td>
<td>£384.9</td>
</tr>
</tbody>
</table>


However, it must be borne in mind that these positive views of organic production are not universally held; indeed as highlighted in the interview with Tara Garnett (Appendix 1), in some cases organic food is sourced from further away and therefore there is a trade-off to be made between organic food which has travelled further and non-organic food which may have travelled less distance. Additionally, new evidence from Green (2007, in Smith, 2007) demonstrates that even buying organic local food may in some respects be more damaging than food transported for long distances. Therefore, the evidence on whether organic food is better for the environment is possibly not as clear-cut as Pretty et al (2005) portray it to be.
3.7 Interview with Tara Garnett

In order to supplement the literature review and provide a demonstration of the perceived credibility of UK supermarkets’ CSR reports, an interview was conducted with Tara Garnett from Food Climate Research Network (FCRN), Centre for Environmental Strategy, University of Surrey (See Appendix 1 for full interview). The purpose of this interview was to access the opinion of an environmental and CSR specialist working within the food industry.

The interview showed that on the subject of ‘food miles’ as related to food consumption, Tara viewed trends as ‘slightly negative’; both with relation to past, current and future performance of UK supermarkets. An interesting perception to emerge was her view that while food miles are important, their emissions are generally minor relative to those of the production and processing of food. This is especially important given the massive emphasis on food miles, as demonstrated throughout this chapter, possibly demonstrating a lack of focus in academic publications on the more important contributors to emissions: food production and processing. Another view expressed was that UK supermarkets’ response to food miles was ‘very negative’ as she believed they were not responding adequately. Supermarkets she named as doing the most to address food miles were Waitrose and Marks and Spencer. Additionally, Tara viewed supermarkets’ trend towards organic food as ‘slightly positive’, but highlighted the fact that organic produce may travel further, emphasising the need for regional supply.

The remainder of the interview focused on what supermarkets need to do with respect to their CSR reports and other related matters and will be described within the discussion in Chapter 7.
3.8 Conclusion

This chapter has analysed the environmental and social impacts of UK supermarkets on a range of stakeholders, including customers, suppliers, employees, local communities and the environment, and serves as a literature review of the reported impacts of UK supermarkets. Whilst not extensive for all types of impact and stakeholder, it is reflective of the nature and focus of this particular research and also reflects the degree of attention given within the literature relating to the impacts of supermarkets on the environment.

The chapter has demonstrated both the positive and negative impacts of supermarkets on customers, and has discussed the debate as to whether they truly are giving customers more value for money. With regard to supermarkets’ impact on suppliers, the main body of evidence initially appears fairly damning; however, Sainsbury’s latest move to source only fair-trade bananas has been very well received by countries supplying fair-trade bananas. This could possibly be the start of changes to supermarkets’ alleged current abuse of their size and power. In respect to treatment of employees, it appears as though there are substantial differences between the supermarkets, as the five supermarkets analysed later in this research report good treatment of employees, whereas the evidence in this chapter suggests that Asda may not. This could be an interesting area for further study, and despite not being the main focus of this report, the matrix and questionnaire devised from Business in The Community’s environmental and social indicators does assess this, as does the matrix derived from the Government’s Food Industry Sustainability Strategy 2006, at least in part.

When considering UK supermarkets’ impact on local communities, contrasting opinions were found: between those who believe supermarkets can help improve the local community, and those who believe supermarkets are opposed by many local residents and drive local businesses away. With regard to impact on the environment there was a substantial quantity of literature to review, as it is widely believed to be one of the main public and customer relations issues for UK supermarkets. Key issues highlighted within the literature are: food miles; fishing policies; and organic versus non-organic food production. The interview conducted to supplement the literature
review highlighted an independent opinion of the negative impact UK supermarkets are having upon the environment and illustrates that, on balance, supermarkets are perceived as having a negative effect on the environment, whether or not this assessment can be objectively quantified. In short, the UK supermarket sector is perceived as having a large, negative impact on each of the highlighted areas, and the power they have leads to the situation that, should supermarkets choose to, they could substantially and positively affect overall performance in such areas.

Although much of the information given within this chapter appears to portray supermarkets in a very negative light, this must be considered in the light of the nature of the retail sector. It can easily be argued that, as supermarkets are responding to consumers’ desires and demands in order to remain competitive in a highly cost-conscious sector facing constant competition from international firms, the criticism lies with consumer culture rather than supermarkets themselves. As Morgan and Morley (2002) report, multiple retailers “invariably present themselves as mere servants of changing consumer tastes” (p5). They believe current food trends are driven by new demographic and lifestyle factors, such as growing time pressure and changing eating habits. However, it is clearly seen that as consumers are becoming more concerned with environmental and social issues, so supermarkets are responding to them; showing supermarkets to be, to some extent, reflections of society. Should supermarkets shape consumers choices, rather than just responding to what consumers desire, in order to behave in a more socially responsible manner? Arguably, as highlighted at the Co-operative Group’s Conference (2006, see Appendix 3), this role is more typically seen as the preserve of Government, rather than of individual retailers: many will take the view that it is Government that must lead, in order to enhance the social responsibility of the retail sector.
Chapter 4: Corporate Social Responsibility Reporting

4.1 Introduction

According to Snide et al (2003, p176), CSR reporting is, somewhat negatively, a “method of self-presentation and impression management conducted by companies to ensure various stakeholders are satisfied with their public behaviours”. They also state that CSR reporting concerns “the process of communicating the social and environmental effects of organizations’ economic actions to particular interest groups within society and to society at large” (Gray et al, 1996, in Snide et al, 2003, p176). The fact CSR reporting is referred to as ‘impression management’ potentially highlights the reason for UK supermarkets producing CSR reports and may therefore serve to undermine their reports if this is found to be the case. This chapter discusses CSR reporting as a whole in terms of environmental reporting and sustainability reporting.

4.2 Environmental and Social Reporting

The Sustainable Agri-Food Production and Consumption Forum (2001), part of the United Nations Environment Programme, outlines good practices in environmental reporting. They define a Corporate Environmental Report (CER) as “a tool to communicate a company's environmental performance”. A CER is used in order to demonstrate “company-wide integrated environmental management systems, corporate responsibility and the implementation of voluntary initiatives and codes of conduct” (Sustainable Agri-Food Production and Consumption Forum, 2001). The Forum believes that a CER can satisfy stakeholders’ demands, as well as enabling the company to track its own progress and additionally identify internal strengths and weaknesses. Most importantly, in terms of relevance to this study, they believe “combining environmental reporting with social and economic reporting provides information on a company's performance against the "triple bottom line" of sustainability” (Sustainable Agri-Food Production and Consumption Forum, 2001);
showing how environmental reporting and social and economic reporting can be combined. For the Forum (ibid), a CER enables measurement of adherence to defined environmental policies, goals and objectives.

Pretty et al (2005) describe a number of studies that have attempted to assess the environmental costs of farming in the UK, studies which tend to be cost-based; looking at replacement costs, substitute goods, loss of earnings and clean up costs (ibid p3). One major problem Pretty et al (2005) highlight in assessing these studies is the difficulty of using baselines and absolute costs. This brings up the issue of absolute versus relative ways of viewing environmental impacts and costs and is an important issue.

As shown in the following method section, the environmental and social performance of companies tends to be rated relatively. For example, the goals put forward by Margaret Beckett for the Government’s Food Industry Sustainability Strategy ask that companies within the food industry comply with a set of relative targets such as “reduce its carbon emissions by 20% by 2010 against a 1990 baseline” (DEFRA, 2006). This is not offering a normative judgement on the level of emissions which is considered to be ‘right’ or ‘ethical’, as compared to the level of emissions which is considered to be ‘wrong’ or ‘unethical’, rather it is setting a relative decrease in carbon emissions in comparison to a set baseline. An important question to then ask is, when supermarkets say that they have reduced their carbon emissions by ‘x’ % or increased pay to certain suppliers by ‘x’ %, is this really enough or, under more normative terms, would their performance still be classed as ‘unethical’ or ‘excessive’?

This issue is discussed academically within literature surrounding The Natural Step (TNS) and in particular by Upham (2000). TNS is an international sustainable development charity and has developed a set of tools – TNS Framework – which apply “a systems view of the sustainable natural cycles of this planet...presented within a methodology supporting practical sustainable development decision making” (Brady, 2005, p44).
Brady (2005) summarises ‘The four system conditions of TNS Framework’ (*ibid*, p45) in the following way:

“In the sustainable society, nature is not subject to systematically increasing:
…concentrations of substances extracted from the Earth’s crust
…concentrations of substances produced by society
…degradation by physical means
and
…human needs are met worldwide” (*ibid*).

Returning to the issue of relative versus absolute measures of changes in the performance of UK supermarkets – putting aside the matter of normative judgement; academic business and sustainability theorists (e.g. Upham, 2001) emphasis the need for absolute, as well as relative, indicators. This is accepted by business in some quarters; for example the International Civil Aviation Organisation (ICAO, 2004) has produced a Memorandum of Understanding (MOU) – a voluntary agreement – with the purpose of reducing or limiting the carbon dioxide emissions from aviation. The subject of voluntary agreements is highly relevant to this study of UK supermarkets’ CSR reports, as CSR reports are currently still voluntary in the UK. Within ICAO’s MOU (*ibid*), the issue of relative versus absolute measures is raised. ICAO clearly states that voluntary programmes, such as carbon emissions reduction, must have clearly defined goals which satisfy two elements: having an actual level of targeted emissions (or otherwise) reduction; and a metric used to measure that reduction. Both issues are relevant to the analysis of UK supermarkets’ CSR reports, but of most significance to this debate is their focus on the metric used to measure the reduction.

According to ICAO (2004), of utmost importance to setting a voluntary agreement, such as a supermarket aiming to reduce its carbon emissions, is choosing the proper metric for expressing a goal. Improvements in emissions, or otherwise, can therefore be measured either in absolute or relative terms. They believe that both methods emphasise different aspects of the overall environmental goal – i.e. reducing carbon emissions: “relative goals generally recognise improvements that can be realised whether the absolute emissions continue to grow or not” (*ibid*, p9) and “absolute goals can demonstrate real reductions in actual emissions” (*ibid*, p9). Therefore, ICAO
(2004) is of the opinion that relative and absolute goals, and means of measuring goals, both have advantages and disadvantages.

In considering the normative aspects of viewing the performance of UK supermarkets’, particularly their CSR reports – regardless of whether measured relatively or absolutely – it is useful to acknowledge the views of environmental economists (Bartelmus, 1999). According to Bartelmus (1999), environmental economists take the view that positivist science – in this case economics – should be kept apart from normative judgements. However, environmental and social perspectives and issues clearly involve normative issues. Indeed, Bartelmus (1999) does put forward a potential reconciliation between positivist economics and normative views by suggesting that the set of social and environmental goals and norms be explicitly related to economic or market activity.

Returning to the subject of baselines (Pretty et al, 2005), the ICAO (2004) describe the different baselines appropriate to voluntary agreements: “achievements can be evaluated against a baseline of actual past emissions or a projection of baseline forecasted emissions” (ibid, p9). This therefore means that any environmental improvements can be measured either against future benchmarks, or past or current performance (ibid, p9).

The Japanese Ministry of Environment (2004) describe the two fundamental functions of environmental reporting as being an external function and an internal function. The external function is split into: disclosing information based on the social accountability of organisations; providing information that is useful for decision making of interested parties; and promoting environmental activities by a ‘pledge and review’ between organisations and the public. The internal function is split into: establishing or revising environmental policies, objectives or programmes of organisations; and motivating managers and employees to engage in environmental activities. The Japanese Ministry of Environment (2004) state that, when writing and publishing environmental reports, it is important that they are designed to achieve these functions. Therefore, it is important to assess whether the environmental section of the CSR reports of the selected supermarkets do achieve these functions. This document uses the analogy of an ‘open window’ to describe environmental reporting,
as it enables interested parties outside of the organisation to view the organisation’s ideas and measures with relation to the environment. It also describes environmental reporting as a form of communication.

In addition to describing the functions of environmental reporting, the document produced by the Japanese Ministry of Environment (2004) also lists five essential principles for making environmental reporting an effective tool for communication and fulfilling social accountability. The five essential principles listed are: Relevance; Reliability; Clarity; Comparability; and Verifiability – these are internationally generic and will be used in the discussion in Chapter 7 as part of the analysis of UK supermarkets’ CSR reports.

4.3 Conclusion

This chapter has built upon the concepts of environmental reporting theory and sustainability, and discussed how these can be applied to CSR reporting. It has discussed environmental and social reporting in detail and raised several theoretical debates, such as the role of normative judgements and whether absolute or relative reductions, for example in emissions, should be sought. The chapter has also outlined the functions of CSR reporting and its essential principles as outlined by the Japanese Ministry of Environment (2004), who advocate generic reporting principles that will be used subsequently.


Chapter 5: Method

“To reduce, and ideally minimize, the environmental impacts of food supply it is necessary to assess the environmental burdens of all processes involved in the production, packaging, and transportation of individual food products” (Jones, 2002, p563).

“We must seek to measure and report not only short term indicators of good performance but those that reveal a long term commitment to a sustainable future”.


5.1 Introduction

This chapter seeks to familiarise the reader with the empirical content of this research project. First it will give various definitions of supermarkets, and compile lists of those organisations classed as ‘supermarkets’ within other publications, in order to devise a list of supermarkets to be analysed. From this list, the website CorporateRegister.com is used in order to search for the CSR reports of each supermarket; those whom CorporateRegister.com identify as having a standalone CSR report then provide the selected supermarkets for which the main analyses are conducted. The chapter then provides a brief outline of the environmental and social reporting guidelines which will be used to analyse the supermarkets’ CSR reports –

- The Government’s Food Industry Sustainability Strategy 2006;
- BiTC’s Social and Environmental Indicators; and
- DEFRA’s Environmental Key Performance Indicators.

There then follows a full description of how separate matrices are devised by the author from each of the above guidelines, alongside a full explanation of the processes of analysis and scoring for each of the three matrices.
5.2 Supermarket definition

Up to this point, supermarkets have been discussed extensively but there has been no need to formally define the term. In order to select supermarkets for primary analysis, however, it is necessary to be more precise. Norberg-Hodge et al (2002) suggest two categories of food systems: global food systems and locally adapted food systems. Supermarkets generally fall under global food systems which are characterised as being “large-scale, highly mechanized, monocultural, and chemical-intensive methods with production oriented toward distant and increasingly global markets” (ibid, p3). These systems are “extremely capital- and energy-intensive” (ibid, p3) and their aim is to maximise the “yield of a narrow range of globally traded commodities, while minimizing human labour” (ibid, p4).

There are varying definitions of what a supermarket is, ranging from short definitions such as:

“A large self-service store selling foods, household goods etc” (The Concise Oxford Dictionary, 1998)

to more encompassing definitions such as:

“A self-service grocery outlet that sells food, beverages and other goods. They are located on urban high streets or in shopping malls, covering an area of between 4,000 – 25,000 square ft. Over the last 10 – 15 years, many have developed branches in out-of-town or edge-of-town locations” (Michaels, 2004).

Those characteristics of a supermarket which recur throughout various definitions of the term are:
1. A self-service food store... (www.prenhall.com)
2. on a single level... (http://en.wikipedia.org/wiki/Supermarket)
3. with between 185 and 2,320 square metres of net floor space... (www.richmond.gov.uk/home/environment/planning/glossary_of_planning_terms)
4. selling groceries, dairy products and household goods... (www.wordnet.princeton.edu/perl/webwn)
5. with a minimum of $2 million yearly sales. (www.glencoe.com/sec/busadmin/marketing/dp/food_mktg/gloss.shtml)
6. Supermarkets are part of a chain which owns or controls other supermarkets in other areas... (http://en.wikipedia.org/wiki/Supermarket, 2006)
7. are often situated near residential homes... (ibid)
8. and have convenient shopping hours (ibid).

There are many points to consider when determining which companies should be included in this analysis of UK supermarkets’ CSR policies. The many different definitions of supermarkets poses an initial problem, as does collecting the information required to assess a potential supermarket against criteria in a definition: for example the idea of floor space being a defining criteria is complicated, as finding this information could prove problematic; many large food retailers now have varying sizes of store as many supermarkets are currently trying to gain a foothold in the convenience sector, for example, Tesco Metro and Sainsbury’s Local; also, supermarkets are moving into other product areas such as financial services. In short, constructing an accurate definition of a supermarket, by which to assess and select companies for analysis, is particularly problematic.

Therefore, the approach taken here is to analyse those companies that other sources have defined as supermarkets:

- Fox and Vorley (2004), in the Race to the Top, list the market shares of supermarkets (See Table 1.2.1) and select Tesco, Asda, Sainsbury’s, Morrisons, Safeway, Somerfield, Kwik save, Co-ops, Iceland and Waitrose.
- Mintel’s Food Retailing UK report (November 2005) lists the same supermarkets, excluding Iceland.
- Whitwell (2006), in an article in Multiple Buyer and Retailer, uses Tesco, Asda, Sainsbury’s, Morrisons, Somerfield, Waitrose and Marks and Spencer in his analysis of UK supermarket performance.
• Michaels (2006) in her analysis of ‘What’s wrong with supermarkets?’ examines Somerfield, Tesco, Sainsbury’s, Marks and Spencer, Asda and Morrisons.
• The magazine Ethical Consumer, 21st October 2005, looks at the ethical rating of supermarkets in the UK and lists the large UK supermarkets as Waitrose, Booths, Marks and Spencer, Morrisons, Somerfield, Sainsbury’s, Tesco and Asda; and the small UK supermarkets as Costcutter, Aldi, Co-op, Farmfoods, Londis, Budgens, Netto, Lidl, Iceland and Kwiksave.
• Moore and Robson (2002) analysed the corporate social and financial performance of Marks and Spencer, Safeway, Sainsbury’s, Somerfield, Tesco, Budgens, Iceland and Morrisons.

The number of times each supermarket is mentioned in the above six sources will now be tabulated:

Figure 5.2.1 Tabulation of the Number of Times Each Supermarket was Mentioned in the Above Literature Review

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Number of Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tesco:</td>
<td>6</td>
</tr>
<tr>
<td>Sainsbury’s:</td>
<td>6</td>
</tr>
<tr>
<td>Morrisons:</td>
<td>6</td>
</tr>
<tr>
<td>Somerfield:</td>
<td>6</td>
</tr>
<tr>
<td>Asda:</td>
<td>5</td>
</tr>
<tr>
<td>Waitrose:</td>
<td>4</td>
</tr>
<tr>
<td>Safeway:</td>
<td>3</td>
</tr>
<tr>
<td>Kwik Save:</td>
<td>3</td>
</tr>
<tr>
<td>Co-op:</td>
<td>3</td>
</tr>
<tr>
<td>Iceland:</td>
<td>3</td>
</tr>
<tr>
<td>Budgens:</td>
<td>2</td>
</tr>
<tr>
<td>Booths:</td>
<td>1</td>
</tr>
<tr>
<td>Costcutter:</td>
<td>1</td>
</tr>
<tr>
<td>Aldi:</td>
<td>1</td>
</tr>
<tr>
<td>Farmfoods:</td>
<td>1</td>
</tr>
<tr>
<td>Londis:</td>
<td>1</td>
</tr>
<tr>
<td>Netto:</td>
<td>1</td>
</tr>
<tr>
<td>Lidl:</td>
<td>1</td>
</tr>
</tbody>
</table>

The low result of 3 for both Safeway and Kwik Save is likely explained due to Safeway now being owned by Morrisons and Kwik Save by Somerfield, which were each referred to the maximum number of 6 times. In the initial search for CSR reports, Safeway and Kwik Save will still be discussed separately, but are not included in the main analysis, as any CSR reports produced are unlikely to remain valid post take over. The right column of Figure 5.2.1 will also be disregarded, as
these were referred to only 1 or 2 times in the six sources analysed, showing that they are rarely included in analyses of UK supermarkets, mainly due to their small market share. In fact, all are included under the heading ‘other’ in Mintel’s *Food Retailing UK report November 2005* and the section ‘other’ accounts in total for just 12% of the UK food retailing market in aggregate.

Thus those food retailers to be classed as the major UK supermarkets for the purposes of this research are *Tesco, Sainsbury’s, Morrisons, Somerfield, Asda, Waitrose, Marks and Spencer, Safeway, Kwik Save, Co-op and Iceland* – as they have been classified as supermarkets by at least half of the sources examined. The only potential anomaly is Marks and Spencer, which is not primarily a supermarket; however it was referred to as a supermarket by four of the six sources analysed and according to Fox and Vorley (2004) has 3 per cent of the UK retail food market and will therefore be classed as a supermarket within this research. This selection is used to search for UK supermarkets’ CSR reports, in order to produce a final list of those UK supermarkets whose CSR reports can be accessed for analysis.

### 5.3 Method for Searching for CSR Reports

According to DEFRA’s (2006) website page ‘*Environmental Reporting*’ CorporateRegister offers a free online list of “all known UK and global environmental, social and sustainability reports”. On the basis of DEFRA’s recommendation, the website CorporateRegister.com has been used to determine which UK supermarkets produce CSR reports and also as a means of accessing and downloading the reports for further analysis.

Two searches were conducted to ensure maximum accuracy and coverage of UK supermarkets. The initial search was Advanced Companies Search: under **Business Sector**, *Food and Drug Retailers* was selected; under **Affiliation**, *All* was selected; under **Country**, *UK* was selected; **Status** was left blank; under **Results per page**, *All* was selected. This search generated 14 results.
The second search was under Advanced Reports Search: under **Business Sector**, *All* was selected; under **Affiliation**, *All* was selected; under **Country**, *UK* was selected; **Year(s) Published**, was left blank; under **Report Type**, ‘Corporate Responsibility’ (*EHS/Community/Social*) was selected; under **Report Format**, *All* was selected; and under **Results per page**, *All* was selected. This search generated 356 results.

Of the results that were found, each supermarket was selected individually and the information documented as follows in Table 5.3.1:
Table 5.3.1 Results of CSR report search on CorporateRegister

<table>
<thead>
<tr>
<th>Company</th>
<th>Affiliations</th>
<th>Reporting Status</th>
<th>Report Type</th>
<th>Published</th>
<th>Production Cycle</th>
<th>Consultant(s)</th>
<th>Verifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks and Spencer plc</td>
<td>BITC</td>
<td>Corporate social responsibility report 2006</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>June 2006</td>
<td>Annual</td>
<td>Not known</td>
<td>Ernst and Young LLP (UK)</td>
</tr>
<tr>
<td></td>
<td>FTSE4Good PriorityReporter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tesco</td>
<td>BITC</td>
<td>Corporate responsibility review 2006</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>May 2006</td>
<td>Annual</td>
<td>Not known</td>
<td>Forum for the Future</td>
</tr>
<tr>
<td></td>
<td>FTSE4Good</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J Sainsbury plc</td>
<td>BITC</td>
<td>Corporate social report 2005</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>June 2005</td>
<td>Annual</td>
<td>Context</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>FTSE4Good</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waitrose Limited</td>
<td>None or not known</td>
<td>Corporate social responsibility report 2004</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>July 2004</td>
<td>Every 2 years</td>
<td>Flag</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safeway plc</td>
<td>None or not known</td>
<td>2002/3 CSR report</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>June 2003</td>
<td>Not known</td>
<td>Not known</td>
<td></td>
</tr>
<tr>
<td>Co-operative Group (CWS) Ltd</td>
<td>BITC</td>
<td>Corporate social responsibility report 2006</td>
<td>'Corporate Responsibility' (EHS/Community/Social)</td>
<td>January 2007</td>
<td>Annual</td>
<td>Not known</td>
<td>KPMG (UK)</td>
</tr>
<tr>
<td>Asda Group plc</td>
<td>BITC</td>
<td>No environmental or social reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wal-Mart Stores inc</td>
<td></td>
<td>No environmental or social reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wm Morrison Supermarkets plc</td>
<td>BITC</td>
<td>Short environmental/social statement in Annual Report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iceland Group plc</td>
<td>BITC</td>
<td>No environmental or social reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somerfield plc</td>
<td>BITC</td>
<td>Only report electronically on their own Web site</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FTSE4Good</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: Wal-Mart Stores inc has been included for illustrative purposes only as it is the parent company of Asda Group plc; because it is not a UK company, Wal-Mart will not be included in the analyses of CSR reports.
Of these 11 supermarkets, only six have CSR reports identified by CorporateRegister; the others having either no report or just a short statement on the website or within the Annual Report. Additionally, Safeway’s most recent CSR report dates from 2003 and coincides with its takeover by Morrisons in 2003 (Bevan, 2005); therefore the report will not be analysed as any CSR aims or future targets will have likely changed when it was bought by Morrisons – who are identified by CorporateRegister as having only a short environmental/social report in their Annual Report rather than a full CSR report. Additionally, the report of Safeway’s CSR performance from 2002/3 is not up-to-date enough for an analysis of supermarket CSR policies in 2006/7. This leaves five supermarkets whose CSR reports will be analysed in detail using matrices derived from the Government’s Food Industry Sustainability Strategy 2006, BiTC’s Social and Environmental Indicators, and DEFRA’s Environmental Key Performance Indicators reporting guidelines: the Co-operative Group, Marks and Spencer, Sainsbury’s, Tesco, and Waitrose.

5.4 Environmental and Social Reporting Within the UK Supermarket Sector

Environmental reporting should include details of environmental performance in relevant areas, for example greenhouse gas emissions, waste and water use (e.generation, no date). Such information should be expressed in terms of quantified data and improvement targets, and, when present, is usually found in the annual reports of a company, and/or in a standalone report (e.generation, no date).

There are a variety of reporting indices available for assessing the CSR reports of the selected UK supermarkets. In this case, the goals outlined in the Government’s Food Industry Sustainability Strategy 2006, BiTC’s Social and Environmental Indicators, and DEFRA’s Environmental Key Performance Indicators are all used to assess the CSR reports separately, by providing a range of common, standardised assessment criteria. These three reporting methods have been selected primarily because they are prominent in the UK: all of the selected supermarkets will have had an opportunity to view the guidelines, and, if they so wish, to tailor their CSR report in order to meet some or all of them. No supermarket should have had an unfair advantage in terms of
reporting their performance, by having had access to one or all of the reporting guidelines while others did not. If this were the case, the results would potentially be biased in favour of any supermarkets that were aware of the guidelines.

The Government’s Food Industry Sustainability Strategy 2006 is targeted towards, and therefore directly relevant to, UK supermarkets; it is also current – a reason for excluding the Global Reporting Initiative (GRI) criteria was that the latest GRI guidelines had not been released in time for this study. BiTC’s Social and Environmental Indicators assess elements relating to a business’s impact on the surrounding community and other social issues not prominent within the targets in the Government’s strategy. Finally, the DEFRA KPIs provide a basis for a detailed environmental analysis of UK supermarkets. In combination, these reporting methods offer the potential for a broader and richer analysis than any of the three alone. Below, each reporting method is analysed in order to consider their analytic potential in the supermarket sector in more detail, and the extent to which they add value when combined.

5.4.1 The Government’s Food Industry Sustainability Strategy 2006

DEFRA’s Food Industry Sustainability Strategy, put forward by Margaret Beckett in April 2006, has the following ambitions for the food industry as a whole (DEFRA, 2006):

1. To reduce its carbon emissions by 20% by 2010 against a 1990 baseline;
2. To reduce water use by 10-15% by 2010 and by 20-25% in the South East of England;
3. To significantly reduce the environmental and social costs of its domestic food transportation by 2012; and
4. For the food manufacturing sector to reduce its food waste by 15-20% by 2010.
In addition to these environmental ambitions, the strategy also outlines aims intended to improve performance in ethical trading, health and safety, and equal opportunities (ibid). These aims are:

1. doubling the amount or percentage of food in supermarkets covered by ethical trading schemes by 2008;
2. halving the level of under-representation of women and ethnic minorities in skilled and administrative and managerial grades in the industry by 2010, benchmarked against their representation in the labour force;
3. cutting all deaths and serious injuries per thousand workers in the food and drink industry by 10% by 2010;
4. reducing by 40% the number of adult workers in the food retail and manufacturing sectors who lack qualifications at NVQ level 2 and above by 2010 against a 2003 baseline;
5. helping to improve the nation's nutrition and health, as set out in the 2004 Public Health White Paper; and
6. helping to reduce food borne illness, as set out in the Food Standard Agency's 2005-2010 Strategic Plan.

Using these ten targets outlined in the Government’s Food Industry Sustainability Strategy 2006, a scoring matrix is constructed through which to analyse each of the five selected supermarkets’ CSR reports, in order to determine whether, according to their CSR report, they have met the target and, if not, where they are with relation to it. For each of the ten criteria, all five CSR reports are separately analysed according to their stated performance and assigned to one of six categories, which corresponds to their score on that issue. The categories and the scoring system used have been devised by the author and are as follows:
The results are displayed in a matrix in order that each supermarket’s overall performance can be compared with the others as well as their individual performance on each target, and also allowing for an aggregate comparison of all five supermarkets on each target to assess whether or not they are in line with the Government’s targets as a sector. In order that the results for each supermarket are as comparable as possible and may be easily subjected to third party scrutiny, the qualitative reason for each supermarket’s score on each of the targets is recorded separately to enable this to take place. The detailed qualitative reasons for each separate result given are very lengthy and therefore can be found in Appendix 4; they consist of extracts from the CSR reports of each supermarket and have been cross-checked to ensure that the results are comparable across the different supermarkets. For example, this means that supermarkets scoring 1 on the first target have highly comparable, if not identical, performance reported within their CSR reports for that particular issue as any other supermarkets scoring 1. With regard to scores 5 and 6, supermarkets are deemed to have achieved 6 if their stated current performance is already above or equal to the government’s future target for that issue; they are deemed to have achieved 5 if they state a future target above or equal to the government’s target, or if their current performance is such that, if continued, they will meet the government’s target by the target date.

The performance matrix developed with respect to the Government's Food Industry Sustainability Strategy will generate results used to assess the likelihood that the selected supermarkets will meet, or fail to meet, these targets. As some of the CSR
reports of the selected supermarkets were prepared before the Government strategy they could be seen to have a disadvantage in being unable to gear their CSR report specifically towards the targets outlined; therefore, the analyses conducted using DEFRA and BiTC guidelines are a vital element in supporting the overall findings as they should help to reduce this potential bias.

5.4.2 DEFRA’s Environmental KPIs

The document ‘DEFRA Environmental Key Performance Indicators. Reporting Guidelines for UK Business’ (DEFRA, 2006) outlines twenty five Key Performance Indicators (KPIs – See Figure 5.4.2.1) that provide guidance to companies producing an environmental report. The use of these KPIs is believed to help manage and communicate links between the environmental and financial performance of a company, although DEFRA acknowledges the fact that no company will be expected to report on all twenty five KPIs (ibid, p4).
The 25 direct Key Performance Indicators considered to be significant to UK businesses are:

**Emissions to air**
1. Greenhouse Gases
2. Acid Rain, Eutrophication & Smog Precursors
3. Dust and Particles
4. Ozone Depleting Substances
5. Volatile Organic Compounds
6. Metal emissions to air

**Emissions to water**
7. Nutrients and Organic Pollutants
8. Acid emissions to water
9. Metal emissions to water

**Emissions to land**
10. Pesticides and Fertilisers
11. Metal emissions to land
12. Acids and Organic Pollutants
13. Waste (Landfill, Incinerated and Recycled)
14. Nuclear Waste

**Resource Use**
15. Water Use and Abstraction
16. Natural Gas
17. Oil
18. Metals
19. Coal
20. Minerals
21. Aggregates
22. Forestry
23. Agriculture

**Financial**
24. Environmental Fines
25. Environmental Expenditures


The purpose of the guidelines is to:

- Give clear guidance to companies on how to report on their environmental performance using environmental Key Performance Indicators (KPIs);
- Define which KPIs are most relevant to which sectors; and,
• Set out the business rationale for managing environmental performance using KPIs. *(ibid, p5)*.

With respect to the second point, DEFRA lists economic sectors and specifies which KPIs are relevant to each sector *(ibid, pp19-24)*. From this list we can ascertain which sectors supermarkets would fall under and hence use DEFRA’s tables to look up corresponding KPIs with which to assess the selected supermarkets. Although this sounds a simple enough task, classifying which sectors supermarkets would fall under is not straightforward. Below, the author has put in bold the sectors believed to apply to supermarkets; however some – such as Telecommunications – do not apply to all of the selected supermarkets as not all the supermarkets provide this service. The full list of sectors is as follows in Figure 5.4.2.3:
# Figure 5.4.2.3 Full list of DEFRA's Economic Sectors

<table>
<thead>
<tr>
<th>Economic Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities auxiliary to financial intermediation</td>
</tr>
<tr>
<td>Activities of membership organisations</td>
</tr>
<tr>
<td>Agricultural and animal husbandry service activities, except veterinary activities</td>
</tr>
<tr>
<td>Air transport</td>
</tr>
<tr>
<td>Collection, purification and distribution of water</td>
</tr>
<tr>
<td>Computer and related activities</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Electricity, gas, steam and hot water supply</td>
</tr>
<tr>
<td>Extraction of crude petroleum and natural gas</td>
</tr>
<tr>
<td>Farming of animals</td>
</tr>
<tr>
<td>Financial intermediation, except insurance and pension funding</td>
</tr>
<tr>
<td>Fishing, aquaculture and service activities incidental to fishing</td>
</tr>
<tr>
<td>Forestry, logging and related service activities</td>
</tr>
<tr>
<td>Growing of crops, market gardening and horticulture</td>
</tr>
<tr>
<td>Health and social work</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
</tr>
<tr>
<td>Insurance and pension funding, except compulsory social security</td>
</tr>
<tr>
<td>Land transport and transport via pipelines</td>
</tr>
<tr>
<td>Manufacture of basic metals</td>
</tr>
<tr>
<td>Manufacture of chemicals and chemical products</td>
</tr>
<tr>
<td>Manufacture of coke, refined petroleum products and nuclear fuel</td>
</tr>
<tr>
<td>Manufacture of electrical machinery and apparatus</td>
</tr>
<tr>
<td>Manufacture of fabricated metal products, except machinery and equipment</td>
</tr>
<tr>
<td>Manufacture of food products and beverages</td>
</tr>
<tr>
<td>Manufacture of furniture, manufacturing</td>
</tr>
<tr>
<td>Manufacturing of machinery and equipment</td>
</tr>
<tr>
<td>Manufacture of medical, precision and optical instruments, watches and clocks</td>
</tr>
<tr>
<td>Manufacture of motor vehicles, trailers and semi-trailers</td>
</tr>
<tr>
<td>Manufacture of office, accounting and computing machinery</td>
</tr>
<tr>
<td>Manufacture of other non-metallic mineral products</td>
</tr>
<tr>
<td>Manufacture of other transport equipment</td>
</tr>
<tr>
<td>Manufacture of paper and paper products</td>
</tr>
<tr>
<td>Manufacture of radio, television and communications equipment and apparatus</td>
</tr>
<tr>
<td>Manufacture of textiles</td>
</tr>
<tr>
<td>Manufacture of tobacco products</td>
</tr>
<tr>
<td>Manufacture of wood and of products of wood and cork, except furniture, and</td>
</tr>
<tr>
<td>manufacture of articles of straw and plaiting materials</td>
</tr>
<tr>
<td>Mining of coal and ignite, extraction of peat</td>
</tr>
<tr>
<td>Mining of metal ores</td>
</tr>
<tr>
<td>Other business activities (legal, accounting, management consulting, administrative, etc)</td>
</tr>
<tr>
<td>Other mining and quarrying</td>
</tr>
<tr>
<td>Other service activities (laundry, hairdressing, funeral services, etc)</td>
</tr>
<tr>
<td>Post and courier activities</td>
</tr>
<tr>
<td>Public administration and defence</td>
</tr>
<tr>
<td>Compulsory social security</td>
</tr>
<tr>
<td>Publishing, printing and production of recorded media</td>
</tr>
<tr>
<td>Real estate activities</td>
</tr>
<tr>
<td>Recreational, cultural and sporting activities</td>
</tr>
<tr>
<td>Renting of machinery and equipment without operator and of personal and household goods</td>
</tr>
<tr>
<td>Research and development</td>
</tr>
<tr>
<td>Retail trade, except of motor vehicles and motor cycles</td>
</tr>
<tr>
<td>Repair of personal and household goods</td>
</tr>
<tr>
<td>Sale, maintenance and repair of motor vehicles and motorcycles</td>
</tr>
<tr>
<td>Retail sale of automotive fuel</td>
</tr>
<tr>
<td>Sewage and refuse disposal, sanitation and similar activities</td>
</tr>
<tr>
<td>Supporting and auxiliary transport activities</td>
</tr>
<tr>
<td>Activities of travel agents</td>
</tr>
<tr>
<td>Training and dressing of leather, manufacture of luggage, handbags, saddlery, harness and footwear</td>
</tr>
<tr>
<td>Telecommunications</td>
</tr>
<tr>
<td>Water transport</td>
</tr>
</tbody>
</table>

To reiterate, using the list of sectors in bold above – i.e. those that apply to supermarkets – the original table provided by DEFRA (*ibid*) is used to ascertain which KPIs are relevant to this study of UK supermarkets. The relevant KPIs have been identified as follows and are used as the terms in which reported supermarket performance will be analysed:

- **KPI 1** Greenhouse Gases;
- **KPI 2** Acid Rain, Eutrophication, and Smog Precursors;
- **KPI 4** Ozone Depleting Substances;
- **KPI 5** Volatile Organic Compounds;
- **KPI 6** Metal emissions to Air;
- **KPI 7** Organic Pollutants;
- **KPI 10** Pesticides and Fertilisers;
- **KPI 11** Metal emissions to Land;
- **KPI 12** Acids and Organic Pollutants emissions to Land;
- **KPI 13** Waste (Landfill, Incinerated and Recycled);
- **KPI 15** Water Use and Abstraction;
- **KPI 22** Forestry;
- **KPI 23** Agriculture

A scoring matrix showing each individual supermarket’s CSR report as compared to these thirteen KPIs is devised by the author, in order that each supermarket’s CSR report can be analysed for each KPI and scored appropriately. As this is different to the previous reporting guideline (the Government’s Food Industry Sustainability Strategy 2006), which had specific targets, a slightly different scoring system is devised by the author, to exclude mention of specific targets (Figure 5.4.2.4):

**Figure 5.4.2.4 Scoring matrix for DEFRA’s KPIs Matrix**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>no mention of issue</td>
</tr>
<tr>
<td>1</td>
<td>mention of issue but no specific policy or target</td>
</tr>
<tr>
<td>2</td>
<td>Specific policy/target but without quantification</td>
</tr>
<tr>
<td>3</td>
<td>Specific policy/target with quantification</td>
</tr>
<tr>
<td>4</td>
<td>Specific policy/target with quantification which exceeds policy/target of other industry members</td>
</tr>
</tbody>
</table>
After each supermarket’s CSR report has been scrutinised in detail and scores assigned for each of the KPIs it will be possible to calculate an overall score for each supermarket and begin to compare the supermarkets’ performance. This will be possible for all three of the reporting guidelines used and will be implemented in Chapter 6. Again, as for the Government’s Food Industry Sustainability Strategy 2006, qualitative reasons for the allocation of each score are given in full in Appendix 6, being too lengthy for inclusion here.

In addition to the above, DEFRA (2006) also offers Principles of Reporting (ibid, p10-12), presented as Table 5.4.2.1 below, outlining key principles and criteria to be considered when producing an environmental or CSR report. The criteria are:

- Planned and transparent;
- Consultation;
- Relevant and comparable information;
- Scope;
- Consistency;
- Subject to review;
- Quantitative;
- Comparable;
- Standard methods of calculation; and
- Underlying sources of data readily available.

A description of each criterion is given in the following Table 5.4.2.1:
Table 5.4.2.1 DEFRA’s Principles of Reporting

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned and transparent</td>
<td>The reporting process should be carefully planned, with clearly assigned responsibilities and clear timeframes. It should be transparent, with the process communicated to all involved in compiling the report.</td>
</tr>
<tr>
<td>Consultation</td>
<td>The process should provide for consultation within the business, with shareholders and other stakeholders.</td>
</tr>
<tr>
<td>Relevant and comparable information</td>
<td>All relevant information and comparators should be taken into account, looking within the business and also externally, using government and trade body guidance, best practice models, benchmarks, and other companies’ reports. In addition the report should provide a description of the process undergone, and describe the calculation methods and any assumptions where relevant.</td>
</tr>
<tr>
<td>Scope</td>
<td>The process, and the resulting reported data, should cover the whole business unless there are sound documented reasons for not doing so. Where only limited data is available, such as that for a particular business unit, this should be clearly described so that the reader understands what proportion of the business’ operations is being reported on.</td>
</tr>
<tr>
<td>Consistent</td>
<td>The reporting process should be applied in the same way across the business from year to year.</td>
</tr>
<tr>
<td>Subject to review</td>
<td>The process should be reviewed both internally and externally where appropriate. Use of a third party verifier will provide assurance for the business and its stakeholders.</td>
</tr>
<tr>
<td>Quantitative</td>
<td>KPIs should be measured, and should therefore be quantitative in nature. This also means that they can be acted upon; for example, targets can be set to reduce a particular emission if it is expressed in a quantitative term. In this way the effectiveness of environmental policies and management systems can be substantiated.</td>
</tr>
<tr>
<td>Comparable</td>
<td>KPIs should be expressed in absolute terms that cover the entire business for each period of reporting (most commonly annually), and also related to a normalising factor, such as turnover. This allows stakeholders to know how much environmental impact companies have relative to a given amount of goods and/or services produced. Normalised data can be particularly helpful in demonstrating environmental improvements in a growing business. For companies with significant overseas operations it is useful to report environmental impacts by country or region.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard methods of calculation</td>
<td>The measurement of environmental impacts often requires some form of conversion methodology or estimation, such as the estimation of carbon dioxide emissions resulting from the consumption of heating oil. There are many ways of estimating environmental impacts, and it is important that businesses report on the estimation methods used.</td>
</tr>
<tr>
<td>Underlying sources of data readily available</td>
<td>Sources of underlying data should be as readily available as possible to help ensure reporting transparency.</td>
</tr>
</tbody>
</table>


An analysis of whether the selected supermarkets’ CSR reports measure up to these criteria could be undertaken in order to assess how reliable each CSR report is and whether it is a truly useful report, or merely just a report for the sake of fulfilling
pressure to produce a CSR report. However, due to the fact that this is not the main aim of this dissertation, a more concise list of criteria will be used; that given by the Japanese Ministry for Environment in 4.1.

### 5.4.3 Business in The Community: Social and Environmental Indicators

The third set of indicators used here to assess supermarket CSR reports are those provided by Business in The Community (2003). BITC describes itself as “the UK’s leading movement of companies committed to continually improving their positive impact on society” (www.BiTC.org.uk) and as the “leading UK benchmark of responsible business practice” (ibid).

According to the BiTC (2003) publication *Indicators that Count: Social and Environmental Indicators – A Model for Reporting Impact*, it is “likely that reporting on social and environmental performance as part of the Operating and Financial Review will become a requirement for all large UK companies in the near future as part of the Government’s proposals to modernise company law” (Hodkinson, foreword, 2003). Accordingly, BiTC put forward a reporting framework that builds on their earlier *Winning with Integrity* framework, and aims to arrive at a set of tested indicators that measure social and environmental impact, and that are “relevant to all businesses and suitable for public reporting” (BiTC, 2003, p4). BiTC state that the BITC guidelines hope to provide a simple framework that identifies core issues (ibid).

One of the key issues raised by BiTC in terms of corporate responsibility reporting is that of integration; they promote “an integrated approach to the management of environmental, social and economic issues” (ibid). The overall structure of BiTC’s CR Index is demonstrated in Figure 5.4.3.1:
The diagram highlights the four components that build up the framework of BiTC’s CR Index: community, environment, marketplace and workplace.

In addition, BITC have produced a list of the top one hundred companies with respect to their CR Index 2005, and another list with respect to their Environment Index 2005. In their CR Index 2005, Tesco ranks at number 16 and is the number one company in its sector (food and drug retailers); Sainsbury’s ranks at number 29 and is second in the sector; Somerfield ranks at number 88 and is third in the sector; and Marks and Spencer rank at number 20, but are classed as being number three in the General Retailers section. In their Environment Index 2005, Tesco ranks at number 32 with a score of 90-94% and is the number one in its sector (Food and Drug Retailers); Sainsbury’s ranks at number 53 with a score of 90-94% and is the number two in the sector; Somerfield ranks at number 118 with a score of 70-79 and is the number three in the sector; and Marks and Spencer rank at number 59 with a score of 80-89% and is number 4 in its sector (General Retailers).

To demonstrate the relevance and importance of BiTC’s Environment Index 2005, BiTC claim that the index “marks the culmination of ten years of environmental benchmarking” (BiTC, 2006), showing the reliability and long-scale success of BiTC’s reporting guidelines. BiTC (May 2006) believe that BiTC’s CR Index “acts as an important part in encouraging transparency and best practice”. One hundred and fifty five companies took part in the BiTC Environment Index 2005, and one hundred and thirty one companies – representing 4.2 million employees and a total turnover of £688.6 billion (ibid) – took part in BiTC CR Index 2005. This shows the scale on
which BiTC’s reporting guidelines are accepted and utilised by UK companies, and justifies its use within this study.

The BITC survey questionnaire, from which they generate their statistics and provide each company with individual results, can be accessed from the CD-ROM provided in their publication ‘Looking back moving forward: building the business case for environmental improvement’ (available from www.BiTC.org.uk, Business in The Community and Bureau Veritas, 2005). This survey is separated into the sections shown in the previous diagram – Corporate Strategy, Integration, Management, and Performance and Impact – and Management is further broken into Community, Environment, Marketplace and Workplace, while Performance and Impact is broken into Social and Environment. The full survey is too extensive for a scoring matrix. However, it is clear when looking in some depth at the survey, that sections three and four – Management and Performance and Impact – and their sub-categories, are more relevant to the present research than the first two sections (Corporate Strategy and Integration). The Management section is described as providing a sense of the depth and breadth of the management of corporate responsibility within the organisation, and the Performance and Impact section looks at a company’s performance in a number of key areas (Climate Change; Waste and Resource Management; Product Health and Safety; Occupational Health and Safety; Labour Rights in the Supply Chain; Diversity in the Workplace; and Community Investment) (BITC CR Index, 2004).

Devising the set of assessment questions from the BiTC guidelines proved particularly problematic, as all of the questions had to be accessed via the CDROM and, as stated, many of the questions were not entirely relevant to the UK supermarket sector and therefore had to be screened out. The two relevant categories – Management and Performance and Impact – were carefully analysed and questions modified slightly in order to ensure they were applicable to the CSR reports of the selected supermarkets. This still led to a list of over one hundred questions, including sub-sections, despite focusing on only two sections of the BiTC guidelines. The qualitative reasons for each score are therefore even longer in their entirety than for either of the other reporting guidelines and are again located in the Appendix (Appendix 5). A set of assessment questions was constructed to encompass the slightly modified questions
(see Appendix 2); these were later replicated and filled in by the author for each of the five selected supermarkets using the performance reported within their CSR reports (See Chapter 6).

In terms of devising and applying the scoring matrix, again BiTC proved the most problematic of the three assessment frameworks. As shown in Appendix 2 and in the results in Chapter 6, the matrix devised by the author was broken into several sub-sections, and although results are given in full within Appendix 5, for the purpose of analysis in Chapter 6, aggregate results were calculated for each subsection to allow a more meaningful analysis. With regard to the scoring for this matrix, several different scoring methods were devised due to the variety of styles of questions. For most questions, however, the scoring method was relatively simple, as in Figure 5.4.3.3 below. The full appended questionnaire shows which questions were scored by which method (Appendix 2).

Figure 5.4.3.3 Scoring for the Business in The Community Matrix

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>Limited</td>
<td>1-3</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
</tbody>
</table>

Where the performance reported in the CSR report fulfils the question posed entirely a ‘yes’ answer is appropriate, i.e. a score of 4 is given; where the issue is either not mentioned or does not in any way fulfil the question posed a ‘no’ answer is appropriate, i.e. a score of 0; where the issue is partially mentioned, a result of ‘limited’ is appropriate and a score of either 1, 2, or 3 is recorded depending on the extent to which reported performance fulfils the question posed and also in comparison to the performance of other supermarkets who scored in the ‘limited’ range. It is acknowledged that the category ‘limited’ is possibly not ideal, but this was used within the BiTC questions and so it has been retained and results have been cross-analysed for all the supermarkets to ensure that the scores 1-3 have comparable meaning. The other scoring mechanism used within this matrix is a simple tabulation score for questions that ask ‘how many of x are reported on’, for example, and give a list of examples.
5.5 Conclusion

This chapter has outlined the research method. The method for defining which supermarkets will be analysed and for accessing the supermarkets’ CSR reports has been described in detail in order that it be seen that no supermarkets were unjustly left out of the analysis and that all supermarkets which could feasibly be analysed are analysed. The chapter has given a relatively detailed level of background information on each of the three reporting guidelines selected for analysing the supermarket CSR reports, and also provides details of where further information on each reporting guideline can be given; this ensures that the aims behind the different guidelines are fully understood. Finally, this chapter has explained how each of the three matrices has been devised, and also explained the scoring system embodied in each scoring matrix, so that all scoring can be seen to be transparent. This final point is supported by the detailed qualitative reasons for each score given in the Appendices, ensuring transparency in the comparative analysis that follows.
Chapter 6: Results

6.1 Introduction

In this section, tables containing raw data for the three score matrices conducted are given, followed by explanatory tables and graphs. First, the combined results of the three matrices are given. Second, the results of the Government’s Food Industry Sustainability Targets 2006 are given, as these targets are specifically relevant to supermarkets and most likely to be enforced by government; therefore these could be seen to be the most important. Initially they are given as raw data, and then interpreted qualitatively. As the aim is to qualitatively compare the CSR reports of the selected five supermarkets according to the three matrices devised here, the qualitative results will be more useful than quantitative. However, quantitative results are still stated, in order that no richness of data is lost in the interpretative process.

Thirdly, the Business in the Community results are displayed and interpreted in the same manner. Supermarket performance in terms of DEFRA’s KPI’s are presented last, as the analysis shows that the BiTC reporting framework was more relevant to the specific CSR reports analysed: many of the DEFRA KPIs were not mentioned in the CSR reports. This chapter presents the results only as discussion of the findings takes place in Chapter 7.
### 6.2 Overall Results

Table 6.2.1 Combined Results of the Three Matrices for Each Supermarket in Descending Order

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Group</td>
<td>366</td>
<td>65.7%</td>
</tr>
<tr>
<td>Waitrose</td>
<td>354</td>
<td>63.6%</td>
</tr>
<tr>
<td>Sainsbury’s</td>
<td>335</td>
<td>60.1%</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>324</td>
<td>58.2%</td>
</tr>
<tr>
<td>Tesco</td>
<td>275</td>
<td>49.4%</td>
</tr>
<tr>
<td>Maximum</td>
<td>557</td>
<td>100%</td>
</tr>
</tbody>
</table>
### 6.3 Results of Government’s Food Industry Sustainability Targets 2006 Matrix

#### Table 6.3.1 Quantitative results of the Government’s Food Industry Sustainability Targets 2006

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Carbon emissions</th>
<th>Water use</th>
<th>Food transportation</th>
<th>Food waste</th>
<th>Ethical trading</th>
<th>Employee diversity</th>
<th>Workplace injuries</th>
<th>Employee education</th>
<th>Nutrition and health</th>
<th>Food borne illness</th>
<th>Total in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Group</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>45%</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>6</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>65%</td>
</tr>
<tr>
<td>Sainsbury's</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>70%</td>
</tr>
<tr>
<td>Tesco</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>0</td>
<td>61.7%</td>
</tr>
<tr>
<td>Waitrose</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Average score per target</strong></td>
<td><strong>6</strong></td>
<td><strong>1.8</strong></td>
<td><strong>5.4</strong></td>
<td><strong>1.8</strong></td>
<td><strong>4.6</strong></td>
<td><strong>2.6</strong></td>
<td><strong>3.6</strong></td>
<td><strong>3.2</strong></td>
<td><strong>6</strong></td>
<td><strong>0.8</strong></td>
<td><strong>59.3%</strong></td>
</tr>
<tr>
<td><strong>Maximum score</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*N.B. for full details of each subheading, see section 5.4.1.*
Table 6.3.2 Qualitative Description of Table 6.3.1

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Carbon emissions</th>
<th>Water use</th>
<th>Food transportation</th>
<th>Food waste</th>
<th>Ethical trading</th>
<th>Employee diversity</th>
<th>Work-place injuries</th>
<th>Employee education</th>
<th>Nutrition and health</th>
<th>Food borne illness</th>
<th>Total in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Group</td>
<td>Already achieved</td>
<td>No mention</td>
<td>Already achieved</td>
<td>No policy/target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>No mention</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>No mention</td>
<td>45%</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>Already achieved</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>No mention</td>
<td>65%</td>
</tr>
<tr>
<td>Sainsbury's</td>
<td>Already achieved</td>
<td>No mention</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Exceeds rivals</td>
<td>No mention</td>
<td>70%</td>
</tr>
<tr>
<td>Tesco</td>
<td>Already achieved</td>
<td>On target to achieve</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>No mention</td>
<td>61.7%</td>
</tr>
<tr>
<td>Waitrose</td>
<td>Already achieved</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>No mention</td>
<td>55%</td>
</tr>
<tr>
<td>Average score per target</td>
<td>Already achieved</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>On target to achieve</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>Qualitative target</td>
<td>Already achieved</td>
<td>No policy/target</td>
<td>59.3%</td>
</tr>
</tbody>
</table>

N.B. Average score per target rounded to nearest integer.

In order to view these results in a more meaningful manner, a graph has been constructed displaying the results for this matrix (Figure 6.3.1).
The y-axis of the above graph gives the score obtained by each supermarket on each of the criteria, and each number corresponds to a qualitative statement. For ease of analysis Figure 5.4.2.4 is repeated here:
Figure 5.4.2.4 Scoring matrix for DEFRA’s KPIs Matrix

<table>
<thead>
<tr>
<th>Scoring Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No mention of issue</td>
</tr>
<tr>
<td>1</td>
<td>Mention of issue but no specific policy or target</td>
</tr>
<tr>
<td>2</td>
<td>Specific policy/target but without quantification</td>
</tr>
<tr>
<td>3</td>
<td>Specific policy/target with quantification</td>
</tr>
<tr>
<td>4</td>
<td>Specific policy/target with quantification which exceeds policy/target of other industry members</td>
</tr>
<tr>
<td>5</td>
<td>On target to meet Government target</td>
</tr>
<tr>
<td>6</td>
<td>Already achieved Government target</td>
</tr>
</tbody>
</table>

In addition to this, full qualitative reasons for each of the scores allocated within this matrix are given in Appendix 4.
### 6.4 Results of the Business in The Community Matrix

**Table 6.4.1. Full Results for the Business in the Community Matrix**

<table>
<thead>
<tr>
<th>Question</th>
<th>Cooperative Group</th>
<th>Marks and Spencer</th>
<th>Sainsbury's</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Maximum score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community Management Practice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>10</strong></td>
<td><strong>16</strong></td>
<td><strong>8</strong></td>
<td><strong>18</strong></td>
<td><strong>25</strong></td>
</tr>
<tr>
<td><strong>Environmental Management Practice</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>11</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Question</td>
<td>Cooperative Group</td>
<td>Marks and Spencer</td>
<td>Sainsbury's</td>
<td>Tesco</td>
<td>Waitrose</td>
<td>Maximum score</td>
</tr>
<tr>
<td>----------</td>
<td>------------------</td>
<td>------------------</td>
<td>-------------</td>
<td>-------</td>
<td>----------</td>
<td>----------------</td>
</tr>
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**Marketplace Management Practice**

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**Biodiversity**

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<td>Tesco</td>
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</tbody>
</table>
As the BiTC scoring matrix is the longest and has an unmanageable number of individual questions for a meaningful qualitative analysis, Table 6.4.2 summarises the results for each section of the matrix for each supermarket.

### Table 6.4.2  Results for the Business in the Community Matrix Summarised by Section for Each Supermarket

<table>
<thead>
<tr>
<th>Question</th>
<th>Co-operative Group</th>
<th>Marks and Spencer</th>
<th>Sainsbury's</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Maximum score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Management Practice</td>
<td>12</td>
<td>10</td>
<td>16</td>
<td>8</td>
<td>18</td>
<td>25</td>
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<tr>
<td>Environmental Management Practice</td>
<td>29</td>
<td>12</td>
<td>16</td>
<td>15</td>
<td>16</td>
<td>39</td>
</tr>
<tr>
<td>Marketplace Management Practice</td>
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<td>28</td>
<td>24</td>
<td>20</td>
<td>24</td>
<td>32</td>
</tr>
<tr>
<td>Workplace Management Practice</td>
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<td>11</td>
<td>11</td>
<td>3</td>
<td>15</td>
<td>16</td>
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</tbody>
</table>

Total Score 312 261 274 215 303 445
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<th>Marks and Spencer</th>
<th>Sainsbury's</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Maximum score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change: Energy</td>
<td>24</td>
<td>22</td>
<td>27</td>
<td>23</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Climate Change: Transport</td>
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<td>23</td>
<td>24</td>
<td>19</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Climate Change: Process emissions</td>
<td>24</td>
<td>22</td>
<td>27</td>
<td>23</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Waste generated/disposed</td>
<td>25</td>
<td>25</td>
<td>17</td>
<td>22</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Waste reused/recycled</td>
<td>25</td>
<td>24</td>
<td>20</td>
<td>24</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>17</td>
<td>13</td>
<td>14</td>
<td>8</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Product Health and Safety</td>
<td>12</td>
<td>15</td>
<td>16</td>
<td>6</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>16</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>0</td>
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<td>Labour Rights in the Supply Chain</td>
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<td>16</td>
<td>14</td>
<td>11</td>
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<tr>
<td>Diversity in the Workplace</td>
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<td>18</td>
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<td>16</td>
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<td>16</td>
<td>26</td>
<td>13</td>
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</tr>
</tbody>
</table>
Figure 6.4.1 Graphical Representation of the Summarised Results of the BiTC Matrix by Section for Each Supermarket

Business in The Community results per supermarket per report section

- Community Management Practice
- Environmental Management Practice
- Marketplace Management Practice
- Workplace Management Practice
- Climate Change: Energy
- Climate Change: Transport
- Climate Change: Process emissions
- Waste generated/disposed
- Waste reused/recycled
- Biodiversity
- Product Health and Safety
- Occupational Health and Safety
- Labour Rights in the Supply Chain
- Diversity in the Workplace
- Community Investment
To aid discussion, the above scores for each supermarket on the BiTC matrix are converted into qualitative terms below. In order to do this, the maximum mark for each section is used to calculate the percentage score of each supermarket on each section of the report (Table 6.4.3). Scores falling in the top quartile (>75%) are labelled ‘Very good’, scores falling in the next quartile (50-74.9%) are labelled ‘Good’, scores falling in the second lowest quartile (25-49.9%) are labelled ‘Poor’, and scores falling in the lowest quartile (0-24.9%) are labelled ‘Very poor’ (Table 6.4.4). Converting the scores into a qualitative form, in addition to supplying raw scores, aids the analysis and provides more immediately comprehensible results.

Table 6.4.3 The Percentage Scores for Each Supermarket on Each of the Sections of the BiTC Matrix

<table>
<thead>
<tr>
<th>Question</th>
<th>Co-operative Group</th>
<th>Marks and Spencer</th>
<th>Sainsbury's</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Row Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Management Practice</td>
<td>48%</td>
<td>40%</td>
<td>64%</td>
<td>32%</td>
<td>72%</td>
<td>51.2%</td>
</tr>
<tr>
<td>Environmental Management Practice</td>
<td>74.4%</td>
<td>30.8%</td>
<td>41%</td>
<td>38.5%</td>
<td>41%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Marketplace Management Practice</td>
<td>87.5%</td>
<td>87.5%</td>
<td>75%</td>
<td>62.5%</td>
<td>75%</td>
<td>77.5%</td>
</tr>
<tr>
<td>Workplace Management Practice</td>
<td>75%</td>
<td>68.8%</td>
<td>68.8%</td>
<td>18.8%</td>
<td>93.8%</td>
<td>65%</td>
</tr>
<tr>
<td>Climate Change: Energy</td>
<td>66.7%</td>
<td>61.1%</td>
<td>75%</td>
<td>63.9%</td>
<td>100%</td>
<td>73.3%</td>
</tr>
<tr>
<td>Climate Change: Transport</td>
<td>66.7%</td>
<td>63.9%</td>
<td>66.7%</td>
<td>52.8%</td>
<td>66.7%</td>
<td>63.4%</td>
</tr>
<tr>
<td>Climate Change: Process emissions</td>
<td>66.7%</td>
<td>61.1%</td>
<td>75%</td>
<td>63.9%</td>
<td>100%</td>
<td>73.3%</td>
</tr>
<tr>
<td>Question</td>
<td>Co-operative Group</td>
<td>Marks and Spencer</td>
<td>Sainsbury's</td>
<td>Tesco</td>
<td>Waitrose</td>
<td>Row Average</td>
</tr>
<tr>
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<td>-------------</td>
<td>--------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Waste generated/disposed</td>
<td>69.4%</td>
<td>69.4%</td>
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<td>61.1%</td>
<td>66.7%</td>
<td>62.8%</td>
</tr>
<tr>
<td>Waste reused/recycled</td>
<td>69.4%</td>
<td>66.7%</td>
<td>55.6%</td>
<td>66.7%</td>
<td>55.6%</td>
<td>62.8%</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>85%</td>
<td>65%</td>
<td>70%</td>
<td>40%</td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td>Product Health and Safety</td>
<td>75%</td>
<td>93.8%</td>
<td>100%</td>
<td>37.5%</td>
<td>87.5%</td>
<td>79%</td>
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<tr>
<td>Labour Rights in the Supply Chain</td>
<td>85%</td>
<td>80%</td>
<td>70%</td>
<td>55%</td>
<td>70%</td>
<td>72%</td>
</tr>
<tr>
<td>Diversity in the Workplace</td>
<td>76.9%</td>
<td>80.8%</td>
<td>69.2%</td>
<td>65.4%</td>
<td>61.5%</td>
<td>70.76%</td>
</tr>
<tr>
<td>Community Investment</td>
<td>57.4%</td>
<td>34%</td>
<td>55.3%</td>
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<td>63.8%</td>
<td>47.64%</td>
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<td>63.3%</td>
<td>46.6%</td>
<td>68.9%</td>
<td>62.2%</td>
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</tbody>
</table>

Overall percentage averages per supermarket and per section of the matrix have been calculated in order to compare each supermarket on an overall basis and on a per section basis. These results are now changed into their respective qualitative (quartile) categories for further discussion in the next chapter.
<table>
<thead>
<tr>
<th>Question</th>
<th>Co-operative Group</th>
<th>Marks and Spencer</th>
<th>Sainsbury’s</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Row Average</th>
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</thead>
<tbody>
<tr>
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<td>Good</td>
<td>Poor</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Environmental Management Practice</td>
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<td>Poor</td>
<td>Poor</td>
<td>Poor</td>
<td>Poor</td>
<td>Poor</td>
</tr>
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<td>Very good</td>
<td>Good</td>
<td>Very good</td>
<td>Very good</td>
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<tr>
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<td>Very good</td>
<td>Good</td>
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<td>Very good</td>
<td>Good</td>
<td>Very good</td>
<td>Good</td>
</tr>
<tr>
<td>Climate Change: Transport</td>
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<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
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</tr>
<tr>
<td>Climate Change: Process emissions</td>
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<td>Good</td>
<td>Very good</td>
<td>Good</td>
</tr>
<tr>
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<td>Poor</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Waste reused/recycled</td>
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<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Biodiversity</td>
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<td>Good</td>
<td>Good</td>
<td>Poor</td>
<td>Very good</td>
<td>Good</td>
</tr>
<tr>
<td>Product Health and Safety</td>
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<td>Very good</td>
<td>Very good</td>
<td>Poor</td>
<td>Very good</td>
<td>Very good</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
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<td>Very poor</td>
<td>Very poor</td>
<td>Very poor</td>
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<td>Sainsbury's</td>
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<td>Good</td>
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<td>Poor</td>
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In addition to the above qualitative interpretation, reasons for each of the scores allocated within Table 6.4.4 are given in Appendix 5.
### 6.5 Results of the DEFRA KPI Matrix

#### Table 6.5.1 Results of the DEFRA KPI Matrix

<table>
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<th>Category</th>
<th>Co-operative Group</th>
<th>Marks and Spencer</th>
<th>Sainsbury’s</th>
<th>Tesco</th>
<th>Waitrose</th>
<th>Maximum</th>
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</tr>
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<td>Pesticides and Fertilisers</td>
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<td>3</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Metal emissions to Land</td>
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<tr>
<td>Acids and Organic Pollutants emissions to Land</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Waste (Landfill, Incinerated and Recycled)</td>
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<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
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<td>Co-operative Group</td>
<td>Marks and Spencer</td>
<td>Sainsbury’s</td>
<td>Tesco</td>
<td>Waitrose</td>
<td>Maximum</td>
</tr>
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<td>-------------------</td>
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<td>Water Use and Abstraction</td>
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<td>2</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>50%</td>
<td>46.2%</td>
<td>36.5%</td>
<td>44.2%</td>
<td>34.6%</td>
<td></td>
</tr>
</tbody>
</table>

*N.B. the scoring method for this matrix is as follows:

0 = no mention of issue
1 = mention of issue but no specific policy or target
2 = Specific policy/target but without quantification
3 = Specific policy/target with quantification
4 = Specific policy/target with quantification which exceeds policy/target of other industry members

Figure 6.5.1 allows the DEFRA KPI results to be viewed in a more comprehensive and comparable manner.
In addition to Figure 6.5.1, qualitative reasons for each of the DEFRA KPI scores are given in Appendix 6.

### 6.6 Conclusions

This chapter has summarised the results for each of the three assessment matrices and has generated corresponding graphical representations to aid interpretation and qualitative analysis in the next chapter. The methods used enable a comparison of individual supermarkets’ CSR reporting performance at a level of detail and to a degree of standardisation previously unavailable.
Chapter 7: Discussion

7.1 Introduction

This chapter discusses the results summarised in the previous section. First is a brief discussion of the overall results and ranking of the five supermarkets. Second, the results for each of the three matrices are discussed individually in more depth. This is followed by a comparison of the five CSR reports analysed in terms of the five essential principles for environmental reporting: Relevance; Reliability; Clarity; Comparability; and Verifiability (Japanese Ministry of Environment, 2004). Finally, the contradictions found between the depiction of supermarkets within their CSR reports and the depiction of supermarkets in the literature, are discussed.

The previous analysis of the selected supermarkets yielded the following aggregate results as previously given in Table 6.2.1; repeated here to aid discussion.

Table 6.2.1 Combined Results of the Three Matrices for Each Supermarket in Descending Order

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Group</td>
<td>366</td>
<td>65.7%</td>
</tr>
<tr>
<td>Waitrose</td>
<td>354</td>
<td>63.6%</td>
</tr>
<tr>
<td>Sainsbury’s</td>
<td>335</td>
<td>60.1%</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>324</td>
<td>58.2%</td>
</tr>
<tr>
<td>Tesco</td>
<td>275</td>
<td>49.4%</td>
</tr>
<tr>
<td>Maximum</td>
<td>557</td>
<td>100%</td>
</tr>
</tbody>
</table>

The above table shows that due to the combined scores of the Government’s Food Industry Sustainability Targets 2006, DEFRA’s Environmental KPIs (2006), and Business in the Community’s Social and Environmental Indicators (2005), the leading supermarket is the Co-operative Group, followed in order by Waitrose, Sainsbury’s, Marks and Spencer, and Tesco. Although the Co-operative Group and Marks and Spencer are not solely supermarkets – though all effort has been made to analyse their
food sector alone where possible – the fact that the two occupy such differing positions in the ranking of the supermarkets, suggests that this has neither hindered nor been an advantage to their CSR reporting performance. As the range of the scores is 91 points, the analytic method did enable differentiation between the supermarkets.

7.2 Discussion of Results of the Government’s Food Industry Sustainability Strategy 2006 Matrix

As previously mentioned, the targets within the Government’s Food Industry Sustainability Strategy are directly relevant to the supermarkets, as the strategy is designed specifically for the food industry. The issues included within the strategy are very broad, ranging from environmental targets, to social targets, and to health and safety targets, and generally most sections are covered by the selected supermarket’s CSR reports. Surprisingly, ‘food borne illness’ is the least covered – only Sainsbury’s referred to it at all – although it is possibly one of the most directly relevant targets for supermarkets as it applies directly to their main product group, food. However, overall the targets are reasonably well represented in the CSR reports in terms of reference, with the different supermarkets varying as to whether or not they are on course to meet the government’s targets. For both ‘carbon emissions’ and ‘nutrition and health’, the CSR reports show that all supermarkets have already met the target. Following this, in aggregate terms, ‘food transportation’ and ‘ethical trading’ have the next highest overall scores, ‘workplace injuries’ and ‘employee education’ have ratings around the median, and the remaining targets have very low overall scores.

Individually, the highest scoring supermarket on this matrix is Sainsbury’s, followed closely by Marks and Spencer’s and Tesco, Waitrose slightly behind those, with the lowest scoring supermarket being the Co-operative Group. The range of scores for this matrix is 14 points which, due to the low maximum score, indicates that this matrix did differentiate between the five supermarkets.

In short, the use of the Government’s Food Industry Sustainability Strategy 2006 as a method of evaluating and comparing the selected supermarkets’ CSR reports was arguably an effective method. The Strategy enabled differentiation between the
supermarkets and virtually all the targets within the strategy were mentioned in the majority of the CSR reports examined. However, in terms of methodological critique, the publication date of the strategy is worth noting. As the Strategy was published in April 2006, those supermarkets who published their reports before this date may in principle have been disadvantaged with regard to this analysis, as they would not have had the opportunity to explicitly address the Strategy within their CSR report, when other supermarkets did. However, the latest of the reports to be produced was the Co-operative Group’s, actually available in January 2007, and as the Co-operative Group scored the least on this matrix, this suggests that later publication was likely not an advantage. Moreover, there is no explicit evidence within the CSR reports to suggest that any of those analysed have used any particular reporting standard as a model.

7.3 Discussion of Results of Business in The Community’s matrix

The BiTC reporting framework is by far the most comprehensive of the three reporting frameworks used, and is therefore slightly cumbersome in terms of analysis. However, by breaking down the reporting framework into subsections (see Table 6.3.4), it is possible to analyse to what extent the framework is relevant to the analysis in hand, how far the CSR reports covered each section in aggregate, how well they met the targets both in aggregate and as individual supermarkets, and finally the ranking of supermarkets in terms of this particular matrix.

The far right column of Table 6.3.4 shows how well the CSR reports performed on each section in aggregate and from this column it can be seen that generally the reporting framework is relevant to the analysis within this report. With the exception of ‘Occupational Health and Safety’ – rated as ‘very poor’ – and ‘Environmental Management Practice’ and ‘Community Investment’ – rated as ‘poor’ – performance in all other sections, as described in the supermarkets’ CSR reports, are rated as ‘good’, with ‘Marketplace Management Practice’ and ‘Product Health and Safety’ rated as ‘very good’, in aggregate.

With a few exceptions, therefore, the aggregate performance of the selected CSR reports on each sub-section was ‘good’ and this results holds for aggregate individual
performance. With the exception of Tesco – rated as ‘poor’ – all other four supermarkets were rated as ‘good’ overall on the BiTC reporting framework. Out of sixteen sub-sections, the Co-operative Group achieved only one ‘poor’ rating and no ‘very poor’ ratings; Waitrose achieved only one ‘poor’ rating and one ‘very poor’ rating; Sainsbury’s achieved only two ‘poor’ ratings and one ‘very poor’ rating; Marks and Spencer achieved three ‘poor’ ratings and one ‘very poor’ rating; and Tesco achieved four ‘poor’ ratings and two ‘very poor’ ratings.

In order to rank the supermarkets according to the BiTC reporting guidelines, Table 6.3.3 is used. This table gives each individual score per section as a percentage of the maximum score and provides an average overall percentage for each supermarket in the bottom row. From this it can be ascertained that the overall average score for the five supermarkets was 62.2%, with all four supermarkets other than Tesco – who scored 46.6% – scoring either around this figure or above it – between 61% for Marks and Spencer and 71.3% for the Co-operative Group. Thus, using the BiTC reporting guidelines, Tesco scores far lower than any of the other supermarkets and lowers the average score for all five supermarkets. This shows again that this set of reporting guidelines does enable differentiation between the supermarkets.

The ranking of scores from best to worst on this matrix is as follows: the Co-operative Group; Waitrose; Sainsbury’s; Marks and Spencer; and Tesco. The fact that the ranking of supermarkets is different to the ranking according to the Government’s Food Industry Sustainability Strategy 2006, shows that using the two guidelines in conjunction is indeed beneficial, as neither is merely replicating the other but enables assessment of the supermarket reports against different but relevant criteria. This helps to ensure that the final ranking of supermarkets is as fair as possible: as the five supermarkets have been assessed using three differing but relevant guidelines, when taken overall the assessment in aggregate should not have favoured any one supermarket.

In conclusion, the use of BiTC’s reporting guidelines has been effective in this report, as it has differentiated between the five supermarkets, is useful in conjunction with the government’s strategy – as it offers a different perspective – and is relevant to the
analysis in hand as the majority of sections within the reporting guidelines are reported on by most of the supermarkets analysed.

### 7.4 Discussion of Results of DEFRA’s KPIs

Unlike the preceding two reporting guidelines, the use of DEFRA’s KPIs in assessing the CSR reports of the selected supermarkets is less informative, principally due to the limited level of detailed environmental impact data provided by the supermarkets. Table 6.4.1 demonstrates this as many of the KPIs measured are simply not referred to in many, if any, of the CSR reports analysed. The categories ‘Acid Rain, Eutrophication, and Smog Precursors’, ‘Metal Emissions to Air’, ‘Metal Emissions to Land’ and ‘Acids and Organic Pollutants Emissions to Land’ were not reported on in any of the five CSR reports analysed. As there are only 13 categories, to have four not reported on at all can be interpreted in two ways; it either demonstrates that a large number of the KPIs are not relevant to the analysis at hand, or it demonstrates a deficiency in the CSR reports themselves.

Egeneration (no date) observe that CSR reports should report on greenhouse gas emissions, waste and water use: all supermarkets reported on greenhouse gas emissions and waste, but only Marks and Spencer and Tesco reported on water use. Nevertheless, each of the CSR reports was clearly produced as a standalone report, therefore fulfilling Brady’s (2005) requirement.

The results in terms of the DEFRA scoring matrix varied by 8, which shows a reasonable level of differentiation, although this is a much lower level of variance, even in proportion to the maximum score, than for the other two matrices. The supermarkets’ performance according to the DEFRA KPI criteria fall into three categories, with the Co-operative Group scoring the highest, 26; Sainsbury’s and Waitrose scoring the lowest, 19 and 18 respectively; and Marks and Spencer’s and Tesco scoring in between, at 24 and 23 respectively. The Co-operative Group scores the highest, as in the BiTC guidelines, and once again the position of the other supermarkets differs from those in both of the other matrices.
7.5 Comparison of the CSR Reports

One extremely important element evident from the analysis of the selected supermarkets’ CSR reports, in fact possibly the most important, is the very substantial difference between the CSR reports of different supermarkets in terms of content and style. As the main aim of this research was to compare to what extent the reports could be aligned with the three reporting guidelines used in order, to infer superiority of reporting, the differences found in reporting style, figures quoted, sections covered, main emphasis and depth of reporting are very pertinent.

After analysing each report in depth during the scoring process for each of the three matrices used, the author is left with the impression that many, if not all, of the five reports differ so significantly that comparison without in-depth analysis using external references, as conducted here, may be almost impossible. Clearly this points to an area in which there is future potential for research – the design of a standardised CSR reporting framework for use by major UK supermarkets, most likely combining elements of the three reporting guidelines used here and possibly incorporating elements from other reporting guidelines, such as the GRI.

In order to briefly analyse the style of reporting used by the UK supermarkets, the five essential principles for environmental reporting will be used: Relevance; Reliability; Clarity; Comparability; and Verifiability (Japanese Ministry of Environment, 2004). The reports will be analysed in aggregate within these categories as it would take a separate investigation to analyse each report individually for each category; the analysis here will focus on the main trends in reporting.

7.5.1 Relevance

The Japanese Ministry of the Environment (2004), believes CSR reports should have “usefulness and timing in relevance” (p11). With respect to the relevance of the five analysed CSR reports in terms of outside expectations, the Government’s Food Sustainability Targets 2006 are likely the most important in determining this as they are specifically targeted at the food sector, are timely in that they are very recent, and represent government targets that may be enforced in the future, showing their
usefulness. The average score for all five reports on the Government’s Food Sustainability Targets 2006 was 59.7%, ranging from 45% to 70%, demonstrating that the five CSR reports score reasonably well on this set of guidelines and therefore may be seen to have reasonable relevance. The BiTC reporting guidelines are also timely and useful in assessing the relevance of the five selected CSR reports, in that they add additional elements not analysed within the Government’s Strategy. The average overall rating for all five supermarkets’ CSR reports on the BiTC reporting guidelines was ‘Good’ with only Tesco individually scoring ‘Poor’ overall; demonstrating again the relevance of the CSR reports to BiTC reporting guidelines. As the CSR reports analysed were generally found to be relevant to both the Government’s Food Sustainability Targets 2006 and BiTC’s reporting guidelines, it would be reasonable to conclude that the CSR reports were reasonably relevant overall. However, although found to be relevant using this basic method, a more in-depth analysis may reveal otherwise, and additionally these results do show large scope for improvements regarding relevance to these two guidelines.

The selected UK supermarkets’ reports did not score so well on DEFRA’s KPIs as all five CSR reports scored under 50% on this matrix. This may demonstrate a lack of relevance for the CSR reports in terms of environmental analysis, or may show that DEFRA’s KPIs were not as appropriate or useful to this research on the supermarket sector.

Another important aspect of relevance would be to look at the relevance of information given in the reports as a whole. Many companies producing CSR reports cover “a bewildering array of subjects, resulting in long and impenetrable reports”(Econtext, 2000), and such information can at some point cease to be useful. It would therefore be an interesting extension to this research to analyse how relevant much of the information contained within the selected CSR reports is to different stakeholder audiences. Arguably, much of the information in the supermarket CSR reports is highly irrelevant to the purpose of a CSR report and too much emphasis is often given to photographs and anecdotal evidence of CSR behaviours.
7.5.2 Reliability

This assessment of reliability will not go into the statistical definition of reliability as this is outside the scope of this research, nor included within the Japanese Ministry of the Environment (2004) guidelines, used here as a benchmark due to their generic nature. Instead, with respect to analysing the reliability of the UK supermarkets’ CSR reports within this research, it is important to consider the reliability of the figures quoted and the qualitative comments and examples given, as the Japanese Ministry of the Environment (2004) state that reports must be “free from errors and omissions” (p11).

In general, the reports analysed tend to imply reliability in the information given, but rarely explicitly mention how figures were calculated, who they were calculated by or the specific business areas covered by the figures. It is not apparent from the reports whether the same figures are likely to be found if the calculations are recalculated, and therefore it cannot be ascertained whether the reports are free from errors and omissions. This may indicate that either the calculations made were not rigorous enough to be explicitly stated, or that the calculations may deliberately be misleading or over-optimistic. Without a statement of methods, the reader cannot be sure which possibility applies.

7.5.3 Clarity

The Japanese Ministry of the Environment (2004) states this to be “easy-to-understand expressions” (p12). Although it seems at first glance that the selected five CSR reports do meet this requirement (for example, their language tends to be easy to understand), the reports tend not to use graphs - as the Japanese Ministry of the Environment (2004) recommends - nor do they “appropriately explain the meaning of efforts reported or quantities measured” (p13). In order to assess in detail the clarity of the supermarkets’ CSR reports, further research would need to be conducted.
7.5.4 Comparability

This is described as “information that would enable certain comparison” (Japanese Ministry of the Environment, 2004, p13). It is within this category that the selected supermarkets’ CSR reports have the worst performance. It is not always possible to compare historical trends of each supermarket using the reports, and figures are not generally comparable with other companies within the supermarket sector – two elements believed to be essential within a CSR report (ibid). The Japanese Ministry of Environment (2004) rightly argues that commonly agreed standards within a sector are needed to ensure comparability – here this could possibly take the form of the Government’s Food Industry Sustainability Strategy 2006.

7.5.5 Verifiability

This refers to whether the report is “verifiable with objective standpoint” (Japanese Ministry of the Environment, 2004, p14). As Table 5.3.1 shows, Marks and Spencer’s CSR report is verified by Ernst and Young LLP; Tesco’s CSR report is verified by Forum for the Future; and the Co-operative Group’s CSR report is verified by KPMG; the other two supermarkets’ CSR reports are not independently verified. This shows therefore that three of the supermarket could fulfil the recommendation that they are ‘verifiable with objective standpoint’. However, they are verified by different organisations most likely with different standards and guidelines for verification. It would be more ideal for all of the supermarkets’ CSR reports to be verified by either the same company, or by a published set of standards referred to within the report. Moreover, a separately available statement of calculation methods would go a long way to reassuring stakeholders as regards reliability.

7.5.6 Overview

Using the five essential principles of reporting has highlighted both important positive and negative aspects of the supermarket CSR reports analysed. Positive aspects were: verifiability, with three of the five reports being externally verified; and relevance, with the analysed CSR reports being generally relevant to both the Government’s Food Industry Sustainability Strategy 2006 and the BiTC reporting guidelines.
Negative aspects were: **comparability**, faring the worst, as historical trends and comparability with other supermarkets’ CSR reports are generally limited or non-existent; **clarity**, as there are generally no clear explanations of efforts or quantities measured; and **reliability**, as it is not clear whether the reports are free from error or omissions.

### 7.6 Contradictions Between the Content of the Analysed CSR Reports and Findings in the Literature Review

One overriding feature apparent in all the CSR reports studied is the positive tone and nature of the CSR reporting, in terms of language used and examples given. If one were to simply assess the CSR reports as presented by their face-value rather than subject them to formal analysis, and without literature review on the impact of supermarkets on a variety of stakeholders, one would be left with an overwhelming opinion of the good environmental and social practices utilised by all of the supermarkets considered. Each supermarket is self-portrayed as the image of a ‘good’ company, respectful of the environment, suppliers, customers, staff and all other stakeholders. They are seen as striving to meet ever stronger and clearer goals for the benefit of society. However, this image portrayed through the examples of charities supported and suppliers’ lives enriched, and shown through glossy photos of a diverse, happy workforce serving satisfied customers, seems at odds with what is reported in newspapers and other media, and found when reviewing the literature.

Where can one find an acknowledgement of the negative impacts of supermarkets on stakeholders, as outlined in Chapter 3? There is no real mention of any of these issues in the selected supermarkets’ CSR reports. Without considerable research, it is hard to distinguish those supermarkets, for example, whose sourcing policy genuinely is ethical, from those whose is not. For those with a reasonable knowledge of the practices of UK supermarkets, it would seem likely that supermarkets such as the Co-operative Group and Marks and Spencer genuinely do strive to achieve explicit ethics within their supply chain practices – although this is just contention – and that other supermarkets may be close behind them. However, from a brief analysis of their CSR reports, this possible difference in their real-life performance on environmental and
social practices would not be readily apparent. The CSR reports do not, in themselves, obviously differentiate between those supermarkets with a genuine social conscience and those who may be merely ‘jumping on the bandwagon’.

Clearly, this is why the results of the analyses of the CSR reports presented here is useful to a discussion of the performance of UK supermarkets on certain environmental and social targets. Most notably, the Government’s Food Industry Sustainability Targets 2006 are aimed specifically at UK supermarkets and do give a clear indication of which supermarkets are performing at an acceptable level in which areas of environmental and social concern. Equally, the BiTC reporting guidelines demonstrate which aspects of CSR individual supermarkets are focusing on, and additionally in which of these areas they are reporting performance of the standard identified within BiTC’s reporting guidelines.

The main problem with supermarkets CSR reports, as well as the lack of consensus on reporting styles, sections and performance measures used, is what is not mentioned. Michaels (2006) highlights many issues not mentioned in supermarkets’ CSR reports such as ruthless exploitation of their effective monopoly position in order to dictate exact specifications to producers; their use of blind auctions to gain the lowest possible prices from farmers who are forced to offer low prices to guarantee sale of their otherwise worthless produce; their practice of dropping farmers on a whim, wiping out their entire business, often due to excessive quality standards; the frequent policy of paying farmers less than the production cost for goods, such as in the UK dairy industry; and these are just UK examples. The conduct of UK supermarkets in less-regulated, developing countries may be far worse and indeed this is often reported upon in the news media, and additionally, there may be many more negative impacts of supermarkets on stakeholders that go unmentioned in their CSR reports. Therefore, it is likely to be in consumers’ interests to have a standardised report used by all major supermarkets and properly checked by independent auditors who have access to all the company’s practices globally, in order to verify that what is portrayed through the CSR report is an honest representation.
7.7 Continuation of Interview with Tara Garnett

The above conclusions surrounding the need for standardisation of supermarket CSR reports and the possibility that supermarket CSR reports are not properly acknowledging their negative impacts is supported by the interview with Tara Garnett of the Food and Climate Research Network (See Appendix 1). She believes supermarkets’ CSR reports to be a ‘token gesture’ at the moment, and states that they need to be standardised in order to enhance comparisons. Her view is that supermarket CSR reports are a step in the right direction, but that they need to shift away from relative figures to absolute figures, as discussed in Chapter 4. This view is upheld by a recent online poll held by Mallen Baker (2007) as below in Figure 7.7.1.

Figure 7.7.1 Demonstration of Views on UK Supermarkets’ Recent Announcements of their Environmental Practices

<table>
<thead>
<tr>
<th>Recent announcements by the big supermarkets about environmental practices represent:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A real shift towards sustainable practice</td>
<td>35 (17.24%)</td>
</tr>
<tr>
<td>A small step only, with much more needed</td>
<td>101 (49.75%)</td>
</tr>
<tr>
<td>Nothing but cynical public relations</td>
<td>67 (33%)</td>
</tr>
</tbody>
</table>

Source: www.mallenbaker.net

Mallen Baker’s poll suggests that most consumers and members of the public do not believe that recent supermarket announcements on environmental practices genuinely represent a shift towards sustainable practice. This is a more cynical opinion of UK supermarkets similar to Tara’s, and such cynicism may of course be justified and accurate. Hence most people believe recent developments – discussed later within the conclusions in Chapter 8 – are only a small step in the right direction, not a real shift.

In terms of future research, Tara believes research on air freight and shipping is vital, as is research on the environmental costs of refrigeration. She also states that there is
not enough government incentive to persuade supermarkets to change their current practices; again giving a potential area for further development. Tara gives four actions supermarkets should take to reduce their food miles:

1. Stop air freighting food
2. Just offer a few varieties and reduce consumer choice
3. Source regionally – promote and support British producers
4. Reduce perishable products

7.8 “Buying a Better Future...Is Ethical Consumerism the Key to Combating Climate Change?” Conference at the Climate Clinic, Manchester

The purpose of the conference was to discuss the following questions: Can consumer society cure itself? How far should the government intervene? What is the role of consumers and is this enough to prevent legislation? What else could/should the government be doing? (A fuller description can be found in Appendix 3.)

Views throughout the conference relevant to this research are as follows: Although many consumers claim to be ethical, there is a value action gap, meaning that few people actually act in this manner. Although ethical consumerism leads the mainstream, it is not enough on its own; government intervention is vital to turn this into mainstream behaviour. The government must set a framework for technological and behavioural change.

Importantly, it is believed by Laura Vickery, Sustainability Adviser, The Co-operative Group (See Appendix 3) that in ten years, all companies will have CSR reports and morally reprehensible companies will struggle to even find advertising representation. This shows therefore that the area of CSR is vitally important, and demonstrates again how crucial it is for standardisation of CSR reports within the food industry as a sector, as non-compliance will negatively affect the competitiveness of a supermarket. Another important view expressed by Laura is that unsustainable choices should be ‘edited out’, and this will either need to be enforced by governments or be a voluntary
action by UK supermarkets, as corporate decisions drive consumer choice by limiting such choices.

7.9 Conclusion

This chapter has discussed the relative average positions of the five UK supermarkets analysed and discussed the results of each of the three matrices used in Chapter 6. It has been determined that the rank order of supermarkets in terms of their combined score on all three matrices is as follows:

1. Co-operative Group
2. Waitrose
3. Sainsbury’s
4. Marks and Spencer
5. Tesco

It has also been concluded that both the Government’s Food Industry Sustainability Strategy 2006 and the BiTC reporting guidelines have been very useful in analysing the selected supermarkets’ CSR reports via the respective two matrices, and that they are complementary in many ways. The DEFRA KPIs were not found to be so useful within this research – principally due to the lack of environmental impact detailed within supermarket CSR reports – and may either be less applicable to this research, or may provide a useful guideline for aspects of performance currently not reported on, which could be included in subsequent CSR reports.

It has been suggested through analysis of five essential principles of reporting – Relevance; Reliability; Clarity; Comparability; and Verifiability (Japanese Ministry of the Environment, 2004) – that the supermarkets’ CSR reports are lacking in evidence of Reliability, Clarity and Comparability. Again this may help determine changes which could be made to future CSR reports, and also links in with the notion discussed within this chapter that it would be beneficial to develop an industry standard in CSR reporting; in terms of guidelines for companies producing a CSR report to ensure that reports do meet the five essential principles of reporting.
Additionally, contradictions between reported performance and perceived performance - as evident in the literature review - have been discussed and noted. It is likely that further research is needed in order to evaluate how such a contradiction has occurred and to assess whether supermarkets have intentionally distorted their reported performance, whether the perceived performance of supermarkets by other stakeholders is distorted; or whether it is a mixture of the two, or attributable to other factors. Finally, it has been shown that an interview conducted with an independent researcher within the food industry area, and a conference hosted by the Co-operative Group, support the conclusions of the analytic work conducted here.
Chapter 8: Conclusions

8.1 Introduction

The main aim of this dissertation has been to provide an analysis of the extent to which the CSR reports produced by UK supermarkets conform to Business in the Community’s Social and Environmental Indicators and DEFRA’s environmental KPIs, and to what extent they address the targets set by the Government’s Food Industry Sustainability Strategy 2006. By devising scoring matrices to assess each CSR report’s performance on each of the three guidelines and creating a set of assessment questions for the Business in the Community analysis, this research has been able to provide a full analysis of the performance of the five selected UK supermarkets’ CSR reports: the Co-operative Group; Marks and Spencer; Sainsbury’s; Tesco; and Waitrose. In addition to this, Chapters 1, 2, 3 and 4 have provided a background for the analysis and enabled the reader to gain a clear understanding of the literature surrounding CSR, supermarkets’ impacts on various stakeholders, and several aspects of environmental and social reporting. Finally, the appendices set out in substantial detail the justifications for the scores given to the supermarkets, in order that the assessment method be transparent, fully open to inspection and fully justifiable.

The analysis has shown that it is possible and useful to compare the supermarkets’ CSR reports using third party standards, and Chapter 7 provides a full discussion of the specific utility of each of the three matrices used. The results are discussed fully in Chapter 6, but in summary the rank order of supermarkets in terms of their combined score on all three matrices, as given previously in Table 6.2.1, is as follows:
Table 6.2.1 The combined results of the three matrices for each supermarket in descending order

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative Group</td>
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<tr>
<td>Marks and Spencer</td>
<td>324</td>
<td>58.2%</td>
</tr>
<tr>
<td>Tesco</td>
<td>275</td>
<td>49.4%</td>
</tr>
<tr>
<td>Maximum</td>
<td>557</td>
<td>100%</td>
</tr>
</tbody>
</table>

A score of a hundred per cent would mean the CSR report had fulfilled each element of all three reporting guidelines perfectly and had already met all ten of the government’s future targets for the food industry. Such a high score was not expected to be attained by any of the supermarkets, particularly as there are no standard guidelines which must be followed when constructing a CSR report. As would have been expected, the supermarkets with the higher scores are those one would expect to have a greater awareness of CSR issues, such as the Co-operative Group. The scoring differed for each matrix and is fully explained in Chapter 6; however, 0 was given for each specific target or element of the matrix of which a supermarket gave no mention, and a top score where a supermarket had either met the target already, or completely fulfilled the element.

8.2 The Literature Review

As outlined above, chapters 1, 2, 3 and 4 provide a background to the analysis. Chapter 1 was important in outlining the specific aims and objectives of the research, and also in highlighting the nature of the UK supermarket sector. It gave a history of the development of UK supermarkets, and highlighted the competitive nature of the sector, the relative market positions of UK supermarkets and most importantly the combined power of UK supermarkets. This is vitally important in assessing the CSR reports of UK supermarkets as it provides an understanding of the competition of UK
supermarkets and of their combined competitive position, enabling a deeper understanding of the impacts of UK supermarkets on stakeholders as outlined in Chapter 3. Chapter 1 also gave a brief outline of CSR theory, environmental reporting theory and sustainability, which are built upon further in Chapters 2 and 4.

Chapter 2 was important in giving the reader a more in depth knowledge of CSR theory as it outlined definitions of CSR and the concepts it covers, and gave alternative theories to CSR theory such as stakeholder theory and the societal marketing concept. It also gave the business case for CSR, explaining why it can benefit businesses to incorporate CSR into their operations; and balanced this by offering views on the disadvantages of CSR in practice. This chapter therefore demonstrated that there are different conceptualisations of social and environmental responsibility, and also that not everyone believes it is good for a business to utilise CSR as a practice. Indeed some believe it goes against the interests of shareholders. Chapter 4 built upon the other concepts outlined in Chapter 1, environmental reporting theory and sustainability, and discussed how these apply to CSR reporting. It assessed both environmental and social reporting in detail and brought up several theoretical debates such as the use of normative judgements, and whether absolute or relative reductions, for example in emissions, are sought. The chapter also outlined the functions of CSR reporting and its essential principles.

Chapter 3 is the most detailed literature chapter, covering the impacts – both negative and positive – of UK supermarkets on customers, suppliers, employees, local communities and the environment as reported in the literature. However, it is acknowledged that, due to the scope of the research and the desire not to deviate too far from the main aims of the study, the impacts reported are more negative than positive. This does appear to reflect the weighting of the literature, however, as very few sources highlighted positive impacts of supermarkets in comparison to those highlighting negative impacts. Additionally, Chapter 3 has more focus on some stakeholders than others, again reflecting their salience in the literature, but also due to the relative importance of the stakeholders in terms of the three guidelines used. For example, environmental impacts are highlighted by all three guidelines, whereas impact on local communities is only highlighted by Business in the Community. It is
also acknowledged in chapter 3 that these impacts are for the supermarket sector as a whole and may apply more or less to and individual supermarket.

Chapter 3 highlighted the raft of negative impacts that UK supermarkets have on various stakeholders, but it also highlighted how the power of UK supermarkets can have positive impacts on stakeholders, for example with fair-trade products, and how the competitive nature of the sector means that the more ethical initiatives such as fair-trade are replicated by competitors, the more quickly the positive impacts of UK supermarkets will escalate.

One important argument highlighted within Chapter 3 was whether supermarkets are actually giving customers value for money. With regard to supermarkets’ impact on suppliers, much of the evidence appeared to be negative; however, Sainsbury’s latest move to sourcing only fair-trade bananas has been seen as an extremely positive move and possibly the biggest ever fair-trade commitment. This may point towards an emerging, more positive view of supermarkets upon suppliers. With respect to impact on employees, it appears as though there are vast differences between the supermarkets, as the five supermarkets analysed within this research report good treatment of employees, whereas the evidence in Chapter 3 suggests Asda may have more negative problems. In assessing UK supermarkets’ impact on local communities, there was a divided opinion, as some believed supermarkets can help improve the local community, and others believed supermarkets are opposed by many local residents and drive local businesses away.

Finally, with regard to impact on the environment there was a large quantity of literature reviewed. The main areas were: food miles; fishing policies; and organic versus non-organic food production. The interview conducted with Tara Garnett highlighted an independent opinion of the negative impact UK supermarkets are having upon the environment and indicated that, on balance, supermarkets are perceived as having a generally negative effect on the natural environment. The conclusion of Chapter 3 was that the UK supermarket sector is viewed as having a substantial impact on each of the stakeholders identified, and this power leads to an assertion that, should supermarkets choose to, they can positively affect overall performance in such areas.
The literature review would possibly have benefited from a more in-depth review of some of the elements, such as sustainable fishing policies and supermarkets’ impacts on employees, but within the confines of this research this was not possible. It may also have benefited from a closer analysis of the positive impacts of UK supermarkets on the various stakeholders, which was again not possible for reasons of limited time. Additionally, there appeared to be a lack of academic research on the specific subject of supermarkets and CSR performance or reporting – ideally, more academic sources would have been used within the literature, but the paucity of such sources prevented this.

8.3 Empirical work

Chapters 5, 6 and 7 focused on the empirical work of this research. Chapter 5 outlined the method and detailed definitions of supermarkets, how and why the five selected supermarkets were selected and how their CSR reports were found. It also gave background information for each of the three guidelines used – the Government’s Food Industry Sustainability Strategy 2006, Business in the Community’s Social and Environmental Indicators, and the DEFRA KPIs – and a detailed description of how a scoring matrix was devised from each of these. The scoring matrices were used in order to separately assess each of the selected supermarket’s CSR reports, in order that an overall ranking could be determined, alongside a comparison of individual supermarkets’ performance on each matrix and a detailed analysis of how well supermarkets performed in each area. Chapter 6 reported the following results:

The overall scores for the Government Food Industry Sustainability Strategy 2006 matrix were:

1. Sainsbury’s – 70%
2. Marks and Spencer – 65%
3. Tesco – 61.7%
4. Waitrose – 55%
5. Co-operative Group – 46.7%
The overall scores for the Business in the Community matrix were:

1. Co-operative Group – 71.3%
2. Waitrose – 68.9%
3. Sainsbury’s – 63.3%
4. Marks and Spencer – 61%
5. Tesco – 46.6%

The overall scores for the DEFRA matrix were:

=1. Co-operative Group – 42.3%
=1. Marks and Spencer – 42.3%
3. Sainsbury’s – 40.4%
4. Waitrose – 32.7%
5. Tesco – 30.8%

As Table 6.2.1 shows, there are almost 20 percentage points between the highest overall score – the Co-operative Group – and the lowest overall score – Tesco. This demonstrates therefore that the matrices devised and utilised during the project have been effective in differentiating between the selected five UK supermarkets’ CSR reports – for a more detailed assessment of each matrix, see Chapter 7.

A potential criticism of the empirical research would be the comparative failure of the DEFRA KPI matrix, in that many of the KPIs were not reported on by the majority of the UK supermarket CSR reports analysed. Potential reasons for this have been discussed in Chapter 7, and of course a null result is still useful, as to find that DEFRA’s KPI’s are not yet a useful assessment basis is worth knowing in itself.

Additionally, discussion with environmental and CSR managers at the selected supermarkets may have proved useful in determining whether scores of zero, given where there was no mention of a specific target or performance standard, are due to actual lack of performance in this area or due to the fact the CSR report has failed to report on this specific area, despite possible positive performance. Again, this is
something that could be addressed in further work, for which the present research lays the basis.

The main conclusions are outlined in Chapter 7. They are that there are vast differences between the supermarket CSR reports analysed, in terms of the reporting style used, the type of figures quoted, the topics covered, the main emphasis within the report and the depth of reporting. One of the main conclusions to be drawn is thus the need for a standardised format to be followed by UK supermarkets when reporting on CSR. As highlighted at the conference run by the Co-operative Group (see Appendix 3), many people are of the opinion that the government needs to enforce such changes, so this may be another potential future development to be considered. Additionally, although some of the CSR reports state that they are externally verified, this needs to be extended to all the CSR reports and also to be comparable. The five essential principles of reporting outlined in Chapter 7.5 – Relevance, Reliability, Clarity, Comparability, and Verifiability – provide a useful basis for the designing of a CSR reporting standard for supermarkets, and explicit mention of the five essential principles would be particularly useful. In particular, as highlighted in Chapter 7, the supermarkets’ CSR reports are lacking in Reliability, Clarity and Comparability in specific senses, providing further indication of how future supermarket CSR reports could be improved.

8.4 Recommendations

8.4.1 Areas in which to Improve Performance

The research highlights the particular areas on which the selected UK supermarkets score poorly on as a whole. These are areas in which supermarkets need to amend their CSR reports to either explicitly include the aspect of performance in question, or if actual performance is reported but poor in this area, take steps to address the latter. Particularly relevant to this are the results from the Government’s Food Industry Sustainability Strategy 2006, as this is directed specifically at the food industry. As demonstrated in Chapter 6, as a whole, the supermarkets scored lowest on Water Use, Food Waste, Employee Diversity, and Food-Borne Illness. These areas are all applicable to UK supermarkets and important as the Government has set them as
targets for the food industry. Therefore, it is strongly recommended that future reporting and actual performance is tailored to meet the requirements in these areas. Additionally, reported performance was poor on BiTC’s Environmental Management Practice, Occupational Health and Safety, and Community Investment; again areas which may need explicitly reporting on or actual practices changed. With regard to DEFRA KPIs, no specific recommendations are made here due to criticisms discussed within Chapter 7.

8.4.2 Explicit Reference to Existing Reporting Guidelines
With regard to the supermarkets’ production of their next CSR report, explicit reference to a particular, or a group of, reporting guidelines, such as the three used in this research, could be extremely beneficial as it would ensure that the supermarkets were all focusing on similar issues and that they addressed all of the relevant areas. As their reporting currently stands, although one supermarket has scored lower than another, this cannot be taken to be indicative of their overall performance on CSR issues, as one report may have been geared towards a specific set of reporting guidelines, and therefore may appear to meet it more than a comparable supermarket who failed to explicitly mention it.

8.4.3 Standardised Reporting Guidelines
A recurrent theme throughout this discussion is that a detailed analysis, such as the one presented here, is needed in order to determine which supermarkets are performing well in terms of reported CSR performance and which are not – as this is not explicitly visible from a read-through of the supermarkets’ CSR reports. This view was also held by Tara Garnett in the interview conducted with her (See Appendix 1). Therefore, it would be beneficial for future CSR reports to follow standard reporting guidelines to ensure greater comparability and so that an indication of the comparative performance of UK supermarkets on CSR issues can be gained from the face-value of the reports, rather than requiring the type of secondary analysis conducted here. This is therefore an area in which future research is needed; to combine existing reporting guidelines, possibly such as the three utilised within this research, in the optimum manner, in order to create a set of reporting guidelines that can be followed by UK supermarkets to ensure comparability.
Additionally, as highlighted in Chapter 7, future CSR reports would benefit from following closely the five essential principles of reporting outlined by the Japanese Ministry of the Environment (2004); especially reliability; clarity and comparability, as evidence relating to these areas were found to be most lacking. A common outside verifier for all supermarket CSR reports might be beneficial.

8.4.4 The Explicit Address of Criticisms
Supermarket CSR reports do not adequately address the criticisms and concerns levelled toward their policies and operations and reflected within the literature review. Much of the information used within the literature review is very much in the public eye and reported upon in the press; therefore supermarkets are clearly aware of the criticisms raised of them, and although their CSR reports do show them in a different light and implicitly contradict some of the critical sources quoted within this research, this is not explicit. If their CSR reports aim to report truthfully on every aspect of their business and challenge critics, then they would have more impact and leave less uncertainty by explicitly acknowledging such criticisms and providing counter-evidence.

8.4.5 Which Current Guidelines to Follow
If supermarkets were to follow just one of the guidelines, on the basis of this research, following the Government’s Food Industry Sustainability Strategy 2006 would be recommended. As shown above and highlighted within Chapter 7, the DEFRA KPIs are currently the least relevant to supermarket CSR reports; as demonstrated in the low overall scores as compared to the other two guidelines, and the large number of zeros recorded within the matrix. The Business in The Community guidelines gained relatively equal overall scores to the Government’s Food Industry Sustainability Strategy 2006 and was seen to be comparatively relevant to supermarkets, as discussed in Chapter 7. However, the matrix devised for the BiTC guidelines is the most lengthy by far and the process of devising the assessment questions was complicated. Moreover, despite having well over one hundred questions, it still only focuses on one of the four highlighted areas comprising the BiTC CR Index (see Figure 5.4.3.1). It is therefore much more cumbersome than the Government’s Food Industry Sustainability Strategy 2006, and also is not directed specifically at the food industry, as the Government’s strategy is. Therefore, if a supermarket were to use just
one of the reporting guidelines in order to improve their CSR reporting, this research would support the use of the Government’s Food Industry Sustainability Strategy 2006.

8.5 Future Research

This study has indicated several potential areas for future research. One has been highlighted in the previous section; that is the process of devising a standardised set of reporting guidelines, or even a set format, which all UK supermarkets could utilise in order to ensure greater comparability between their CSR reports.

As stressed in Chapter 1, this research has sought to assess UK supermarkets in terms of reported CSR performance in order to generate a rank order and also to assess how the performance of UK supermarkets, as stated in their CSR reports, meets the government targets and the guidelines for reporting given by DEFRA and BiTC. It does not therefore assess actual performance. Future research could compare the scores generated by this research for reported performance against actual performance, in order to determine whether there is a clear correlation. This would indicate to what extent the CSR reports of UK supermarkets convey their actual performance and hence how useful the CSR reports are in determining environmental and social performance. This would go further towards answering whether or not supermarket CSR reports are accurate representations of environmental and social performance.

Additionally, contradictions between reported performance and perceived performance as derived from the literature review have been discussed within Chapter 7. This is another area in which further research may be beneficial in order to evaluate how such a contradiction has occurred and to assess whether supermarkets have intentionally distorted their reported performance, whether the perceived performance of supermarkets by other stakeholders is distorted; or whether it is a mixture of the two, or attributable to other factors.
8.6 Recent Developments Within the Supermarket Sector

There have been several major developments with respect to several of the analysed supermarkets since the publication of their last CSR report, most notably Tesco and Marks and Spencer. Although not appropriate to include these within the analysis of this report, it is useful to outline them here, alongside a brief mention of how the other supermarkets compare in terms of very recent CSR performance – much of this comes from the National Consumer Council (NCC) report of September 2006 (Finch and Vidal, 2007).

8.6.1 The Co-operative Group

The Co-operative Group already became the first major British retailer to switch entirely to green electricity in 2006 (Tran, 2006). Although this development occurred before the last CSR report was published, it serves to demonstrate that the Co-operative Group was already ahead of other supermarkets in this area. However, the NCC reported only rated them as ‘D’, alongside Tesco and Asda (Finch and Vidal, 2007).

8.6.2 Marks and Spencer

Marks and Spencer announced in January 2007 a £200 million environmental plan, including becoming carbon-neutral and sending no waste to landfill by 2012 (Finch and Vidal, 2007). The plan has been endorsed by Greenpeace and WWF (ibid); a significant form of endorsement for the company.

8.6.3 Sainsbury’s

According to Finch and Vidal (2007), Sainsbury’s was named the top of the big four supermarkets by the NCC and scored a ‘good C’; however, its latest pledges, such as to reduce waste sent to landfill by 5% by 2010 compared to 2004/05 baseline, appear to fall short of the other supermarkets (ibid).

8.6.4 Tesco

Tesco announced on 19th January 2007 that they would be introducing emissions labels on all their products to enable consumers to compare the carbon costs of different products (Finch and Vidal, 2007). Tesco are promising a ‘revolution in
green consumption’ (*ibid*). Additionally, last year they promised to spend £100 million on installing renewable energy systems in new stores and halving energy use across all stores by 2010 in comparison to 2000 baselines (Environmental Finance, 2006). Despite the amount of money dedicated, however, Friends of the Earth gave it a ‘cautious welcome’ (Friends of the Earth press release, 25.04.06). Previous to this announcement, the NCC report rated Tesco as ‘D’ – on a par with Asda and the Co-operative Group (Finch and Vidal, 2007).

### 8.6.5 Waitrose

Waitrose received the highest score for a supermarket in the NCC report, ‘B’ (Finch and Vidal, 2007) and already publishes its overall carbon footprint and recycles forty per cent of its waste (*ibid*). Additionally, it has pledged to reduce its carbon dioxide emissions by ten per cent by 2010 (*ibid*).

### 8.7 Conclusion

This chapter has provided an overview of the research project as a whole, outlining the overall results of the analysis conducted for the five selected UK supermarkets, as well as providing a discussion of the literature review and empirical work as a whole, including potential criticisms. Several recommendations have been made for the production of future supermarket CSR reports, these being: areas in which to improve performance; explicit reference to existing reporting guidelines; use of standardised reporting guidelines; the explicit address of criticisms; and finally recommendation as to which of the current reporting guidelines would be best to follow.

Additionally, potential areas of future research have been given as: the devising of standardised set of reporting guidelines for supermarkets to follow; a comparison of reported performance with actual performance on CSR targets; and an investigation into the contradictions between supermarkets’ reported performance and their perceived performance by academics, NGOs and consumers.

Finally, this chapter has concluded with a brief discussion of developments that have occurred since the publication of the five analysed CSR reports.
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Appendix 1: Interview with Tara Garnett from Food Climate Research Network (FCRN), Centre for Environmental Strategy, University of Surrey. 7th September 2006

1. How would you rate recent food miles trends associated with food consumed in the UK?

1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

Information on this is contained in DEFRA’s food miles report. It is not an indicator of sustainability itself. Growth of air freight is a negative influence as it has a disproportionate environmental impact and appears to be increasing in volume rapidly. As overseas infrastructure develops, air freight will become more frequent. Likely to continue being negative for the next ten years.

2. In Europe?

1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

Don’t know; not enough European data available.

3. How would you rate current food miles trends associated with food consumed in the UK?

1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

Don’t know; not enough overseas data available for a comparison.

4. In Europe?

1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive
Don’t know; not enough European data available.

5. How would you rate food miles trends associated with food consumed in the UK over the next 5-10 years?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

6. In Europe?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

7. How would you rate the role supermarkets play in current UK food miles trends?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

8. How would you rate the current supermarket trend towards organic production?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

Would things be different without supermarkets? At least supermarket supply chains are efficient, whereas because local shops are often national not local, they may involve more inefficiencies in distribution etc as don’t have distribution centres.

Sometime organic produce is sourced from much further away; therefore, regional supply is the way forward as we need to improve the diversity and also the scale of regional food production
9. Local sourcing?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

It depends, as box schemes are not generally enough to last people, people have to top up by going to the shops themselves. A tenth of food chain emissions is food miles. Vegetables are more environmentally friendly than meat; therefore following a vegetarian diet is less harming for the environment due to the methane and nitrous oxide produced in animal urine, which are more damaging than carbon dioxide. An important issue is the fact that while food miles are important, their emissions are generally minor relative to the production and processing of food.

10. Can such measures significantly reduce the aggregate food miles travelled by food sold in UK supermarkets? Or is it purely a token gesture to satisfy consumers?

It is a token gesture at the moment, and there are no moves to develop from this. The emphasis is on consumer choice so it is impossible to change to selling purely local or organic food. Choice is the root of the problem in having to import large quantities of food, as is consumer waste. Additionally, we should eat lower down on the food chain, and eat more robust products that store and move well etc.

11. For which particular food/perishables types do you view the trends in food miles as most problematic?

Fresh produce for example peas and berries.

12. For what reasons?

Due to their limited shelf life and their need to be flown in due to their high perishability.
13. **Which food or food transport sectors do you think most merit further research?**

Air freight and shipping - which, according to DEFRA is not a clean mode of transport. Transport goes hand in hand with refrigeration and increases waste as refrigeration is a significant cause of food-related emissions, so shipping/road-freight is not a solution to air freight issues.

14. **How would you rate supermarket responses to the food miles issue?**

1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

15. **Why have you given this rating?**

Some supermarkets are making an effort, for example some are trying with local sourcing of milk etc, but they need to try and cut down on the range of food which is sold. Supermarkets are not responding adequately to the food miles issue. There is not sufficient government incentive to persuade supermarkets to change and supermarket Boards tend not to adequately focus on environmental issues.

16. **Which supermarkets do you think are doing most to address this issue?**

Traditionally they all claim that they are. Those doing the most are Waitrose and Marks and Spencer; although it depends on how you assess them.

17. **What are these supermarkets doing?**

All have improving policies to do with sustainable fish sourcing.
18. Are you aware of any supermarkets who have achieved absolute reductions in their food freight miles total?

Waitrose and Tesco’s websites show trends.

19. How was this achieved / why do you think this is?

Unsure

20. In order of priority, which actions should supermarkets take to reduce their food miles?

- Stop air freighting food
- “I will if you will” - just offer a few varieties and reduce consumer choice
- Source regionally; promote and support British producers
- Reduce perishable products

21. How far, in your opinion, can supermarkets affect environmental agricultural issues such as food miles, local sourcing and organic production?

As they have 80% of the market, they can do as they like.

22. Are you aware of any supermarkets who are responding to such issues adequately in your mind?

No, although Co-Op is worth mentioning: it is good for fair-trade products, but tends to be more of a top-up market.
23. How do you rate Tesco’s pledge to spend £100 million on sustainable environmental technology?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

24. Why have you given this rating?

Their recyclable bags are oil-based, not really bio-degradable.
Ink Pen and Green Alliance are better

25. Does this put them ahead of other supermarkets in the environmental stakes, or is it more of a drop in the ocean due to their rapid growth?

Their plans are interesting, but it’s hard to say at this stage.

Supermarket sustainability reporting

26. Do you have any general views on supermarket sustainability reports?

Need to be standardised in order to enhance comparisons. Should report volume of air freighted goods so you can look at it over time.

27. How would you rate supermarket efforts to measure their food miles?
1= very negative, 2= slightly negative, 3= neutral, 4= slightly positive and 5=very positive

Good in the UK, bad overseas.

28. Any exemplary supermarkets?

No, except for Booths’ regional sourcing.
29. Any reasons for this?

Nothing further.

30. In your opinion do the CSR reports and sustainability reports produced by UK supermarkets genuinely show a concern for the environmental and social costs of food production, or are they merely to satisfy consumer and government concerns?

A step, but need to be standardised. Shift away from per crate figures towards absolute figures.

General
31. Would you like to add any more comments?

Supermarkets are very powerful. A shift to local sourcing is not necessarily the answer. Supermarkets have the time and money to do things. Their problems can be potential. Supermarkets are not very environmentally friendly at board level.

The government has not done enough.
Appendix 2: Questionnaire Derived from BiTC’s CR Index 2005 (Sections 3 and 4)

Community Management Practice

1. Is there a strategy that addresses key risks and opportunities that affect significant communities? **Yes/No/Limited**

2. Does the community strategy cover any of the following:
   - Employment (e.g. local or from disadvantaged groups)
   - Sourcing/Purchasing (e.g. local or from disadvantaged groups)
   - Product and service development, use and delivery (e.g. social inclusion such as physical access for special needs)
   - Facilities siting and management (e.g. siting in underserved/emerging communities as a strategic decision)
   - Financial investment and fiscal contributions (e.g. investing in projects with a community benefit)

   **None/1/2/3/4/All(5)**

3. How far are community management targets set to implement the community strategy? **Targets set to implement community strategy reflect ALL/SOME/NONE of the key business risks and opportunities**

4. Are the community management targets reviewed and updated regularly? **Yes/No/Limited**

5. Are employees included in communication and dialogue on community related activities? **Yes/No/Limited**

6. Is the implementation of the community strategy monitored and reviewed? **Yes/No/Limited**
Environmental Management Practice

7. Does the company have corporate environmental objectives? **Yes/No/Limited**

8. Are there set CEM objectives arising from environmental objectives? **Yes/No/Limited**

9. Is there an employee environmental programme which provides internal communication of environmental performance and awareness? **Yes/No/Limited**

10. Does your company communicate with any of the following about environmental impact issues?:
    - Customers/Consumers
    - Financial lenders/insurers
    - Financial investors/analysts
    - Government and/or regulators
    - Local communities
    - NGOs and/or media
    - Key suppliers/contractors
    **None/1/2/3/4/5/6/All 7**

11. Is there an environmental management system? **Yes/No/Limited**

12. Has it been assured/assessed by a third party? **Yes/No**

13. If there is an EMS in place, is it externally certified to ISO14001 or EMAS? **Yes/No**

14. a) Is there an internal environmental audit process in place? **Yes/No**
    b) Is there an independent third party verification statement? **Yes/No**
Marketplace Management Practice

15. Is there an assessment of the negative and positive social impacts of your core products and services? Yes/No/Limited

16. Has there been action taken to reduce the negative impacts and enhance the positive impacts? Yes/No/Limited

17. Does the company practice environmental stewardship? Yes/No/Limited

18. Has an environmentally focused supplier programme been implemented? Yes/No/Limited

19. Has a socially focused supplier programme been implemented? Yes/No/Limited

20. Does the company practice responsible behaviour through sales? Yes/No/Limited

21. Is formal/informal lobbying of governments/regulators aligned to the company’s CR values? Yes/No/Limited

22. If the company operates in countries with no/poor minimum legislative standards, does it still enforce minimum legal requirements? Yes/No/Limited

Workplace Management Practice

23. Has the company developed corporate workplace objectives relating to their key workplace issues? Yes/No/Limited

24. How far do the corporate workplace management targets cover the key business risks and opportunities? The workplace objectives cover ALL/SOME/NONE of the key business risks and opportunities
25. Is there communication and consultation with employees regarding the implementation of workplace policies, objectives and targets such as health and safety, remuneration, training and redundancy? **Yes/No/Limited**

26. Are the workplace policies, objectives, targets and practices monitored and reviewed internally? **Yes/No/Limited**

**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27. 

a) Energy
   
   i) Is impact measured in this area? **Yes/No/Limited**
   
   ii) Is it aggregated centrally? **Yes/No/Limited**
   
   iii) Is it reported publicly? **Yes/No/Limited**
   
   iv) How much of the worldwide operations are covered by these KPIs? **All/None/Some**
   
   v) How are the figures arrived for each? **Estimates/Verifiable information/No mention**
   
   vi) Are targets set for each individual business unit for each? **Yes/No**
   
   vii) Are targets in the public domain for each? **Yes/No/Limited**
   
   viii) Are there demonstrable improvements in the management of this impact area? **Yes/No/Limited**
   
   ix) Are there demonstrable improvements in the performance of this impact area? **Yes/No/Limited**

b) Transport

   i) Is impact measured in this area? **Yes/No/Limited**
   
   ii) Is it aggregated centrally? **Yes/No/Limited**
iii) Is it reported publicly? Yes/No/Limited
iv) How much of the worldwide operations are covered by these KPIs? All/None/Some
v) How are the figures arrived for each? Estimates/Verifiable information/No mention
vi) Are targets set for each individual business unit for each? Yes/No
vii) Are targets in the public domain for each? Yes/No/Limited
viii) Are there demonstrable improvements in the management of this impact area? Yes/No/Limited
ix) Are there demonstrable improvements in the performance of this impact area? Yes/No/Limited

c) Process emissions
i) Is impact measured in this area? Yes/No/Limited
ii) Is it aggregated centrally? Yes/No/Limited
iii) Is it reported publicly? Yes/No/Limited
iv) How much of the worldwide operations are covered by these KPIs? All/None/Some
v) How are the figures arrived for each? Estimates/Verifiable information/No mention
vi) Are targets set for each individual business unit for each? Yes/No
vii) Are targets in the public domain for each? Yes/No/Limited
viii) Are there demonstrable improvements in the management of this impact area? Yes/No/Limited
ix) Are there demonstrable improvements in the performance of this impact area? Yes/No/Limited

**Waste and Resource Management**

28.

a) Waste generated/disposed
i) Is impact measured in this area? Yes/No/Limited
ii) Is it aggregated centrally? Yes/No/Limited

iii) Is it reported publicly? Yes/No/Limited

iv) How much of the worldwide operations are covered by these KPIs? All/None/Some

v) How are the figures arrived for each? Estimates/Verifiable information/No mention

vi) Are targets set for each individual business unit for each? Yes/No

vii) Are targets in the public domain for each? Yes/No/Limited

viii) Are there demonstrable improvements in the management of this impact area? Yes/No/Limited

ix) Are there demonstrable improvements in the performance of this impact area? Yes/No/Limited

b) Waste reused/recycled

i) Is impact measured in this area? Yes/No/Limited

ii) Is it aggregated centrally? Yes/No/Limited

iii) Is it reported publicly? Yes/No/Limited

iv) How much of the worldwide operations are covered by these KPIs? All/None/Some

v) How are the figures arrived for each? Estimates/Verifiable information/No mention

vi) Are targets set for each individual business unit for each? Yes/No

vii) Are targets in the public domain for each? Yes/No/Limited

viii) Are there demonstrable improvements in the management of this impact area? Yes/No/Limited

ix) Are there demonstrable improvements in the performance of this impact area? Yes/No/Limited

Biodiversity

29. Is the company’s impact on biodiversity assessed and managed? Yes/No/Limited
30. What proportion of the business operations which have an impact on diversity does this apply to? **All/None/Some**

31. How are the figures arrived for each? **Estimates/Verifiable information/Both**

32. Are there targets for action covering business activities’ impacts on biodiversity? **Most/Some/None**

33. Is there any improvement in impact on biodiversity? **Yes/No/Some**

**Product Health and Safety**

34. Are there systems to review Health and Safety of products? **Yes/No/Limited**

35. Is there a Health & Safety planning system that covers all stages of product development? **Yes/No**

36. Is there a system to monitor Health and Safety of products? **Yes/No/Limited**

37. Is there adequate guidance/labelling to guide consumers throughout the product lifecycle? **Yes/No**

**Occupational Health and Safety**

38. Is there a formal Occupational Health and Safety Management System (OHSMS) that includes all the key risks? **Yes/No/Limited**

39. Is performance measured in key OHS areas? **Yes/No/Limited**

40. What proportion of business activities are covered by these KPIs? **All/None/Part**

41. Are the KPIs publicly reported? **All/None/Limited**
42. How are the figures arrived for each? Estimates/Verifiable information/Both

43. Are there set performance improvement targets? Yes/No/Some

**Labour Rights in the Supply Chain**

44. Is there a supply chain code of conduct meeting core ILO conventions on labour rights? Yes/No/Limited

45. Are suppliers monitored to check they comply with company’s own code of conduct? Yes/No/Some

46. What proportion of global supply chain operations have been monitored in the last 2 years? All/None/Some

47. What methodology is used to measure the supply chain? None/One source/Various sources

48. Are there remediation plans in place in case labour rights concerns are identified in the supply chain? Yes/No/Limited

**Diversity in the Workplace**

49. Does the company demonstrate leadership in diversity issues? Yes/No

50. Which of the following does the equal opportunities and diversity policy follow?:
   - Gender
   - Ethnicity
   - Disability
   - Age
   - Sexual orientation
• Religion/belief
None/1/2/3/4/5/All

51. Is there an identifiable budget-resource for achieving the diversity goals? Yes/No

52. Are diversity issues mainstream throughout the employment process? Yes/No/Limited

53. Are the current workforce and diversity profile measured in order to support diversity programmes? Yes/No/Limited

54. Is there a demonstrable improvement in performance across the diversity agenda? Yes/No/Some

Community Investment

55. Does the community investment strategy link with the company’s key risks and opportunities? Yes/No/Limited

56. Are inputs of corporate community investment activities measured and centrally collated across business operations for:
• Cash
• Staff time
• Gifts in kind
• Management time
None/1/2/3/All

57. Are the outputs from the community investment programmes measured and centrally collated for:
• Leverage
• Community benefit
• Business benefit
None/1/2/All
58. Is there a demonstrable long-term positive impact from the company’s social investment programmes? **Yes/No/Limited**

59. What proportion of community investment activities are reported:
   a) Internally
   b) Publicly
   **All/None/Limited**

60. For each of the following, is there a management process to provide full assurance that the corporate responsibility information is of an acceptable quality?
   - Community
   - Environment
   - Marketplace – supply chain
   - Marketplace – customers/consumers
   - Workplace – Health and Safety
   - Workplace – employee issues
   **Yes/No/Developing**
Appendix 3: Buying a Better Future…Is Ethical Consumerism the Key to Combating Climate Change?

Conference at The Climate Clinic, Manchester, 26th September 2006.

Speakers: Stephen Hale, Director Green Alliance; Melanie Howard, Co Founder and Director of Innovation Future Foundation; Barry Clavin, Ethical Policies Manager The Co-operative Group; Laura Vickery, Sustainability Adviser The Co-operative Group.

Issues discussed:

- Can consumer society cure itself? How far should the government intervene? What is the role of consumers and is this enough to prevent legislation? What else could/should the government be doing?

Melanie Howard (?)

- There is good evidence for a direction of change in the Co-operative Group.
- How do consumers fit in? What can we expect from individuals? We must understand where people are today – the Co-operative bank has been tracking ethical/environmental sales since 1999. There is a value action gap, i.e. a third of people claim to be ethical, but the market share of ethical purchases is just 2-3%.
- Climate change issues are increasingly prominent in consumer behaviour - £3.8 billion spend. For example, micro generation (e.g. wind) was a big spend in 2005; energy efficient white goods make up 70% of the total market share; green mortgages were up by 8% in 2005; green energy market in 2005 was £55million; hydro cars spend in 2005 was £138million. These are under-representations however.

Barry Clavin

- Ethical consumerism in itself cannot make big changes, although it leads the mainstream and is one step ahead of the market.
• What intervention is best? Behavioural or technology? The main issue in climate change is time – there is no time for consumer behaviour to change, this is only useful in the long term. Instead, we must remove bad choices as this is the most effective intervention: e.g. energy efficient white goods and leaded petrol.
• Government intervention is vital to turn it mainstream behaviour.
• Bridging/long-term technology is offsetting.

Stephen Hale
• The sheer urgency of the problem, the issues and potential impacts are breathtaking. It is quite damning of the way countries work together.
• There is a need for rapid action. Ethical consumerism is important in reducing the environmental footprint, and is also symbolic.
• The government must enforce and legislate – it must set a framework for technological and behavioural change. The government is central in tackling climate change. However, the government is pulling back in areas where it is needed, e.g. environmental taxes – there is a more away from an active government in this area.
• The rate of ethical consumerism will affect government and business; even the Conservatives are now mentioning climate change. Everyone is saying Labour must do more.

Laura Vickery
• Ethical consumerism will affect businesses, as 90% of people accept the idea of climate change and there is a growing ability for consumers to increasingly use consuming decisions to express themselves – value led – and this will become increasingly powerful.
• In ten years, all companies will have CSR policies and companies which are morally reprehensible will not even manage to find an advertising company to advertise them. There will be a mainstream influence on business.
• The government could do more without legislation; they need to spend more on understanding ethical consumerism. The government must invest and measure what we need to change.
• Incentives are better government interventions than heavy-handed fiscal interventions as governments tend to have limited goodwill – this was shown in the riots over fuel tax.
• Lobbying problems of environmental solutions is compounded at EU level.
• We need new concepts and need to create climate security.
• We should edit out unsustainable choices, e.g. the purchasing of unsustainable goods. Soft incentives will not be enough.
• Corporate decisions drive consumer choice, by editing choices.
• The Co-operative Group is actually better than the government on these issues.
• There is a need to make environmentally sound purchases desirable to consumers, need to tap into the fact that purchases have symbolic and self-expression functions to consumers.
Appendix 4: Qualitative reasons for the scoring of the Government's Food Industry Sustainability Strategy 2006 matrix

Co-operative Group

2. No mention of issue.
3. CFS’ overall business mileage has fallen by 27%, or five million miles, since 2000 (p25). Previously, in 2003, 60 Foden articulated lorries were converted to allow them to run on both compressed natural gas (CNG) and diesel (p25). Further progress on regional sourcing is a priority, and in 2006 the Co-op’s first Regional Sourcing Manager was appointed (p25)
4. Supplied surplus food to Fare Share for redistribution (p20)
5. Food Retail makes an annual submission to the ETI, which rates and benchmarks its performance and categorises it as ‘beginner’, ‘improver’, ‘achiever’ or ‘leader’. In two of the five designated areas (‘commitment’ 5 and ‘corrective actions’ 6), the Group’s performance in 2005 is rated as ‘leader’. In the remaining three areas (‘monitoring, independent verification and reporting’ 7, ‘awareness raising and training’ 8 and ‘management procedures, pricing and incentives’ 9) it is rated as ‘achiever’ (p7)
6. Women account for 61% of Trading Group employees and 52% of managers (p47)
7. No mention of issue.
8. The Member and Director Learning Framework 3 was launched by the Co-operative Group in 2002. Created in partnership with the Co-operative College, the framework offers an accredited, stepped learning programme that enables members to develop their abilities and knowledge (p38).
9. In 2004, commits to adopt a ‘traffic light labelling’ scheme that meets the Food Standards Agency’s criteria (p16)
Marks and Spencer

1. Carbon dioxide emissions down by 9% compared to 2002/03 (p4). Now using combined heat and power (CHP) generators in all stores to create less polluting electricity and reduce CO2 emissions by over 40% (p25). Signed a new contract to supply all English and Welsh stores with less polluting forms of electricity from April 2006 (p5).

2. Water use up 13% from previous year, aim to tackle water use this year by recycling water (p28).

3. 89% of delivery vehicles have at least Euro 3 standard engines (p5). Introduced triple-deck trailers meaning non-food fleets used 9% less fuel (p25).

4. Auditing waste over next 12 months to find out where it comes from and how to reduce it (p28). Cut food waste by selling unsold items to employees at a reduced price and donated to charity (p28).

5. Launched Fair-trade cotton t-shirts and socks, introduced many new Fair-trade items (p9); member of Ethical Trading Initiative (p12); help farmers implement ethical trading requirements (p13).

6. Workplace free from discrimination, harassment or victimisation, regardless of age, colour, disability, gender, race, sexual orientation, hours of work, marital status, national origin, political opinion or religious belief (p22). 68% of managers are women, 8% are from ethnic minority backgrounds (p22).

7. No major injuries or fatalities (p23).

8. 700 people took part in courses, from seminars to 5 day courses; measuring effectiveness of training (p21).

9. 20% of products are ‘eat well’; use GDAs in labelling; reduced calories in main meals by 100; introduced ‘Eat Well for Kids’ with no artificial colours etc or added preservatives etc; removed hydrogenated fats and oils from 90% of food; first UK retailer to meet FSA salt reduction targets; launched additive-free ‘Cook!’ meals (p14).

10. No mention of issue.
Sainsbury’s

1. Will reduce carbon emissions per square meter by 5% by 2008 against a 04/05 baseline. Achieved carbon emissions reductions from its sites in excess of 20% since 1997/1998 (p12).
2. No mention of issue.
3. Reduced road mileage by 5%. Trialling an environmentally friendly electric vehicle, switching to more efficient engines on all new vehicles (p12, 28, 30, 34)
4. Pursuing composting and anaerobic digestion of waste meat, reducing organic waste to methane and a soil enhancer in the future. (p31).
5. Leading Fair-trade retailer with sales of over £2million in Fair-trade fortnight (p13); accounts for a third of Fair-trade products sold through major retailers (p37).
6. Value colleague diversity on ethnicity, gender and age (p56); women almost 20% of regional managers and 58% of corporate headcount, ethnic minorities make 14% of workforce (p57).
7. Target of 50% reduction in colleague reportable accidents by 2008/09, achieved 9.6% so far (p58).
8. 1000 managers received leadership training, and 9000 more will do; new apprentice scheme for bakery (p55).
9. Sales increase of 10% for healthy products with their apple symbol (p20); wheel of health (p21); will remove all hydrogenated fats from own brands by January 2007; will reduce salt in line with FSA guidelines; make every own brand as healthy as possible; sold over average amount of fruit and vegetables (p10); reduced prices on 100 organic lines (p18).
10. Introduced pop-up timers on turkey and chickens to ensure they are cooked properly, only retailer to do so (p18).
Tesco

1. Cut energy consumption by 15% in the last year. Set aside £100 million to spend on sustainable environmental technology – wind turbines; solar energy; geothermal power, combined heat and power, trigeneration and gasification. Will build the most environmentally friendly store in the UK. Will halve the average energy use in all buildings by 2010 against a 2000 baseline. Developing energy efficient stores e.g. energy efficient bakery ovens. (p3, 5, 52, 53, 55)

2. Installed rainwater recovery systems for flushing toilets, and invested in urinal controls and taps which automatically switch off; reduced water use by 7.7%. (p56).

3. 1st major retailer to incorporate bio fuel into standard petrol and diesel. Increasing efficiency of distribution fleet and switching to sea freight from air freight where possible. Delivered 8% more products per litre of fuel used. Making sure lorries carry goods on return journey; used double deck trailers. Invested £5.2 million in buying equipment which reduces emissions of nitrous oxide by 30% and particulates by 50%. Using rail transportation to cut Co2 emissions where feasible. Converting standard diesel filling stations to biodiesel. (p3, 5, 52, 53, 55)

4. Finding clean ways to generate energy from food waste (p57). Testing aerobic digestion and gasification to reduce food waste(p59).

5. The number of Clubcard customers buying three or more Fair-trade products each month has nearly trebled over the past two years (p31).

6. In the UK our approach is to ensure that the composition of our workforce mirrors the composition of the population as a whole. Our Diversity Advisory Group meet every six weeks to monitor our progress (p44).

7. 2005/06 exceeded target to reduce reportable accident rates – customers reportable accidents fell by 14.1%, staff by 5.3% and distribution staff by 14.4%. Target to reduce reportable accident rate by 10% over next 3 years (p48).
8. Aim to ensure that 95% of staff are trained to bronze level, and offer Life Long Learning in Basic IT, Skills for Life (Maths and English) and Languages (p7).

9. Reducing salt, fat and sugar in over 500 products, nutritional signposting, making ready meals which are made as you would at home, ran 230 promotions on fresh fruit and vegetables (p41-43).

10. No mention of issue.

**Waitrose**

1. Committed to renewable energy and supports UK research into renewable energy (p24). Will invest £11 million a year for 5 years on new refrigeration (p25). Over all carbon emissions have fallen by 20% per £million sales (p25). Target of 5% reduction in annual energy consumption per sales area exceeded at 10% (p25). New shops 20% more efficient than those built 10 years ago (p25).

2. Strives to minimise water use (p3) and encourages suppliers and partners to use water more efficiently (p13 and 24). Also will improve accuracy of water data in order to assess more accurately (p41).

3. Concern for food miles has led to local sourcing being promoted in Waitrose for years (p14). Striving to minimise deliveries made and distances travelled (p19). Selling British products in season and also local produce reduces food miles (p19). Key aim is transport optimisation (p19). Trialled Euro 4 engine which emits 76% less nitrous oxide and 96% less particular matter than a 1992 engine (p19). Drivers are given extra training as good driving reduces emissions (p20). Frequently use ‘back-hauling’ – filling vehicle on return journey– and forward-hauling which saved 2 million miles in 2005/6 (p20). Develop shop-based green travel strategy (p42).

4. Aims to minimise food waste by accurate ordering (p26). Donates suitable food waste to Fare share who redistribute it to homeless and vulnerable people (p26).

5. Responsible Sourcing programme recognised by BiTC and achieved National Example of Excellence HBOS Supply Chain Award (p13). All own-brand
direct suppliers assessed against Responsible Sourcing Code of Practice (p13), amounts to 97% of own-brand sales (p12). Ethical Consumer magazine gave Waitrose the highest ‘ethiscore’ for large supermarkets (p29).

6. Aims for more women and ethnic minorities in management positions (p32).

7. Reportable accidents up by 4% in last year, Waitrose designing an online accident reporting and management system (p31).

8. On-going training in place and plan to extend their Fresh on Service training programme (p30).

9. Stance on responsible customer education has been recognised by the National Consumer Council (p36). Give advice and offer leaflets on nutrition and recommended ‘five a day’ seasonal foods (p36). Perfectly Balanced range is high-quality and are less than 3% fat, lower in salt and calories and free from artificial sweeteners and colours (p36). Also reducing fat, salt and introducing traffic light labelling on products (p37).

10. No mention of issue.
Appendix 5: Qualitative reasons for the scoring of the Business in The Community matrix

The Co-operative Group

Community Management Practice

1. They channel organisational energies in five areas: climate change; social inclusion; tackling crime; food integrity; and modern co-operation (p50)

2. Does the community strategy cover any of the following:
   - In January 2006, the Co-operative Group presented its Charity of the Year, Shelter, with a cheque for £1m as part of its social inclusion (p50)
   - In 2005, the Group's contributions to the community totalled £7.2m, or 2.8% of pre-tax profit. A further £3.6m was raised by/for community organisations directly as a result of the Group’s support (p50)

3. Educational initiatives will be integrated into community programmes in each of the five areas: climate change; social inclusion; tackling crime; food integrity; and modern co-operation (p50)

4. No explicit mention

5. Employee and member vote used to select charity for donation of £1m (p50)

6. The seventh co-operative principle, ‘Concern for community’, guides co-operatives to work for the sustainable development of communities (p50)
Environmental Management Practice

7. A new four-person unit has been established and a fresh environmental strategy developed. Henceforth, the issues of climate change, waste and packaging, and, to a lesser extent, biodiversity, will be prioritised (p21)

8. Hopes to maintain its leadership in the area of climate change and attain leadership in the area of waste (p21); environmental management systems were re-certified to the ISO14001 standard & in 2005 the Group’s Services Function achieved ISO14001 certification (p22); maintenance of existing ISO14001 certifications will be secured (p22)

9. No explicit mention

10. Does your company communicate with any of the following about environmental impact issues?:

   - Millions of CFS customers have been consulted as part of Bank and CIS Ethical Policy consultations (p21)
   - During 2005, 18 finance opportunities were referred to the Ethical Policy Unit in connection with these areas, of which six were declined at an estimated cost of £664,500 in terms of gross income foregone (p26)
   - Lobby the UK Government for binding annual reductions of carbon dioxide emissions of c 3% per annum.
   - The Natural Step (p22); In February 2006, the Group initiated a fresh Carbon Management partnership agreement with the Carbon Trust (p25); Tyndall Centre (p26)
   - Wrote to 38 large UK energy users urging them to consider long-term power purchase agreements for renewable electricity (p27)

11. Environmental management systems were re-certified to the ISO14001 standard & in 2005 the Group’s Services Function achieved ISO14001 certification (p22); maintenance of existing ISO14001 certifications will be secured (p22)
12. Yes (ISO14001)

13. Yes

14. a) Yes. The assurance approach and audit statement will be provided on the website at www.co-operative.co.uk/en/corporate/sustainability/audit05 (p5)

        b) No explicit mention.

**Marketplace Management Practice**

15. Pesticides, genetic engineering, additives, nutritional balance and informative labelling are recognised as negative and reported on (p16); improvement in choice is sited as positive (p16)

16. All Co-op own-brand fruit, vegetables and salad produce in the UK meet the terms of the Assured Produce Scheme (APS), which promotes basic standards of horticultural practice regarding the use of pesticides and fertilisers (p16); 1995 commits to clear labelling, 1995 Challenges suppliers to reduce amount of fat and salt in own-brand products to help achieve Nutrition Task Force targets, etc (p16)

17. No explicit mention

18. Yes. Peat stewardship (p34), forest stewardship (p34), marine stewardship (p32).

19. Yes. The Co-operative Group has been committed to the idea of responsible retailing since its inception in 1863 (p6); The Co-operative Group is committed to the principles of sound sourcing and to addressing worker conditions in the supply chain (p7)

20. Yes. Focus on pesticides, genetic engineering, additives, nutritional balance and informative labelling (p16)
21. Yes. One target is: lobby the UK Government for binding annual reductions of carbon dioxide emissions of c 3% per annum (p27)

22. Yes. The Co-operative Group is committed to the principles of sound sourcing and to addressing worker conditions in the supply chain, particularly in respect of own-brand products (p7)

**Workplace Management Practice**

23. Colleagues should feel valued and involved at work; they should understand the goals and direction of the business and know how their job fits in (p43)

24. Important that flexible working is effectively managed (p46); Implement a new Group-wide childcare voucher scheme to assist employees with childcare costs (p46)

25. Responses to the 2004 employee opinion survey indicated that an effective flexible working programme is a key reason for staying with the organisation (p46); provide confidential counselling services, which can be used by employees who wish to discuss either workplace or personal issues (p46)

26. Yes after annual employee opinion surveys (p43).

**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27.

a) Energy

   i) Yes in 2005 energy consumption was 919,114,029 kWh
ii) Yes, as above  
iii) Yes in CSR report  
iv) Operate in UK only  
v) No explicit mention  
vi) No  
vii) N/A  
viii) Yes. Significant progress has been made in support of renewable electricity by all businesses (p23)  
ix) Yes (p23)  

**Energy**  

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<tr>
<td>Carbon dioxide emissions (tonnes)</td>
<td>354,474</td>
<td>226,411</td>
<td>49,159</td>
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b) Transport  
i) Yes. 2005 mileage was 122,105,000 (p26).  
ii) Yes as above.  
iii) Yes in CSR report  
iv) Operate in UK only  
v) No explicit mention  
vi) No explicit mention  
vii) N/A  
viii) A number of projects to reduce carbon dioxide emissions have been progressed (p25)  
ix) Yes (p26)  

c) Process emissions  
i) Yes in 2005 energy consumption was 919,114,029 kWh  
ii) Yes, as above  
iii) Yes in CSR report  
iv) Operate in UK only  
v) No explicit mention
vi) No
vii) N/A
viii) Yes. Significant progress has been made in support of renewable electricity by all businesses (p23)

ix) Yes (p23)

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a) Waste generated/disposed
i) Yes. General waste disposed (tonnes) 38,900; Waste recycled/reused (tonnes) 31,100 (p28).
ii) Yes, as above.
iii) Yes in CSR report.
iv) Operate in UK only
v) Both (p28)
vi) No explicit mention
vii) N/A
viii) Yes, the efforts of the Group and other businesses have contributed to a marked improvement in the UK’s record in this area (p28)
ix) No explicit figures, but implied (p28)

b) Waste reused/recycled
i) Yes, as a) (p28)
ii) Yes, as a) (p28)
iii) Yes in CSR report
iv) Operate in UK only
v) Both (p28)
vi) No explicit mention
vii) N/A
viii) As a)
ix) As a)

**Biodiversity**

29. Yes, whole section of CSR report entitled Biodiversity (p32).

30. All

31. No explicit mention

32. Yes. Progress the phasing-out of the sale of wild-caught warm-water prawns – the only unsustainable species on the MCS list of fish to avoid sold by Food Retail; Develop/extend the FSC stationery and kitchen towel ranges; Report on the work undertaken to secure sustainable palm oil; Ensure that no growing media product contains more than 60% peat (p34)

33. An improvement in overall fishing rating, from ‘fail’ to ‘good’ (p33); increase of 14.7%. FSC timber and wood products were utilised in the refurbishment of 13 CIS Regional Sales Offices and five Bank branches (p33)

**Product Health and Safety**

34. Quality Assurance, Scientific Advice, Consumer Policy, Food Safety and Labelling Standards teams work to ensure that the Co-op’s responsible retailing remains progressive and leading edge (p6)

35. No explicit mention
36. Quality Assurance, Scientific Advice, Consumer Policy, Food Safety and Labelling Standards teams work to ensure that the Co-op’s responsible retailing remains progressive and leading edge (p6)

37. 2006 Commits to adopt a ‘traffic light labelling’ scheme that meets the Food Standards Agency’s criteria (p16)

**Occupational Health and Safety**

38. A Group Health and Safety Policy seeks to ensure that the health, safety and welfare at work of all employees is safeguarded, and that non-employees are protected from any hazard created by the Group’s operations (p4)

39. No mention

40. All (p4)

41. Progress against the health and safety goals set for the 2005/06 financial year is detailed in the Group’s Annual Report & Accounts 2005, along with plans for 2006/07 (p4)

42. Assume verifiable information

43. Progress against the health and safety goals set for the 2005/06 financial year is detailed in the Group’s Annual Report & Accounts 2005, along with plans for 2006/07 (p4)

**Labour Rights in the Supply Chain**

44. In 1999, the Trading Group established a Sound Sourcing Code of Conduct: this sets out minimum acceptable standards for suppliers of own-brand products and has
been developed with reference to the ETI Base Code and the International Labour Organization’s (ILO) conventions (p7)

45. Yes as above

46. Food Retail aims to demonstrate that all manufacturing sites producing own-brand products operate ethically and have a genuine commitment to the criteria set out in the Code of Conduct (p7)

47. Developed with reference to the ETI Base Code and the International Labour Organization’s (ILO) conventions (p7)

48. Implied (p7)

**Diversity in the Workplace**

49. In line with the retail sector average (p47)

50. Explicitly mention: gender; ethnicity; disability; age; religion; sexual orientation (p47-49)

51. No specific mention

52. Yes (p47-49)

53. Yes (p47-49)

54. Yes (p47-49)

**Community Investment**

55. No explicit mention
56. All 4 (p50)

57. Business and community benefit i.e. tackling crime (p51)

58. Yes, money donated to charities and above (p51); also staff volunteering (p51)

59. a) Assume all
    b) All

60.
   • No mention
   • ISO14001 (p22)
   • ILO standards (p7)
   • No mention
   • No mention
   • No mention
Marks and Spencer:

Community Management Practice

1. Founding members of BiTC; support their Per Cent Standard, investing 1% of pre-tax profits in the local community (p26). When building stores and designing delivery schedules, take into account transport facilities for customer and employees and also impact on the local neighbourhood (p27).

2. Access for people with disabilities is a priority (p27); invest 1% of pre-tax profits into the local community (p26).

3. Aim to maintain investment of 1% of pre-tax profits into the local community (p26) and to adopt disability access best practice where possible (p27).

4. No explicit mention.

5. No explicit mention. Give awards recognising employees who make a difference to the local community (p26). Aim to strengthen communication with all employees so they have a good understanding of challenges facing the company (p20).

6. No explicit mention.

Environmental Management Practice

7. Aim to manage responsibly the impact M&S operations have on the environment (p24).

8. Aim to reduce store energy carbon emissions by a further 20%, reduce waste per million sales by 10% by 2010 and start to upgrade delivery fleets to Euro IV standard engines (p25).
9. No explicit mention.

10. Worked closely with the Carbon Trust (p28), and continue to listen to customers on CSR issues (p1); work with the government, regulators, community partners, trade associations, and environmental, human rights and animal welfare groups (p7).

11. No explicit mention.

12. N/A

13. N/A

14. a) N/A
   b) N/A

**Marketplace Management Practice**

15. Recognise issues such as fat, salt, sugar and labelling (p16)

16. Continually adding more choices to healthy food ranges; reducing calories in meals and using GI labelling (p14). 20% of food ranges are ‘Eat Well’; have updated labelling and GDA labelling; removed hydrogenated fats and oils from foods; new guidelines on fat and sugar (p16).

17. No explicit mention.

18. Invites suppliers to share experiences, successes and challenges in reducing pesticide usage (p11). Have an environmental code of practice which suppliers must meet (p11). Chaired Supply Chain Leadership Group looking at ways to improve the management of chemicals (p11).
19. 15% of clothing, home and beauty suppliers and 86% of food suppliers are registered users of SEDEX; expect all product suppliers world-wide to meet Global Sourcing Principles (p12). Worked with Oxfam to show suppliers how their decisions affect ethical trading requirements (p13). Identify and participate in new best practice initiatives (p13).

20. Want to be known for providing customers with high quality, healthier choices (p8).

21. Lobbied the government about the need to make the registration, evaluation and authorisation of chemicals (REACH) regulations effective and efficient (p11).

22. Expect all product suppliers, no matter where they are in the world, to meet our Global Sourcing Principles, outlining expectations on the management of labour standards, and work towards meeting the more demanding ETI standards (p12).

**Workplace Management Practice**

23. Recognise important legal and moral responsibilities to ensure the health, safety and wellbeing of employees as well as creating a fair, equitable and diverse working environment (p18).

24. Extend ‘Buying Academy’ training to head office employees in the Food Division; launch a step-by-step career plan linked to skills and performance; comply with age discrimination legislation in October 2006; extend trials to provide employees with free, fast referral to physiotherapists, osteopaths and chiropractors, and access to confidential telephone advice and counselling to help them with physical and mental health problems which affect their performance at work; reduce accidents and absence related to work-related injury; communicate new consolidated Code of Ethics across the company (p19).
25. Launched new ways to communicate with employees about workplace changes that affect them (p18).


**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27.

a) Energy
   
i) Have measured electricity and gas use in UK stores and offices (p28) and distance and fuel consumption for transportation (p27).
   
ii) Yes see page 27.
   
iii) In CSR report.
   
iv) Operate in UK only.
   
v) No explicit mention.
   
vi) No explicit mention.
   
vii) N/A.
   
viii) Upgrading equipment; participating in new legislation surrounding energy efficiency; now monitoring use of electricity every hour (p28).
   
ix) Total electricity usage level between this year and last; gas usage down by 1% and resulting CO2 emissions by 2% (p28).

b) Transport
   
i) In table Food and non-food UK and Republic of Ireland store delivery fleets.
   
ii) In table Food and non-food UK and Republic of Ireland store delivery fleets.
   
iii) Yes in CSR report.
   
iv) Operate in UK only
   
v) No explicit mention but implied verifiable information, not estimates.
vi) No explicit mention.

vii) N/A.

viii) Work to make vehicles as environmentally friendly as possible (p28); upgrading fleets to Euro IV standard engines (p25).

ix) Fuel use and resulting CO2 emissions level (p28).

c) Process emissions

i) If assumed as emissions generated in stores to sell goods: new carpeting in Lingerie and changing areas 100% carbon neutral; measured energy use and waste generated by stores (p25)

ii) Stores generate 40,000 tonnes of waste a year and energy use is also measured centrally (p28).

iii) Yes in CSR report.

iv) Operate in UK only

v) Store waste is estimate, energy use is measured (p28).

vi) No explicit mention.

vii) N/A.

viii) See 27 a iii) for energy use; employed national waste contractor to analyse waste and how to reduce it (p28).

ix) See 27 a ix for energy use; cut food waste by donating to charities and selling to employees at reduced prices (no quantification) (p28).

Waste and Resource Management

28.

a) Waste generated/disposed

i) Stores generate estimated 40,000 tonnes of waste a year (p28).

ii) Stores generate estimated 40,000 tonnes of waste a year (p28).

iii) In CSR report.

iv) Operate in UK only

v) Stores generate estimated 40,000 tonnes of waste a year (p28).
vi) No explicit mention.

vii) N/A.

viii) Employed national waste contractor to analyse waste and how to reduce it (p28).

ix) Cut food waste by donating to charities and selling to employees at reduced prices (p28).

b) Waste reused/recycled

i) Use 50% recycled plastic in packaging for salad snacks and 30% on snack drinks – a total of 1500 tonnes (p9).

ii) Use 50% recycled plastic in packaging for salad snacks and 30% on snack drinks – a total of 1500 tonnes (p9).

iii) In CSR report.

iv) Operate in UK only

v) No explicit mention

vi) No explicit mention.

vii) N/A.

viii) Employed national waste contractor to analyse waste and how to reduce it (p28).


**Biodiversity**

29. Use sustainable raw materials; run sustainable sourcing programmes in partnership for cotton, fish, wood and peat (p10).

30. Aim for 50% of non-peat growing media for plants; have self-assessments covering standards on traceability, minimising pesticide use and use of non-GM ingredients; aiming for 5% of cotton to be organic; assess all wood suppliers (p10).

31. No explicit mention.
32. Aim for 50% of non-peat growing media for plants; have self-assessments covering standards on traceability, minimising pesticide use and use of non-GM ingredients; aiming for 5% of cotton to be organic; assess all wood suppliers (p10).

33. Aim for 50% of non-peat growing media for plants; have self-assessments covering standards on traceability, minimising pesticide use and use of non-GM ingredients; aiming for 5% of cotton to be organic; assess all wood suppliers (p10).

**Product Health and Safety**

34. Product Healthier Food (p14-15): recognise food as a vital contributor to health and wellbeing; introducing more nutritionally balanced foods, free of additives and diet specific foods.

35. Have Field-to-Fork standards on traceability, minimising pesticide use and use of non-GM ingredients (p10); reduce salt, fat, sugar, additives and preservatives in production of food; introduced clear labelling of products (p14).

36. New IT system keeps track of nutritional qualities of food (p14).

37. Food/drink labelled per 100 grams/ millilitres; use GDAs and traffic-light system; label GI on some ranges of products (p14).

**Occupational Health and Safety**

38. No explicit mention.

39. N/A

40. N/A

41. N/A

42. N/A
43. Banning smoking; offering support such as physiotherapy to employees; creating procedures to cope with a flu epidemic; reviewing Fire, Health and Safety procedures (p23).

**Labour Rights in the Supply Chain**

44. No explicit mention.

45. Expect all product suppliers, no matter where they are in the world, to meet our M&S Global Sourcing Principles, which outline our expectations on the management of labour standards, and work towards meeting the more demanding ETI standards (p12).

46. 15% of our Clothing, Home and Beauty and 86% of Food suppliers are now registered users of the SEDEX database (p12).

47. Ethical Trade Initiative, SEDEX and M&S’s own Global Sourcing Principles (p12).

48. Introduced a new way of reviewing potential problems as suppliers, so assessments can be concentrated where needed (p12).

**Diversity in the Workplace**

49. Aim to create a fair, equitable and diverse workplace (p18); complying with new legislation on Age Discrimination in 2006 (p19); aim to attract a culturally and socially diverse workplace (p22).

50. Provide training covering age, gender, race, ethnicity, sexual orientation and disability issues (p22).
51. In spring 2006, launched special training for over 200 human resource managers on discrimination to strengthen approach to diversity and equal opportunities (p22).

52. Aim to create a fair, equitable and diverse workplace (p18); aim to attract a culturally and socially diverse workplace (p22).

53. See table Workforce Diversity (p22).

54. No explicit mention.

**Community Investment**

55. Donate surplus food to charity (p28); promote National Year of the Volunteer, helping staff achievements outside of work (p26).

56. Donate 1% of pre-tax profit to charity; encourage staff to work for charitable causes; donate surplus food to charity (p26).

57. No explicit mention.

58. Donation of 1% of pre-tax profits; launch of work experience programme (p26).

59. a) Promotion of National Year of the Volunteer; work experience buddy system (p26).
   b) In CSR report.

60. a - f) No explicit mention.
Sainsbury’s

Community Management Practice

1. Give community support that reflects local needs (p14).

2. • Local employment (p45),
   • Sourcing/Purchasing (e.g. local or from disadvantaged groups)
   • Specific provisions for people with special needs (p50),
   • Siting in underserved/emerging communities as a strategic decision (p46),
   • Invested £18.6million in local community projects in 2005/6 (p49).

3. Reflect some key business risks and opportunities (p45-52).

4. No explicit mention, but yearly (p45-52).

5. Yes encouraged to contribute to the economic development and efficient management of the community (p45).

6. No explicit mention.

Environmental Management Practice

7. Yes (p12).

8. Yes (p12).

9. ‘Save it’ campaign raises staff awareness of environmental issues (p29).
10.  
  • Customers/Consumers – encouraging them to recycle (p33)  
  • Government – Climate Change Agreement over in-store bakeries (p30)  
  • NGOs – Forum for the Future (p27)  
  • Key suppliers – looking at replacing the use of cardboard with replaceable transit packaging (p32).

11. No explicit mention.

12. N/A

13. N/A

14. a) N/A  
   b) N/A

**Marketplace Management Practice**

15. Wheel of Health, reducing salt, introducing kids GDAs etc (p18).

16. As above and have promoted healthy food with 10% increase in purchase of products with health ‘apple’ logo (p18).

17. No explicit mention.

18. Support suppliers in sourcing sustainably etc (p37).

19. Limited – there is focus on fair-trade suppliers for many goods (p37).

20. Yes, focuses on food safety, product safety management, tackling under-age alcohol consumption etc (p48).
21. Yes (p7).

22. All suppliers world-wide must conform to Code of Conduct for Socially Responsible Sourcing (p42).

**Workplace Management Practice**

23. Yes, limited (p16).

24. No explicit mention but cover recruitment and retention and colleague engagement (p16).

25. Yes, Tell Justin scheme (16).

26. No explicit.

**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27.

a) **Energy**
   i) Yes (p12).
   ii) Yes (p12).
   iii) Yes in CSR report.
   iv) Only operate in UK.
   v) No explicit mention.
   vi) Target set per square metre (p12).
   vii) Only per square meter (p12).
   viii) First retailer to build a CO2 refrigeration system (p12).
ix) Yes for example, reduced road mileage by almost 5% (p12).

b) Transport
   i) Yes (p34).
   ii) Yes (p34).
   iii) Yes in CSR report.
   iv) Only operate in UK.
   v) No explicit mention.
   vi) No explicit mention.
   vii) No.
   viii) Yes, transport goods on behalf of suppliers etc (p34).
   ix) Yes, 5% reduction in road mileage etc (p34).

c) Process emissions
   i) Yes (p12).
   ii) Yes (p12).
   iii) Yes in CSR report.
   iv) Only operate in UK.
   v) No explicit mention.
   vi) Target set per square metre (p12).
   vii) Only per square meter (p12).
   viii) First retailer to build a CO2 refrigeration system (p12).
   ix) Yes for example, reduced road mileage by almost 5% (p12).

**Waste and Resource Management**

28.

a) Waste generated/disposed
   i) Yes, reduced waste sent to landfill by 5% (p31).
   ii) Yes (p31).
   iii) Yes CSR report.
iv) Only operate in UK.

v) No explicit mention.

vi) No explicit mention.

vii) No explicit mention.

viii) Yes, offer reusable bags and biodegradable packaging for organic produce (p32).

ix) Yes, replacing cardboard with returnable transit packaging etc (p32).

b) Waste reused/recycled

i) Yes (p33).

ii) Yes (p33).

iii) Yes in CSR report.

iv) Only operate in UK.

v) Assume verifiable information.

vi) No explicit mention.

vii) No explicit mention.

viii) Encouraging customers to recycle etc (p33).

ix) Yes reduced waste by 5% (p12).

**Biodiversity**

29. Pesticides have been reduced (p11), organic farmers are supported (p13) as is sustainable fishing (p13).

30. Pesticides refer to all food (p11).

31. Assume verifiable information.

32. No explicit mention, increasing organic food source in UK (p11).

33. Yes source sustainable fish etc (p13).

**Product Health and Safety**
34. Product safety management system helps at all stages from product design to point-of sale (p21).

35. Yes as above.

36. Yes as above.

37. Yes, Wheel of Health (p20).

**Occupational Health and Safety**

38. No explicit mention.

39. N/A

40. N/A

41. N/A

42. N/A

43. By 2008/9 will reduce overall colleague reportable accident rate by 50% (p58).

**Labour Rights in the Supply Chain**

44. No specific mention.

45. Yes handbook for suppliers produced by Sainsbury’s awarded a crystal mark by the Plain English Campaign (p37).

46. All suppliers must meet Code of Conduct for Socially Responsible Sourcing (p42).

47. Various sources e.g. Ethical Trade Initiative and own sources (p42).
48. No explicit mention, but implies that Sainsbury’s will only work with Suppliers who meet their requirements (p42).

**Diversity in the Workplace**

49. Ensure staff are representative of customers (p57).

50. Which of the following does the equal opportunities and diversity policy follow?:
   - Gender (p57).
   - Ethnicity (p57).
   - Age (p57).

51. No explicit mention.

52. Ensure staff are representative of customers (p57).

53. Yes, gender, age and ethnicity are measured (p57).

54. Yes, increased percentage of over 50s to 21.1% (p57).

**Community Investment**

55. No explicit mention but involves being a good neighbour and supporting local communities (p45).

56. Are inputs of corporate community investment activities measured and centrally collated across business operations for:
   - Cash – invested £18.6 million in community initiatives in 2006 (p44)
   - Staff time – colleagues encouraged to contribute to economic development and efficient management of the community (p45), Local Heroes award for staff (p52).
   - Managers time – support management in community activities (p45).
57. No explicit mention.

58. Yes, Taste of Success, Youth Sports Trust, Active Kids etc (p50-51).

59. What proportion of community investment activities are reported:
   a) Through colleague support (p45, 52).
   b) In CSR report.

60. For each of the following, is there a management process to provide full assurance that the corporate responsibility information is of an acceptable quality?
   - Community – Business in the Community (p8).
   - Environment – Carbon Disclosure Project (p8).
   - Marketplace – customers/consumers
   - Workplace – Health and Safety
   - Workplace – employee issues
Tesco

Community Management Practice

1. Engage with local community: leaflet drops, consultations etc (p20)

2. Investing in deprived areas (p21); sport for schools and computers for schools (p38); jobs for local people (p23); disabled access (p45).

3. No explicit mention.

4. N/A

5. Pulse survey gathers staff opinions (p15)

6. No explicit mention.

Environmental Management Practice

7. £100million investment in sustainable environmental technology (p52).

8. Yes, reducing energy usage per square foot by 50% by 2010 (p52).

9. Awareness campaign in staff newsletters etc (p54).

10. Customers – recycling (p58), NGOs - Marine Stewardship Council about fishing (p63), Key suppliers – Nature’s Choice environmental guidelines (p60)

11. No explicit mention.

12. N/A
13. N/A

14. a) N/A
   b) N/A

**Marketplace Management Practice**

15. Introduced nutritional signposting; reduced salt, fat and sugar in over 500 products; promoting healthier food; kitchen cupboard guarantee on ready meals etc (p40).

16. Yes, as above.

17. No explicit mention.

18. Do establish and monitor environmental standards of suppliers (p26).

19. Yes, Ethical Trading Initiative (p28), Gangmaster Licensing Act (p28) and 96% of suppliers registered on SEDEX (p29).

20. Promote healthier food (p40) and encourage sensible drinking (p43)

21. Involved in lobbying but don’t specify what (p18).

22. Operates in accordance with Supermarket Code of Practice (p26).

**Workplace Management Practice**

23. No explicit mention.

24. N/A
25. Staff question time etc, can give views on Pulse, but doesn’t specify if these influence workplace policies etc (p15).


**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27.

a) Energy
   i) Yes (p52)
   ii) Yes (p52)
   iii) Yes in CSR report
   iv) Only mentions UK (p52)
   v) No explicit mention.
   vi) Yes, halve average energy use in all buildings by 2010 against baseline of 2000 (p52).
   vii) Yes in CSR report.
   viii) Yes, showing leadership, learning from others, sharing knowledge etc (p53)

b) Transport
   i) Yes (p55).
   ii) Yes (p55).
   iii) Yes in CSR report.
   iv) Just UK (p55).
   v) No explicit mention.
   vi) No explicit mention.
   vii) Yes in CSR report.
viii) Yes, working with suppliers to ensure their vehicles do not travel empty after making a deliver (p55).

ix) Yes, 8% increase in products delivered per litre of fuel (p55).

c) Process emissions

i) Yes (p52)

ii) Yes (p52)

iii) Yes in CSR report

iv) Only mentions UK (p52)

v) No explicit mention.

vi) Yes, halve average energy use in all buildings by 2010 against baseline of 2000 (p52).

vii) Yes in CSR report.

viii) Yes, showing leadership, learning from others, sharing knowledge etc (p53)

ix) Yes, reduced from 151 KwH ft\(^2\) in 1999/2000 to 95 KwH ft\(^2\) in 2005/2006 (p53).

Waste and Resource Management

28.

a) Waste generated/disposed

i) Yes (p57)

ii) Yes (p57)

iii) Yes in CSR report.

iv) Just UK mentioned (p57).

v) No explicit mention.

vi) No.

vii) N/A

viii) Reduced amount of plastic used in bags etc (p59).

ix) Yes, reducing packaging etc (p57).

b) Waste reused/recycled

i) Yes (p57).

ii) Yes (p57).
iii) Yes in CSR report.
iv) Just UK mentioned.
v) No explicit mention.
vi) No.
vii) No.
viii) Yes recycling initiatives for customers etc (p58).
ix) Yes, store waste recycled increased from 55% to 71% (p57)

**Biodiversity**

29. Yes in Wildlife Choice (p60).

30. Only measure impact of Nature’s Choice products (p60).

31. Assume verifiable information.

32. Some farms will now attempt to achieve DEFRA’s entry level agri-environmental scheme (p61).

33. Not documented.

**Product Health and Safety**

34. Working with Department of Health on their Obesity Social Marketing campaign (p17). Reduced salt, introduced labelling (p41). No mention of PLC though.

35. None mentioned.

36. None mentioned.

37. Yes, GI diet labelling, Free From range etc, labelling named ‘Best Consumer Initiative’ in the Grocer Gold Awards (p41).

**Occupational Health and Safety**
38. No explicit mention.

39. N/A

40. N/A

41. N/A

42. N/A

43. Reduce reportable accident rate by 10% over 3 years (p48).

**Labour Rights in the Supply Chain**

44. No explicit mention.

45. Yes (p26).

46. All (p28)

47. Various sources for high-risk suppliers and medium-risk suppliers (p28).

48. Yes, first work with them to try and overcome problem, then cease to work with them if no resolution (p29).

**Diversity in the Workplace**

49. Composition of workforce mirrors composition of the population as a whole (p44).

50. Composition of workforce mirrors composition of the population as a whole (p44); specifically mention: Disability (p45), Religion/belief (p44)
51. Diversity Advisory Group meet every six weeks, but no specific budget mentioned (p44).

52. Yes (p44)

53. Yes (p44)

54. No explicit mention.

Community Investment

55. Behaving responsibly, fairly and honestly is reflected through business (p9).

56. No explicit mention, staff spending time in schools will be implemented (p15).

57. No explicit mention.

58. Founder member of the Ethical Trading Initiative (p28).

59. a) Some in staff magazine (p15).
   b) Some in CSR report.

60. For each of the following, is there a management process to provide full assurance that the corporate responsibility information is of an acceptable quality?

   a) Community – No explicit mention but participate in Business in the Community (p19).
   b) Environment – No explicit mention but participate in Business in the Environment (p19).
   c) Marketplace – No explicit mention.
   d) Marketplace – No explicit mention.
   e) Workplace – No explicit mention.
   f) Workplace – No explicit mention.
Waitrose

Community Management Practice

1. Aim to respect the wider interests of the community (p ii); Waitrose chairman appointed a national ambassador to the Prince of Wales mainly for his role in championing community regeneration (p1); own farm shop strengthens ties with local community (p11); funds community projects (p17).

2. Use British suppliers where possible (p14); has local food stamp for all foods made by small-scale producers with community links in the local area (p14); local producers mean local employment; give 2% of pre-tax profits to community investment (p38); improving physical access to shops (p34)

3. The core objectives of all Waitrose’s community investment programmes are: to provide the most effective help to support its local communities; to make Partners proud of its work in the community; to increase Partners’ skills and capacity; to encourage a wide range of involvement to take place (p38).

4. No explicit mention.

5. Community involvement is driven at shop-level; shop Partners have guidance on community matters (p38)


Environmental Management Practice

7. Reduce number of miles driven per £million sales year on year (p21); investing £11 a year for five years on new refrigeration (p25); improving energy consumption per sales area by 5% by 2008 with 2003/04 baseline (p25); reduce CO2 emissions per
£million by 10% by 2010 against 2001.02 baseline (p25); increasing waste recycled by 10% by 2006 against 2003/04 baseline (p26) etc.

8. Reduce number of miles driven per £million sales year on year (p21); investing £11 a year for five years on new refrigeration (p25); improving energy consumption per sales area by 5% by 2008 with 2003/04 baseline (p25); reduce CO2 emissions per £million by 10% by 2010 against 2001.02 baseline (p25); increasing waste recycled by 10% by 2006 against 2003/04 baseline (p26) etc.

9. Encourage partners to make small changes to save water and energy and reduce waste (p24).

10. Views of local people are sought when opening new stores (p24); work with Forum For The Future (p24); support government in tackling climate change (p25); encourage suppliers to use forward- and back-hauling (p21).

11. No explicit mention.

12. N/A

13. N/A

14. a) N/A
   b) N/A

**Marketplace Management Practice**

15. ‘Waitrose is committed to educating consumers about health and nutrition issues, helping them to make more informed choices about the food they purchase’ (p36).
16. Waitrose was placed equal second among the UK’s leading supermarkets in the National Consumer Council’s 2005 Health Responsibility Index for its performance (p36).

17. No explicit mention.

18. Ensure that all suppliers protect the natural environment; communicate environmental requirements and expectations with regard to the environment; responsible sourcing programme covers 97% of Waitrose’s own-label sales (p36). Waitrose actively works with its suppliers to help them improve their environmental performance (p13).

19. Suppliers must respect the rights and wellbeing of their employees, and meet requirements and expectations with regard to labour rights and working practices; responsible sourcing programme covers 97% of Waitrose’s own-label sales (p36).

20. Waitrose was awarded the Responsible Drinks Retailing Award in the multiple grocer category for the second year running (p36) and see 18.

21. No explicit mention.

22. In June 2006, Waitrose’s efforts to improve the labour standards in its supply chain were independently recognised by Business in the Community. It received the National Example of Excellence HBOS Supply Chain Award (p13). Assesses all own-brand suppliers against Waitrose Responsible Sourcing Code of Practice each year (p13).

**Workplace Management Practice**

23. Partners are treated as individuals and with respect, dignity, honesty and fairness; employment policies are fair and provide equal opportunities for all; key is respecting and reflecting the communities within which it trades (p30).
24. Work to improve workplace conditions, benefits and opportunities for all workers (p30). The Partnership’s vision to be an ‘employer of distinction’ requires a culture based on:

• Partners being treated as individuals and with respect, dignity, honesty and fairness

• employment policies that are fair and provide equal opportunities for all

• respecting and reflecting the communities within which it trades (p30).

25. All partners have a vote (p30). A weekly newsletter provides a forum where employees concerns and questions are addressed fully, frankly and anonymously where necessary (p30).

26. In 2005, Waitrose completed a full review of its dignity at work policies, revising them to create a new fair treatment policy (p30).

**Performance and Impact: Environmental Impact Areas**

**Climate Change (Individual KPIs)**

27.

a) Energy

i) Measure annual energy consumption per sales area (p25).

ii) Energy efficiency improved by 10% in 2005/6 compared to 2004/5 (p25).

iii) In CSR report.

iv) Operate in UK only.

v) Assume verifiable information, implied by the fact they measure annual energy consumption per sales area (p25).

vi) Annual energy consumption per sales area to improve by 5% by 2008, and 10% by 2013, against 2003/04 baseline (p25).

vii) In CSR report.
viii) Partnership-wide campaign, ‘Save Energy, Share the Savings’, was launched in 2005 to show Partners where simple energy savings could be made, such as reducing use of heating and air conditioning, and switching off lights and computers (p25).

ix) Energy efficiency improved by 10% in 2005/6 compared to 2004/5 (p25).

b) Transport

i) Last year Waitrose’s commercial fleet drove more than 15 million miles (p20).

ii) Last year Waitrose’s commercial fleet drove more than 15 million miles (p20).

iii) In CSR report.

iv) Operate in UK only.

v) No explicit mention

vi) No explicit mention.

vii) N/A

viii) Computerised route planning enables Waitrose to match lorries with loads more efficiently, this can save suppliers using their own lorries due to back-hauling (p20).

ix) In 2005/06, over 2 million miles were saved by suppliers using back- and forward hauling, up 43% from 2004/05 (p20).

c) Process emissions

i) Measure annual energy consumption per sales area (p25); overall emissions fallen by 20%; currently exceeding its 10 year reduction target (p25).

ii) Energy efficiency improved by 10% in 2005/6 compared to 2004/5 (p25).

iii) In CSR report.

iv) Operate in UK only.

v) Assume verifiable information, implied by the fact they measure annual energy consumption per sales area (p25).

vi) Annual energy consumption per sales area to improve by 5% by 2008, and 10% by 2013, against 2003/04 baseline (p25).

vii) In CSR report.
viii) Partnership-wide campaign, ‘Save Energy, Share the Savings’, was launched in 2005 to show Partners where simple energy savings could be made, such as reducing use of heating and air conditioning, and switching off lights and computers (p25).

ix) Energy efficiency improved by 10% in 2005/6 compared to 2004/5 (p25).

**Waste and Resource Management**

28.

a) Waste generated/disposed
   i) Product packaging per £million sales in 2005/06 was 27 tonnes, against a 2002/03 baseline figure of 36 tonnes (p26).
   ii) Product packaging per £million sales in 2005/06 was 27 tonnes, against a 2002/03 baseline figure of 36 tonnes (p26); overall emissions fallen by 20%; currently exceeding its 10 year reduction target (p25)
   iii) In CSR report.
   iv) Operate in UK only.
   v) No explicit mention.
   vi) No explicit mention.
   vii) N/A
   viii) Waitrose has made a public commitment to help WRAP explore the viability of new materials and eliminate packaging growth by 2008 (p26).
   ix) Product packaging per £million sales in 2005/06 was 27 tonnes, against a 2002/03 baseline figure of 36 tonnes (p26).

b) Waste reused/recycled
   i) Recycled in excess of 16,000 tonnes or 45% of its own waste. Waitrose spends almost £1 million a year to help recycle consumer packaging (p26).
   ii) Recycled in excess of 16,000 tonnes or 45% of its own waste (p26).
   iii) In CSR report.
   iv) N/A
v) Assumed verifiable information: recycled in excess of 16,000 tonnes or 45% of its own waste (p26).
vi) No explicit mention.
vii) N/A
viii) Waitrose has made a public commitment to help WRAP explore the viability of new materials and eliminate packaging growth by 2008 (p26).
ix) Proportion of waste recycled decreased from 49% to 45% between 2003 and 2005 (p26).

**Biodiversity**

29. With the help of DEFRA’s Countryside Stewardship Scheme, the Estate has adopted a 10-year programme that involves tree and hedge planting, grassland management and creating arable ‘field margins’ to increase biodiversity (p11).

30. Member of LEAF; use Integrated Crop Management systems; prioritise traceability; sold organic produce for over 20 years; is GM-free; enforces highest standards in animal welfare including sustainable fishing policies (p7-10).

31. No explicit mention.

32. See 29 & 30.

33. No explicit mention, but see 29 & 30.

**Product Health and Safety**

34. With regard to Sudan 1 and Para Red, Waitrose was quick to react, publishing a list of affected products and initiating an immediate recall of all potentially contaminated products (p6).

35. Provenance and traceability at top of requirements; quality, tracing and ethical sourcing policies and long-term supplier relationships; trains Partners on this. All
products must have Hazard Analysis and Critical Control Points, identifying potential hazards (p6).


37. Honestly labelled products and customer information provided in store and online (p6)

**Occupational Health and Safety**

38. No explicit mention.

39. N/A

40. N/A

41. N/A

42. N/A

43. N/A

**Labour Rights in the Supply Chain**

44. No explicit mention.

45. All direct suppliers have been assessed against Waitrose Responsible Sourcing Code of practice (p13).

46. All direct suppliers (p13).

47. Various – recognised by Business in the Community in June 2006 and won National Example of Excellence HBOS Supply Chain Award (p13).

**Diversity in the Workplace**

49. Yes, determined to embrace diversity and become an Employee of Distinction (p1).

50. Employment policies that provide equal opportunities for all (explicitly mention ethnicity and gender so on balance will score 4 – halfway between maximum and what was explicitly stated). (p30).

51. No explicit mention.

52. Yes, see Q50.

53. Yes in terms of gender (p41).

54. In terms of gender, it has stayed constant (p41).

**Community Investment**

55. No explicit mention.

56. All (p41).

57. Waste plastic bags are recycled and turned into plaswood furniture and donated to the local community, Waitrose has also benefited from reduced packaging (p27).

58. Yes, Waitrose’s co-founded the Temporary Labour Working Group which became the Gangmasters Licensing Act (p13).

59. a) All (p41)
   b) All (p41)
60.

a) Community – Business in the Community award (p13)
b) Environment – Marine Conservation Society and Greenpeace recommended Waitrose (p9)
c) Marketplace – National Example of Excellence HBOS Supply Chain Award (p13).
d) Marketplace – No explicit mention.
e) Workplace – No explicit mention.
f) Workplace – No explicit mention.
Appendix 6: Qualitative reasons for the scoring of the DEFRA KPIs

The Co-operative Group Sustainability Report 2005

1. During 2005, virtually all (98%) of the electricity supplying the Group (some 680,414,437kWh, or 680GWh) was sourced from good quality renewable sources – exclusively wind, hydro and biomass technologies. This makes the Group one of the largest purchasers of green electricity in the world, and supports annual carbon dioxide savings of 292,578 tonnes. In addition, the Group has negotiated equivalent green electricity contracts (151GWh) on behalf of a number of independent co-operative societies (p23)

2. No mention.

3. It is proposed that energy efficient HFC units should now be used, with research continuing into more benign non-HFC cooling technologies (p25)

4. Food Retail seeks to avoid the use of Polyvinyl Chloride (PVC) whenever possible, given the propensity for toxic chemicals, such as dioxins, to be released if it is burned. PVC probably now constitutes around 1% by weight of all own-brand plastic packaging (p30). In recent years, the Co-operative Group has developed a market-leading Pesticides Policy, which seeks to reduce the use of pesticides in all of its own-brand fresh and frozen produce (p16)

5. No mention.

6. Supplied surplus food to Fare Share for redistribution (p20)

7. In recent years, the Co-operative Group has developed a market-leading Pesticides Policy, which seeks to reduce the use of pesticides in all of its own-brand fresh and frozen produce. The Policy determines that the use of pesticides by growers should be considered only as a last resort (p16). Regular audits are undertaken to ensure compliance with the Pesticides Policy (2001). These comprise desk-based traceability audits, site audits, agronomic audits and pesticide analysis, the latter of which is undertaken on a four-weekly basis by an independent third-party analytical laboratory (p17).

8. No mention.

9. No mention.
10. Currently recycle 44% of waste (p28). In line with the Courtauld Commitment, will support efforts to: ‘design-out’ packaging waste growth by the end of March 2008; deliver absolute reductions in packaging weight by the end of March 2010; and tackle the amount of food consumers throw away by the end of March 2010 (p31)

11. No longer report on.

12. During 2005, the Group reported that all wood products were of known origin and that there was credible evidence of legal harvesting. Of this, 36% (2004: 22%) was supported by credible certification (i.e., a complete chain of custody from forests that demonstrate social, economic and environmental benefits), with a further 7% being progressed (p33)

13. In the UK, twelve Farm Assurance Standards are covered by the Red Tractor Mark in connection with the production of beef, lamb, pork, chicken and dairy products. The standards are designed to provide assurance that food has been produced, processed and packed in the UK, and that certain minimum requirements have been met (not least, legislative compliance) (p13). Have RSPCA Freedom Foods (p13). 2005 saw a substantial increase in the proportion of free-range eggs sold, up from 41% to 66% (including organic sales). The Group has previously indicated its ultimate intention to cease selling own-brand cage-produced eggs (p14). Aim to increase to 100% the proportion of fresh beef (from 95%), pork (from 50%) and turkey (from 88%) sourced from the UK and Ireland. Maintain the proportion of fresh lamb and chicken sourced from the UK and Ireland at 50% and 70% respectively. (p15)

**Marks and Spencer Corporate Social Responsibility Report 2006**

1. Carbon dioxide emissions down by 9% compared to 2002/03 (p4). Reduced amount of energy used in stores by 5% since 2002/2003 (p5). Signed a new contract to supply all English and Welsh stores with less polluting forms of electricity from April 2006 (p5). 89% of delivery vehicles have at least Euro 3 standard engines (p5). Now using combined heat and power (CHP) generators in all stores to create less polluting electricity and reduce CO2 emissions by over 40% (p25).
2. Replaced HCFC gases in 90% of store refrigeration systems (p5).

3. Reducing chemicals in cleaning products, food packaging, clothing, home and beauty; lobbying government about making REACH regulations effective and efficient (p11). We further tightened the environmental standards covering the dyes and chemicals used in the manufacture of our clothing (p8); will launch a range of ‘100% Natural’ household cleaning products (p9). Our Food Packaging Chemicals policy is now part of our independently audited Quality Management System (p11)

4. No mention.

5. Since July 2005, we’ve been working with WRAP to help reduce the amount of packaging and food waste produced in UK households, as part of their Courtauld Commitment (p16); We cut food waste by selling unsold items to employees at a reduced price or donating them to charities (p28)

6. Meetings with groups of suppliers to discuss CSR issues including pesticides, sustainable food sourcing, ethical trading and packaging (p7). Previously banned 60 pesticides, during last year phased 19 more out (p11).

7. No mention.

8. No mention.

9. No mention.

10. Introduced significant volumes of packaging with a lower environmental impact (p4). Used 1500 tonnes of recycled plastic in drinks (30%) and salad packs (50%) (p4). Clear film window on sandwich packs is now made from biodegradable cornstarch (p4). Won Best Retail Recycling Initiative in the 2005 National Recycling Awards and the 2005 Institute of Grocery Distributors/Tetra Pak Environmental Award (p4). Working with Government, recycling groups and other companies to provide packaging recycling facilities, extending next year to include electrical goods (p8). Reduce the amount of waste sent for disposal from our stores per £1m sales by 10% by 2010 (p25).

11. Water use up 13% from previous year, aim to tackle water use this year by recycling water (p28).

12. Now sell sandwiches in a cardboard package which is sourced from well-managed forests (p4). Joined Roundtable on Sustainable Palm Oil to help find sustainable solutions to palm oil (p7). All ‘Mix and Match’ tropical garden
furniture certified as produced from sustainable timber by FSC; Greenpeace awarded Grade A status for this (p8).


Sainsbury’s Corporate Responsibility Report 2006

1. Participate in the Carbon Disclosure Project (CDP), which researches leading companies’ greenhouse gas emissions. Only food retailer to have participated in the four years since it started. Will reduce carbon emissions per square meter by 5% by 2008 against a 04/05 baseline (p12). Reduced road mileage by 5%. 10% of electricity from renewable sources. Using fridges with lower environmental impacts. Achieved carbon emissions reductions from its sites in excess of 20% since 1997/1998. A number of stores use lower fossil fuel energy, using wind turbines, solar panels, Combined Heat and Power, and natural lighting. Trialling an environmentally friendly electric vehicle, switching to more efficient engines on all new vehicles (p12, 28, 30, 34)

2. No mention.

3. Using fridges with lower environmental impacts.

4. No mention.

5. No mention.

6. Pursuing composting and anaerobic digestion of waste meat, reducing organic waste to methane and a soil enhancer in the future. (p31).

7. Reducing pesticides in own-brands. Halving pesticide residues found to be over Maximum Residue Limits in own-brands. Reduced pesticide residues in own-brands from 53% to 49.6%. (p11, 23). Introducing 50 new organic lines and a supermarket first with the first chlorine-free bagged salads by September 2006 (p11).

8. No mention.

9. No mention.
10. In line with target of increasing recycling relative to turnover. Trial recycling banks led to 13% increase in customers recycling. Introduced two reusable bags. Introduced packaging on forty salad lines with 100% recycled content. On organic ranges, continue to increase the number of products that use compostable packaging, a truly biodegradable sustainable solution made from renewable sources e.g. maize and sugarcane. (p11, 12, 32, 33). Reducing waste sent to landfill by 5% and increasing recycling relative to turnover by 2010 with a baseline of 2004/05 (p31).

11. No mention.

12. Will increase by 20% the assessments of global suppliers’ timber management systems. 75% of timber suppliers will receive additional training in Sainsbury’s sustainable timber sourcing policy. Planted 1 million trees to support move to Woodland organic eggs. Members of WWF Forest and Trade Network Group, sourcing wood-based products from sustainably managed forests. Joined Roundtable on Sustainable Palm Oil to help find sustainable solutions to palm oil. (p13, 37, 41)

13. Supporting farmers to convert to organic milk production. On track to source 70% of organic produce from UK by end of 2006. First to sign a contract to source British organic beef, giving certainty for the farmer. (p13, p37, 38, 40)

**Tesco Corporate Responsibility Review 2006**

1. Cut energy consumption by 15% in the last year. Set aside £100 million to spend on sustainable environmental technology – wind turbines; solar energy; geothermal power, combined heat and power, trigeneration and gasification. Will build the most environmentally friendly store in the UK. Will halve the average energy use in all buildings by 2010 against a 2000 baseline. 1st major retailer to incorporate bio fuel into standard petrol and diesel. Reduced environmental impact of refrigeration by switching to HFC-free alternatives. Increasing efficiency of distribution fleet and switching to sea freight from air freight where possible. Developing energy efficient stores e.g. energy efficient bakery ovens. Delivered 8% more products per litre of fuel used. Making sure lorries carry goods on return journey; used double deck trailers.
Invested £5.2 million in buying equipment which reduces emissions of nitrous oxide by 30% and particulates by 50%. Using rail transportation to cut Co2 emissions where feasible. Converting standard diesel filling stations to biodiesel. (p3, 5, 52, 53, 55)

2. No mention.

3. Don’t use CFCs, swapped from HCFCs to HFCs and trying to swap to non-HFCs in fridges. (p55)

4. No mention.

5. No mention.

6. Finding clean ways to generate energy from food waste (p57). Testing aerobic digestion and gasification to reduce food waste(p59).

7. Examined 10,000 pesticide uses, stopped 260 uses and 1000 uses have extra controls in place. Promote organic food through clubcard mailings. (p60, 61)

8. No mention.

9. No mention.

10. Aim to double the amount customers bring back for recycling by 2008. All carrier bags will be degradable by September 2006, and volume given to customers will by cut by 25% over the next two years: almost a billion fewer bags a year. Increased the amount of store waste recycled over the last 4 years from 55% to 71%, saving 9000 tonnes of waste from landfill. Replaced cardboard boxes with green recyclable crates. Recycled 71% of store waste in 2005/6 (p4, 57 more recycling p57-59).

11. Installed rainwater recovery systems for flushing toilets, and invested in urinal controls and taps which automatically switch off, reduced water use by 7.7%. (p56).

12. Committed to sustainable sourcing of palm oil. Joined Roundtable on Sustainable Palm Oil to help find sustainable solutions to palm oil. Almost all timber is from 3 suppliers who are part of FSC or TFT. (p19, 65)

13. Stock British produce where possible: 97% of fresh chicken; 95% of fresh beef; 92% of fresh pork; 88% of fresh lamb; all fresh eggs; and all fresh, UHT and organic milk. (p32)
1. Concern for food miles has led to local sourcing being promoted in Waitrose for years (p14). Striving to minimise deliveries made and distances travelled (p19). Selling British products in season and also local produce reduces food miles (p19). Key aim is transport optimisation (p19). Trialled Euro 4 engine which emits 76% less nitrous oxide and 96% less particular matter than a 1992 engine (p19). Drivers are given extra training as good driving reduces emissions (p20). Frequently use ‘back-hauling’ – filling vehicle on return journey– and forward-hauling which saved 2 million miles in 2005/6 (p20). Committed to renewable energy and supports UK research into renewable energy (p24). Will invest £11 million a year for 5 years on new refrigeration (p25). Over all carbon emissions have fallen by 20% per £million sales (p25). Target of 5% reduction in annual energy consumption per sales area exceeded at 10% (p25). New shops 20% more efficient than those built 10 years ago (p25).

2. No mention.

3. £11 million refrigeration replacement programme (p42).

4. No mention.

5. No mention.

6. Donates waste food to a Fare share food donation scheme and supports numerous composting trials for food waste (p26).

7. Currently Waitrose accounts for 16% of the organic market, 4 times its market share. (p7)

8. No mention.

9. No mention.

10. Achieved target of packaging weight handled per £million sales not exceeding 2002/2003 baseline (p26). Reduced consumption of packaging by 24% between 2004 and 2005 (p26). Piloting biodegradable packaging in organic fruit and vegetables later this year (p26). Last year recycled 45% of its own waste – 16,000 tonnes (p26). 69% of shops have recycling facilities (p26). First retailer to introduce ‘bag for life’, all recycled bags turned into furniture and often donated to local community groups (p27).

11. No mention.
12. Working to increasingly source palm oil from independently certified and sustainable plantations. Joined Roundtable on Sustainable Palm Oil to help find sustainable solutions to palm oil. Developing systems to trace back palm oil in products to the plantation it originated from to ensure sustainable palm oil can be purchased by suppliers. (p13)

13. Source 89% of surveyed organic foods from UK farmers – survey by Soil Association 2006; Waitrose came top. Actively works with farmers, workers and suppliers to ensure products are fully traceable and 97% of Waitrose own brands in 2005/6 were Responsibly Sourced. All Waitrose beef, pork, fresh chicken, venison, ducks and geese are British. (p7, 12, 14)