

# *Taking care of our world*

Growing  
Good Business



*Musgrave*

At the heart of our sustainability strategy are *Our commitments* covering four main areas – the environment, health, people and communities.

Within each we have an overarching vision and a set of specific commitments – bold targets that challenge and inspire us to make an impact in every area of our business. The commitments in this strategy allow us to be transparent about the work we are doing and the results we achieve year-on-year...

*...for a positive & lasting legacy...*

*...supporting better choices...*

*...for our consumers & our communities*

## UN Sustainable Development Goals

Musgrave was one of the first companies to embed the UN Sustainable Development Goals at the heart of its day-to-day business activities. With this alignment we will contribute to the advancement of the global sustainable development agenda, through the commitment of our people, colleagues and our retail partners to the delivery of the SDG goals and in becoming a truly sustainable business.



# Positive change for a lasting legacy

**Our ambition is to leave a positive and lasting legacy for future generations, with a clear and committed approach to sustainability in every area of our business, and by taking our partners on this journey with us.**

In 2019, the challenges we face as an industry and as a nation are growing – the need for change is urgent, particularly in areas such as plastics and health. The over-use and disposal of plastics in our environment, and the health of the public are national problems and a major challenge for our industry. They are not problems that will be solved with a single solution; these are embedded problems which will require a long term and structured approach to change – in return requiring operational and behavioural transformation from both businesses and consumers.

As a business that feeds 1 in 3 people across the island of Ireland, and with a network of more than 1,400 retail partners with stores in every community, we are uniquely placed to encourage and support positive change for people, our planet and for the long term prosperity of our business and the communities we serve. I am determined that we resist making gestures and focus instead on



**Chris Martin**  
CEO, Musgrave

bringing about real, tangible change. Musgrave is transforming the food business in Ireland not just through exciting, innovative and market-leading brands but through a different, more long term approach to doing business. We call this approach Growing Good Business, creating a sustainable, profitable business that benefits our shareholders, our people, partners, local communities and the wider Irish economy. It inspires us to grow our business sustainably in a way that that doesn't

# Sustainability at a glance – our journey so far



**1.1 million**

meals donated to Irish charities through FoodCloud



**Musgrave Triathlon**

**€4.4 million**

raised for charities since 2002



**100**

autism-friendly SuperValu stores



**460,000kgs**

of non-recyclable black plastic fruit & veg trays have been replaced with recyclable alternatives



**100%**

compostable Frank and Honest coffee cups and lids



**20%**

reduction in carbon emissions from 2014-2020 as part of the SuperValu and Centra retailer 20/20 project



**110,000**

footballs donated to GAA clubs to encourage children to get active



**40%**

salt reduction in our own brand pre-packed cooked chicken and turkey ranges



**1,500**

local jobs created due to the Food Academy programme

negatively impact the environment and instead has a positive impact on people and the planet.

We will not claim that changes will happen overnight. For example, in Centra we are committed to redefining convenience – taking an industry traditionally associated with unhealthy food and transforming it into one that inspires healthy eating and active living for shoppers on-the-go. This is a gradual process, at every stage we are looking at what we are offering customers, ensuring we don't take away their right to choose and indulge, whilst proposing enticing, nutritious offerings.

We must be clear that addressing sustainability issues is challenging and complex for our business, which provides food and drink to millions of people every week, and in which every change we make can have implications for shoppers, suppliers or retailers.

This is why we are being transparent about the changes we are making and the targets we are working towards year-on-year. For example, in our own brand reformulation programme, we have reduced sugar across a range of our ambient juice and energy drinks by on average 65%, yet we know we have more work to do in other ranges in the years to come, reducing salt, sugar and saturated fats right across our range. And we will use our scale to influence our suppliers to do the same.

Our ambition is to be the most trusted brand on the island of Ireland, making a difference to the health and wellbeing of shoppers and our people, whilst supporting the vibrant communities we serve and reducing our impacts on the wider environment.

In this year's report we are not only reporting on the progress we have made on the commitments we set in 2017, but we are being more ambitious, looking out further to the future and addressing shoppers' concerns about issues such as plastic in packaging. Since the last report, we have added a new commitment focused entirely on reducing packaging from our supply chain and we have already implemented several key packaging initiatives across the business and brands, such as 100% compostable coffee cups in Frank and Honest and compostable bags in SuperValu for loose fruit and vegetables.

I am pleased that just over a year from launching our sustainability strategy, *Caring for our World*, the commitments have been embedded right across the business and this report showcases some of the inspiring examples of the strategy coming to life, thanks to the hard work and dedication of our people, our suppliers, our retail partners and shoppers. I believe that together we can bring about real change and leave a lasting legacy for future generations. ■



**Chris Martin**  
CEO, Musgrave

**“This is a vision that takes our responsibilities to shoppers beyond the till and the transaction and into lives and communities”**

# Our commitments

## *Caring for our world*

**We will minimise the impact of our operations on the world around us and use our network to influence others to do likewise.**

## *Inspiring healthier lives*

**We will improve the health of 2 million consumers across the island of Ireland.**



## *People & partnerships*

**We will support our people and our partners to live and work sustainability, ensuring our business is the most trusted in Ireland.**

## *Building sustainable communities*

**We will make a positive impact on the planet by enabling our partners to make every local community in Ireland a sustainable community.**

OUR GOAL

**We will minimise the impact of our operations on the world around us and use our network to influence others to do likewise.**





# Caring for our world

## OUR COMMITMENTS

- By 2020 we will ensure that **no food is wasted** that is fit for human consumption, but is used to **alleviate food poverty** through our support for food re-distribution charities
- By 2020 all of our retail and foodservice operations will have **access to food re-distribution** charities
- By 2030 we will **halve our food surplus** in line with UN Sustainable Development Goal 12.3
- Through product and packaging initiatives, we will help consumers to **reduce food waste in the home**
- By 2020 we will implement three major collaboration projects with suppliers aimed at **enhancing bio-diversity**
- By 2025 we will **reduce the carbon intensity** of our operations across the island of Ireland by 70%
- By 2025 we will **reduce the climate impacts** of our refrigeration systems by 80%
- NEW** By 2025 100% of our own brand, fresh produce and in-store **packaging will be recyclable, reusable or compostable**

## OUR ACHIEVEMENT

We supply all our facilities with 100% green electricity and we send zero recoverable waste to landfill.

## UN SUSTAINABLE DEVELOPMENT GOALS



# Tackling plastics

The resilience of plastics makes them persistent pollutants when disposed of or littered in the environment, particularly in oceans where they damage marine fauna. Consumers are increasingly aware of and concerned about the impact of plastic packaging and are looking to retailers to provide leadership in reducing their use.

Responding to this rapidly escalating problem, last year we added a new commitment to our strategy, aimed at minimising the use of plastics across our business and our brands. **This means finding ways to ensure that 100% of our own brand packaging is recyclable, reusable or compostable by 2025.**

The challenge is complex because plastics have been widely used for years as an invaluable component of packaging in the modern supply chain, protecting the safety and quality of food, and preventing food waste. At every stage we need to ensure that the measures we take to tackle plastics do not negatively impact work to reduce food waste, nor impair the safety and quality of the food we sell to our shoppers.

Therefore, we are tackling the problem by: eliminating plastic packaging where possible; reducing plastic packaging through light-weighting of materials; replacing existing packaging materials with more sustainable options; and helping consumers to make more informed choices around packaging.

Already we have made some significant changes. Musgrave was the first Irish retailer to begin the removal of plastic bags for loose fruit and vegetables, replacing them with fully compostable produce bags. The bags are available in all SuperValu stores and as a result **we have removed 2.7 million single-use plastic bags from our supply chain.**


Frank and Honest was **the first Irish coffee brand to move to 100% compostable coffee cups and lids.** The cups and lids are suitable for organic recycling in commercial food waste streams and domestic brown bins.

Musgrave MarketPlace has an expanding range of eco-friendly packaging and disposable products for wholesale and foodservice. The range is comprised of over 100 bio-based products made from natural materials that are mostly certified as industrially compostable, enabling our business customers to make better choices about the packaging they use. Sales of these products saw a dramatic increase of 131% in 2018 and the support for eco-friendly products has continued into 2019, with sales increasing by almost 200% in the first two months of the year alone. ■

**“Sales of wholesale eco-friendly bio-packaging is up 131% at Musgrave MarketPlace”**

An underwater photograph showing sunlight rays filtering through the water surface, illuminating a coral reef at the bottom. The water is a deep teal color, and the coral is a mix of green and brown.

**2.7 million**  
single-use plastic bags  
removed from our  
supply chain



**€3 million+**  
to be invested in  
solar panels for  
SuperValu stores

# Sustainability for local businesses

Musgrave has been reporting on and delivering results in every area of emissions reduction, waste prevention and recycling for over a decade. However, where we can make a real impact today is by **supporting our independent retail partners to make a positive impact on the environment** and follow our lead in sustainability.

It is well recognised that it is most difficult to deliver real sustainable change within the SME sector, and this is a particular area of focus for government. In Musgrave we operate a number of initiatives and programmes to support our retail partners.

Our 20/20 initiative has been established since 2015, it aims to **reduce energy consumption across SuperValu and Centra stores by 20%, by 2020** (compared to 2014 figures) – a target we are on course to meet. This is being achieved through a programme of store revamps and behavioural training.

Revamps include elements such as retro-fitting energy-efficient refrigeration, lighting and fans as well as changes to freezers, whilst training is given on reducing energy through behavioural changes like switching off equipment that isn't in use, which typically achieves reductions of around 5% a year.

For example, Hickson's Centra in Pilton, underwent a Green Revamp in 2018, **achieving 30% energy saving (equal to €15,000 annually) and a CO<sub>2</sub> reduction of 55,000kg per year**. Donal Hickson, store owner, went on to donate the equivalent of his first years energy savings to the charity

Enable Ireland so that they could carry out their own energy upgrade in their buildings.

We have also launched a major solar power project in SuperValu. **Over €3 million will be invested over the next two years to install solar panels on 30 stores**. It is estimated this will offset around 60,000kg of CO<sub>2</sub> annually per site. ■

**“In Musgrave we operate a number of initiatives and programmes to support our retail partners”**

# Managing our fleet to minimise emissions

At Musgrave, we focus on the continuous improvement of our transport and distribution operations. Our aim is to maximise the efficiency of our truck fleet by carrying the largest amount of goods at the lowest possible amount of vehicle CO<sub>2</sub> emissions. This is also designed to limit pollution and reduce impacts on air quality.

We do this in several ways:

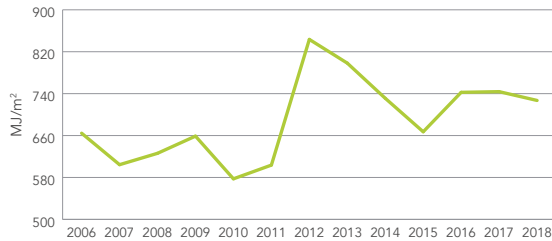
- Maximising vehicle fill to ensure that we utilise all available space, thus increasing distribution efficiency
- Route planning to ensure that our vehicle journeys are as direct and efficient as possible
- Backhauling from suppliers to ensure that vehicles that would otherwise be returning empty to our depots are used to ship inbound goods. This also removes a significant amount of supplier truck mileage
- Using double deck trailers, where store access permits, to increase the amount of goods that can be shipped during each journey
- Using the most up-to-date engines and ensuring that maintenance is carried out in accordance with manufacturers' recommendations
- Training our drivers to manage their vehicles to minimise emissions and using technology that obviates the need for vehicle idling during deliveries.

We also continuously evaluate new HGV technology and new fuels to increase our understanding and to enable early adoption when they become viable for our operations. To this end, we have been exploring Compressed Natural Gas (CNG), Hydrotreated Vegetable Oil (HVO) and Gas to Liquid (GTL) fuels.



# Sustainability data

Energy use in buildings per sqm



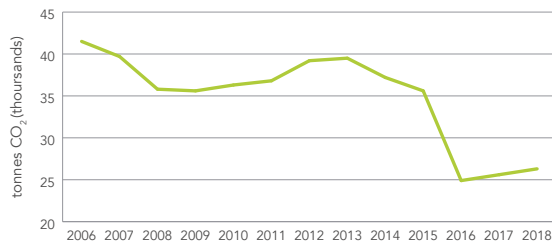
Our energy consumption continues a downward trend with a 15% reduction in LFL consumption since we added the former Superquinn stores in 2011.

Fleet emission per km travelled



Despite an increase in fleet distances, we saw a reduction in emissions per kilometre, so, we are travelling further, but more efficiently.

Carbon footprint



Our business continues to grow, however, in absolute terms, our carbon footprint has been reduced by almost 40% since 2006.

PC recycled/recovered



Recycling rates of over 97% over the last four years.



OUR GOAL

**We will improve the health of 2 million consumers across the island of Ireland**



# Inspiring healthier lives

## OUR COMMITMENTS

- By 2020 we will **grow our sales of healthier products** in SuperValu and Centra by 25%
- By 2020 40% of food promotions in SuperValu and Centra will be on **healthier products**
- By 2020 we will **reduce fat, salt and sugar in our own brand** products by 10%
- By 2020 we will **increase our healthy own brand ranges** by 20%
- By 2020 we will support over 2,000 foodservice customers to create **healthier menus**
- By 2020 we will support over 300 symbol operators to create a **healthier food offer**

## OUR ACHIEVEMENT

Centra is redefining convenience by putting health at the heart of the brand, and making take-away food fresh and nutritious

## UN SUSTAINABLE DEVELOPMENT GOAL



# Making our own brand food healthier

With more public awareness of the damage eating excessive amounts of salt, sugar and saturated fat can cause, we are playing a role in helping people to enjoy the food they love without compromising on their health.

We are constantly striving to improve product composition across our own brand ranges, and we have committed to reducing salt and sugar in our own brand by 10% by 2020. In 2016 we launched a major reformulation programme, which remains ongoing, taking own brand ranges and seeing how we can reduce levels of salt, sugar, saturated fats and artificial additives without compromising on taste, texture or quality. Already we have had successes in several areas from cooking sauces to drinks.

In our pre-pack cooked chicken and turkey ranges we have been removing artificial additives, salt and sugar, bringing SuperValu and Centra ranges in line with best in class in the market. Not only did we remove all artificial additives, on average we reduced salt by 40% and sugar content by 26% across the range.

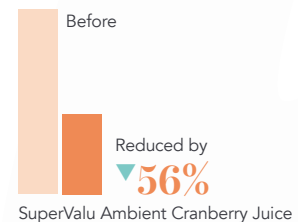
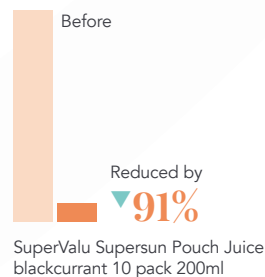
## Fresh yoghurts

Over the last two years, our own brand team has been focused on reducing or eliminating added sugars from its range of yoghurts. Consumers have in the past been surprised to discover the level of added sugars in what are traditionally assumed to be healthy products. As part of our programme of reformulation the yoghurt category was made a priority for improvement. Reducing sugar in

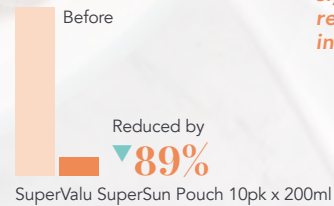
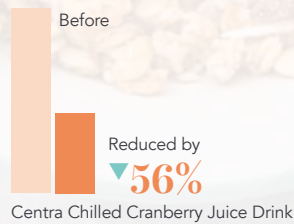
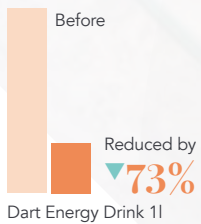
yoghurts requires significant commitment from our suppliers from the perspectives of sourcing ingredients, changes to the yoghurt-making process, as well as an investment in infrastructure. Sugar reduction, without compromising taste, involved incubating the yoghurt with a specific combination of ingredients to enhance the naturally occurring sugars in the milk as well as exploring natural flavours with fruit.

## Sugar reduction in drinks

Sugar in drinks has long been an issue for the industry and for the public, which consumes large quantities of soft drinks and juices. As part of our programme to make our products healthier, and in line with the government's Soft Drinks Levy, our teams have been working on reducing sugar levels in drinks across our own brand ranges. ■



**30%**  
sugar reduction in  
children's and Greek  
style natural yoghurt



*We have significantly reduced sugar levels in our drinks*

OUR GOAL

**We will support our people and our partners to live and work sustainably, ensuring our business is the most trusted in Ireland**



# People & partnerships

## OUR COMMITMENTS

- We will foster **inclusive, diverse and healthy workplaces** that encourage, challenge, support and respect colleagues; helping them to grow and develop
- By 2020 we will support colleagues to make Musgrave **one of the healthiest workplaces in Ireland**
- By 2018 we will establish a system to **audit and validate that the human and labour rights of all workers** in our fresh and own brand supply chains are fully respected
- We will collaborate with government agencies, Bord Bia and Origin Green to ensure that 100% of our Irish meat, dairy and eggs is always in compliance with the **highest standards of animal welfare**
- We will set **leading standards for sourcing**; continuously raising the bar on transparency across our entire supply chain
- By 2020 100% of our Irish meat and fresh produce will be **certified Origin Green**



## OUR ACHIEVEMENT

Over 5,000 colleagues and partners have received our Breakthrough personal development training

## UN SUSTAINABLE DEVELOPMENT GOALS



# The heroes behind our business and brands

As a family-run business, our people have always been at the heart of our brands. Three years ago, we launched a company-wide awards event, called the Musgrave Heroes, to **celebrate and showcase the incredible talent, dedication and spirit we have amongst our people**. In every area of the business, from area managers to shop assistants, we have unearthed truly genuine and inspirational stories of the impact our people are making on communities across the island of Ireland.

Amy Martin, a receptionist at Musgrave MarketPlace in Galway, was the winner of the Leading in the Community category. Her passion is for charity work, both getting team members involved and carrying out fundraising herself. Last year the Galway team exceeded its fundraising target to raise €12,000 for the Irish Cancer Society and Amy did a Skydive, despite having a fear of heights.

“It turned out to be one of the best experiences I have ever done to date,” said Amy. “I love being involved in everything to do with charity work, it’s a way to bring our team together, have a bit of fun and raise money for a really good cause.”

Heidi Fitzgerald, Senior HR Business Partner, won Most Inspiring Personality for a wide range of reasons, including her work in developing the award-winning Musgrave Be Well, Work Well programme.

“I think it is important that we care about our colleagues’ health and wellbeing in a genuine way,”

said Heidi. “In some cases, we spend more time with our work colleagues than we do our families, so it is important that we are as happy and healthy as we can be.”

Meanwhile Philip Byrne, an aisle owner at Supervalu Blanchardstown, finalist in Leading in the Community, in every way embodies being a community champion, always going out of his way to support local initiatives, from creating engaging GAA community events, to dressing as Father Christmas to hand out presents to local children in homeless shelters. ■

**“In every area of the business, we have unearthed truly genuine and inspirational stories of the impact our people are making on communities across the island of Ireland”**

40

**Musgrave heroes  
shortlisted for their  
inspiration and passion  
within the business**



OUR GOAL

**We will make a positive impact on society by enabling our partners to make every local community in Ireland a sustainable community**



# Building sustainable communities

## OUR COMMITMENTS

- By 2020 we will increase our **support for local suppliers** by 25%
- By 2020 we will **expand the award-winning TidyTowns programme** to encompass 25% more communities, enhancing local and built environments across Ireland
- By 2020 we will support Musgrave colleagues to complete **10,000 hours of community volunteering annually**
- We will work with Business in the Community to **embed sustainable business practices** in Irish SMEs
- By 2020 we will **increase by 25% the number of small suppliers we support** in our retail and foodservice businesses through our Food Academy programmes

## OUR ACHIEVEMENT

**Our Food Academy programme in SuperValu supports over 300 local, artisan producers, benefitting family businesses and local economies across Ireland**

## UN SUSTAINABLE DEVELOPMENT GOALS



# Stores for everyone in the community

SuperValu is passionate about building more inclusive communities across Ireland. When we talk about communities coming together, there is really no better example than Clonakilty, now Ireland's first autism-friendly town, thanks to the passion and dedication of local people including the owners of Scally's SuperValu, Eugene and Catriona Scally, who championed the campaign.

This is a first for Ireland and marks one major step in the ongoing partnership between the autism charity AslAm and SuperValu who, together, are **committed to raising understanding and awareness of autism in communities** across Ireland.

In 2015, Scally's SuperValu in Clonakilty was the first retailer in Ireland to implement changes in-store that would ensure that members of the autism community could enjoy a better shopping experience, and this spiralled into a community effort to create an autism-friendly town.

Running in parallel to this, SuperValu started working on a project to deliver autism-friendly stores across Ireland. Autism affects between 1-2% of the population and there are at least 50,000 families with an autistic child in Ireland. Over the last two years SuperValu has been running initiatives that support those families by holding autism-friendly shopping evenings, now happening in more than 100 SuperValu stores around the country.

Our roadmap for change will deliver an autism-friendly shopping experience in SuperValu stores nationwide, including autism-friendly shopping times, reducing and standardising beep sounds from tills, development of store maps so customers can pre-plan their visit, and autism-friendly trolleys, developed by a SuperValu employee, which use the support of ALF (Autism Lifeskill Friend).

Navigating daily life in the community can be challenging for autistic people and their families. These challenges can often lead to social isolation. SuperValu is working closely with AslAm and Middleton Centre for Autism is committed to raising understanding and awareness of autism among its customers and staff and the wider community to make a positive step towards making communities more inclusive, better places to work, live and play in. ■

## CALM ENVIRONMENT



- ◆ Dimmer lighting
- ◆ Reduced noise – no music, announcements or till beeps
- ◆ Decluttered aisles and quiet areas



# 100 autism-friendly SuperValu stores

## COLLEAGUE ASSISTANCE



- ◆ Understanding and awareness training
- ◆ Processing time allowed
- ◆ Priority queuing

## TOOLS



- ◆ Autism-friendly trolleys with visual schedules
- ◆ Store maps and social stories
- ◆ Pre-recorded store sounds

[www.musgravegroup.com](http://www.musgravegroup.com)

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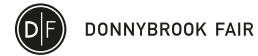
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**SuperValu**

**Centra**

**Daybreak**

**MACE**



**Dialprix**

MUSGRAVE  
**MarketPlace**

**Dialsur**  
TU CASH & CARRY

**LA ROUSSE**  
FOODS

**FRANK AND HONEST**  
GOURMET COFFEE COMPANY

**CHIPMONGERS**  
FOR CHIP LOVERS



**Growing  
Good Business**



*Musgrave*