


How will agriculture fare in the current retail environment?

Beth Hart

Head of Technical, Fresh Foods

11th November 2015

Sainsbury's 

Sainsbury's Agriculture Strategy

Vision

To be an industry leading agriculture team at the heart of Sainsbury's business

Our Strategy

*To deliver our values whilst **unlocking value, sustaining competitive advantage and protecting brand.***

*To achieve this through working **collaboratively** with our British farmers, growers, suppliers and experts to **drive excellence** in agricultural production*

Focus areas

Quality, Efficiency, Safety, Security of Supply 2020



Our Values

Our values are part of our long-term strategy for growth.

Our values underpin our strategy – they make good business sense and give us real competitive advantage. With 24 million customer transactions each week, 161,000 colleagues and over 2,000 direct supplying sites in over 55 countries, we need to manage our significant economic, social and environmental value chain.

Our vision

To be the most trusted retailer where people love to work and shop

Our goal

We will make our customers' lives easier, offering great quality and service at fair prices, serving customers whenever and wherever they want



Our five values

- Best for food and health
- Sourcing with integrity
- Respect for our environment
- Making a positive difference to our community
- A great place to work

Our promise

Live Well For Less



Working together



*Securing British
through.....*

Development groups under-pinned and supported by steering groups:

**Sainsbury's Farm Performance
Performance Initiative:** industry
industry leading environmental and
environmental and farm
performance programme

Agriculture R&D Strategy:

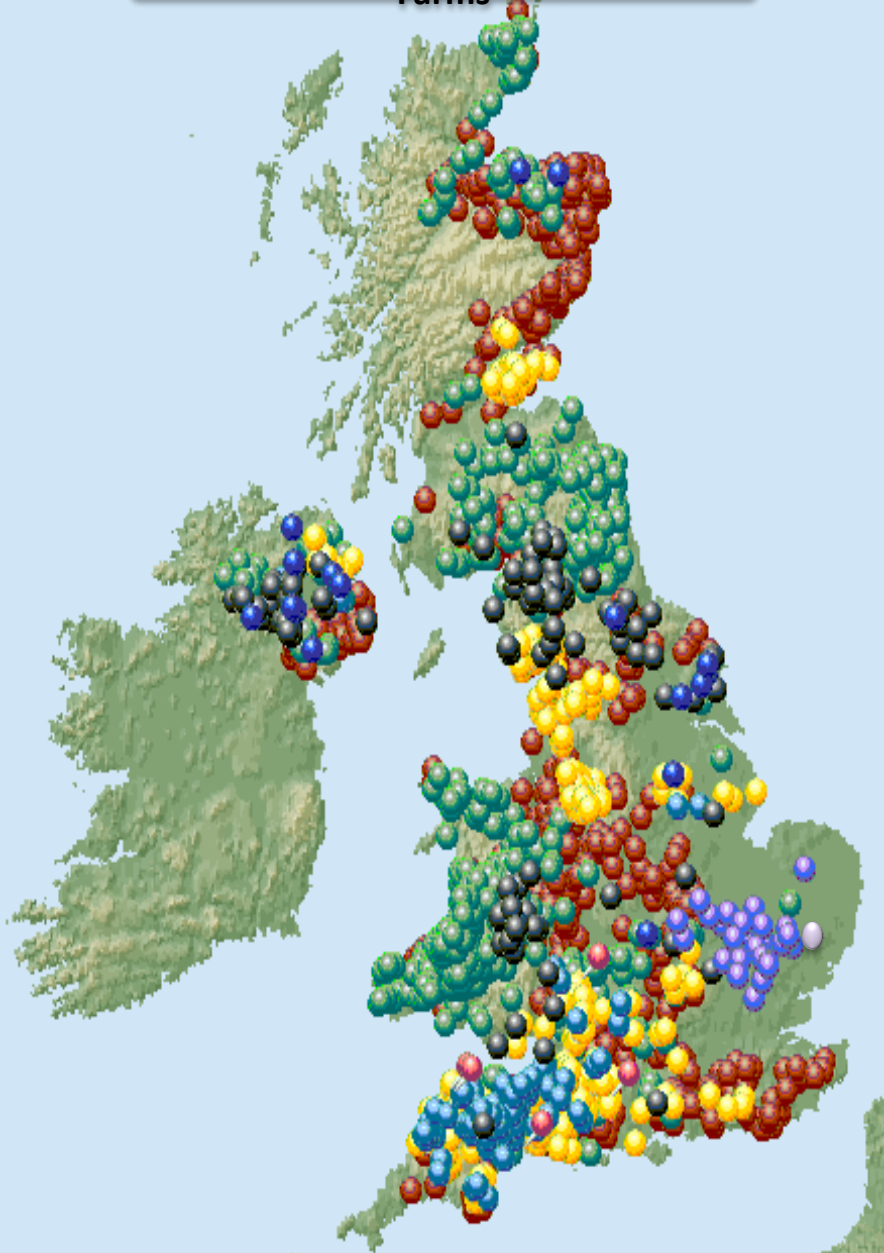
**Agriculture and Horticulture
Horticulture Apprenticeships:**

**Sainsbury's Farming
Conference:** a celebration of our
of our agriculture activity with our
our farmers, growers and producers

Delivering: Resilience, Competitive Advantage through Innovation and Removing Barriers

Sainsbury's Development Groups

Sainsbury's Development Group Farms



- Beef
- UK Lamb
- Dairy & Cheese
- Chicken
- Egg
- Pork
- Wheat
- Veal
- Ducks

2,300 producers

Working together since 2007

20x
20

Sainsbury's
live well for less

Going forward:

New
Government
moving at
pace

Dynamic
Marketplace

Sainsbury's
Approach

Many moving parts within Government

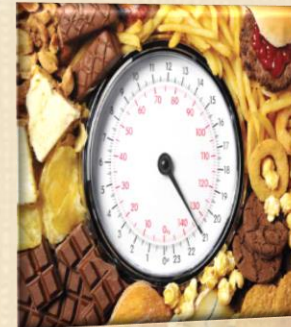
Defra 25yr
Food and
Farming Plan



BIS
Productivity
Plans for
Economic
Growth



Department
of Health
Obesity
challenges?



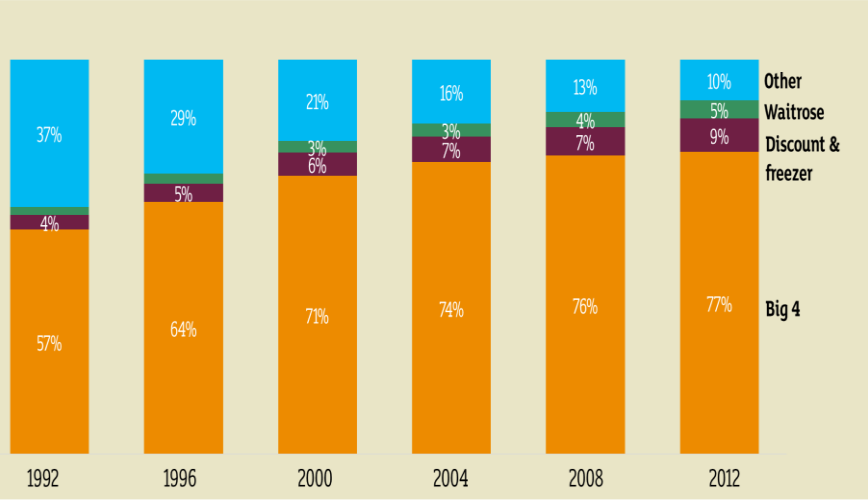
What is it government must do to enable business to do what business is good at?

Whilst delivering the new Sustainable Development Goals

Changing Marketplace

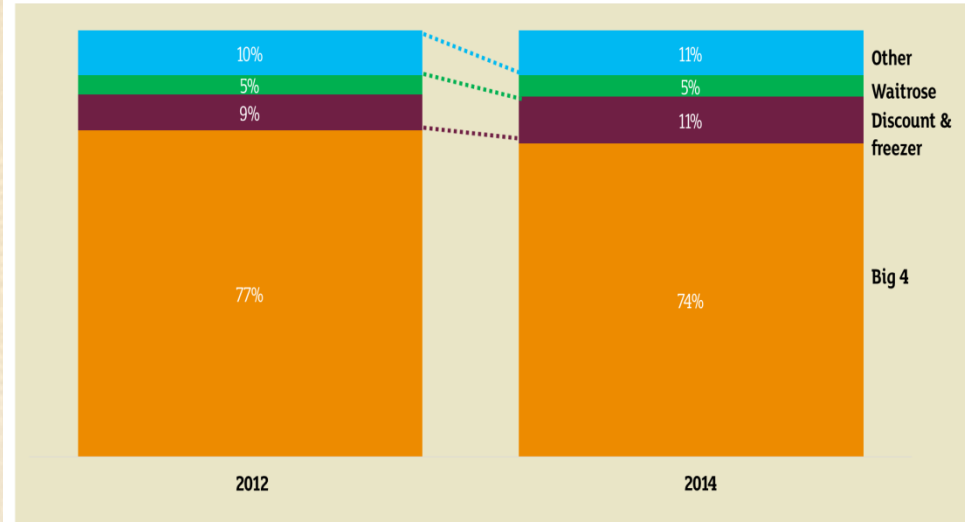
Supermarkets have grown relentlessly for over 30 years

UK Grocery Market Share, 1992 – 2012



However recently the big players have seen structural change

UK Grocery Market Share, 2012-14



An End to End Approach

COST
SAVINGS

COST
EFFICIENCIES

VALUE
CREATION

CYCLICAL vs. STRUCTURAL

Progress going forward will rely on our ability to join up the end to end value chain to create truly sustainable business models

Reducing costs through improved cattle health and welfare

IMPROVED

HEALTH & WELFARE



PROFIT FOR SAINSBURY'S DAIRY HERDS

REDUCED FEES & MEDICINE COSTS

VETERINARY CHECKED

REDUCED UNSALEABLE MILK



(FOR EXAMPLE DUE TO ANTIBIOTIC RESIDUE)



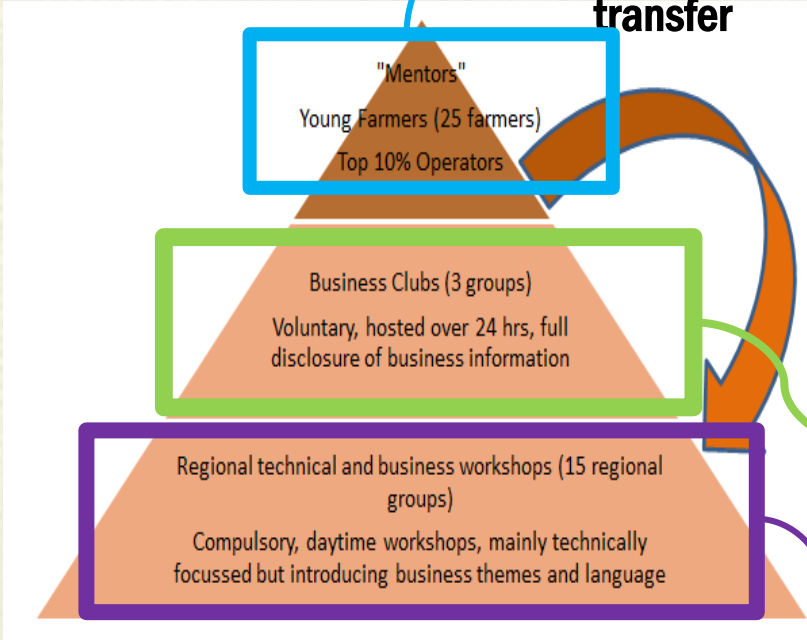
- REDUCED AGE OF FIRST CALVING
- REDUCED VETS FEES
- COST SAVINGS
- POTENTIAL **£12m** REDUCING CALVING INTERVAL
- LESS MEDICINE COSTS
- MASTITIS **£7.5m** REDUCED BY 35% SINCE 2008
- QUALITY (3 stars)
- COST EFFICIENCIES
- R&D INNOVATION
- VALUE CREATION
- LAMENESS **£3m** REDUCED BY 51% SINCE 2008
- NEW BUSINESS MODEL
- METABOLIC DISEASE **£2.6m** REDUCED BY 60% SINCE 2008

& REMEMBER...

- OUR VALUES (20x20 icon)
- RESILIENCE (link icon)
- HEALTH (heart icon)
- TRUSTED RELATIONSHIPS (gears icon)

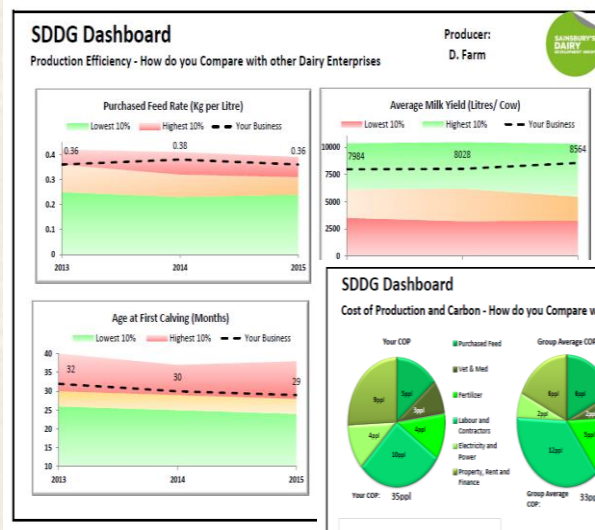
Resilience Focus: Driving Continual Business Improvement In Dairy

Champion Farmers for knowledge transfer

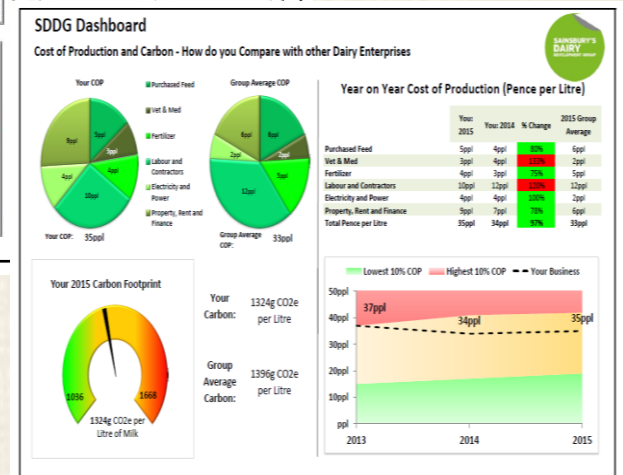


Teaching Business Skills

Sharing Best Practice



Benchmarking of key factors that drive efficiency



Launch of BVD Control Plan to improve resilience of herd immunity



Responsible Use of Antibiotics



Resilience and Risk Management

Sainsbury's Biodiversity Policy

- **Delivering to and working with farmers and growers within the CAP Reform**
- **Supported by Natural England**
- **Driving environmental resilience**
- **Embracing CAP**
- **Allowing farms to remain functional, productive and profitable**
- **Staying ahead of the game**

Customer Focused: Great tasting chicken from the farm to the customers home

JS Welfare Defect and Outcome Measure Determination - Poultry
Broken Bones (includes dislocations)

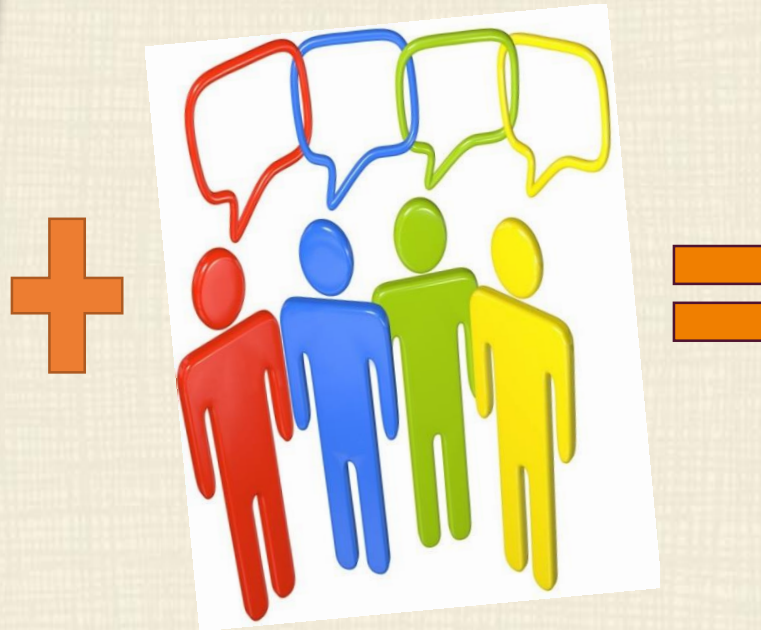
Where to Assess: Factory
When to assess: Each load post-mortem in the shackles after the pluckers before any other processing has been undertaken.
How to Assess: Broken bones are categorised depending on where it is felt that they may have occurred i.e. at the farm or catching (group 1), during the stun process (group 2) or post death due to machinery (group 3). Both wings and legs should be assessed. The break is compared to the photo standards below (it is accepted that this can only ever be a subjective check). It is the number of birds which have a break of each type which counts, not the actual number of breaks i.e. if a bird has 2 Gp. 1 breaks but nothing else this recorded once against Gp. 1 and once against Gp. 2.
Sample Size: 100 birds.
Data Required: Each break type is reported separately. The total number of birds processed on an individual house basis. The total number of birds with a break (as defined above) per house. These are sent submitted monthly for flocks depopulated during that month.
Results: Each break type is calculated separately.
System calculation: the % of birds affected by breaks is calculated as follows on an individual house basis:

$$\frac{\text{The total number of birds affected}}{\text{The total number of birds processed}} \times 100$$

Acceptable No break or dislocation.	Unacceptable The 1st or 2nd or 3rd phalanx of any of the wing bones are broken. If all phalanxes are broken the wing is unacceptable.
Unacceptable The 1st or 2nd or 3rd phalanx of any of the wing bones are broken. If all phalanxes are broken the wing is unacceptable.	Unacceptable The 1st or 2nd or 3rd phalanx of any of the wing bones are broken. If all phalanxes are broken the wing is unacceptable.

Reference	Version Number	Date	Issued By	Authorised By
JS Welfare Defect & OCM Determination	1	June 2015	Livestock compliance manager	Agriculture Director

Page 5



20x
20

Working together, Farm to Fork



Resilience focus: Agriculture data

>26,000 data points: 7 years of data,
11 development groups

2300 farms

3 data types: Carbon, COP, Health and Welfare

3 independent consultants

One of UK's largest real farm datasets

Using data
to drive change
through information:
Quality and
efficiency

Vision

The Sainsbury's agriculture data strategy will be integral to the agriculture, commercial, and technical business functions to deliver competitive advantage by working with supply chain partners through an evidence based platform to improve product quality, generate cost efficiencies and ultimately deliver secure, long term relationships and supply from the field

It will:

1. Deliver competitive advantage

2. Drive efficient, cost effective production of raw material products

3. Drive improved, more consistent quality of raw material product

Making it Happen: Skills fit for the future of farming



Driving excellence

Apprenticeship focus: why and how

Why

Responding to identified needs of Sainsbury's Farmers and Growers

Recognition that partnership and a collaborative approach can deliver better outcomes for everyone

Opportunity to deliver a higher quality apprenticeship due to the employers and partners involved

How

Number of learners;
Growth plan

1

Steering group development;
Employer led

2

Marketing plan; To recruit the best employers and apprentices

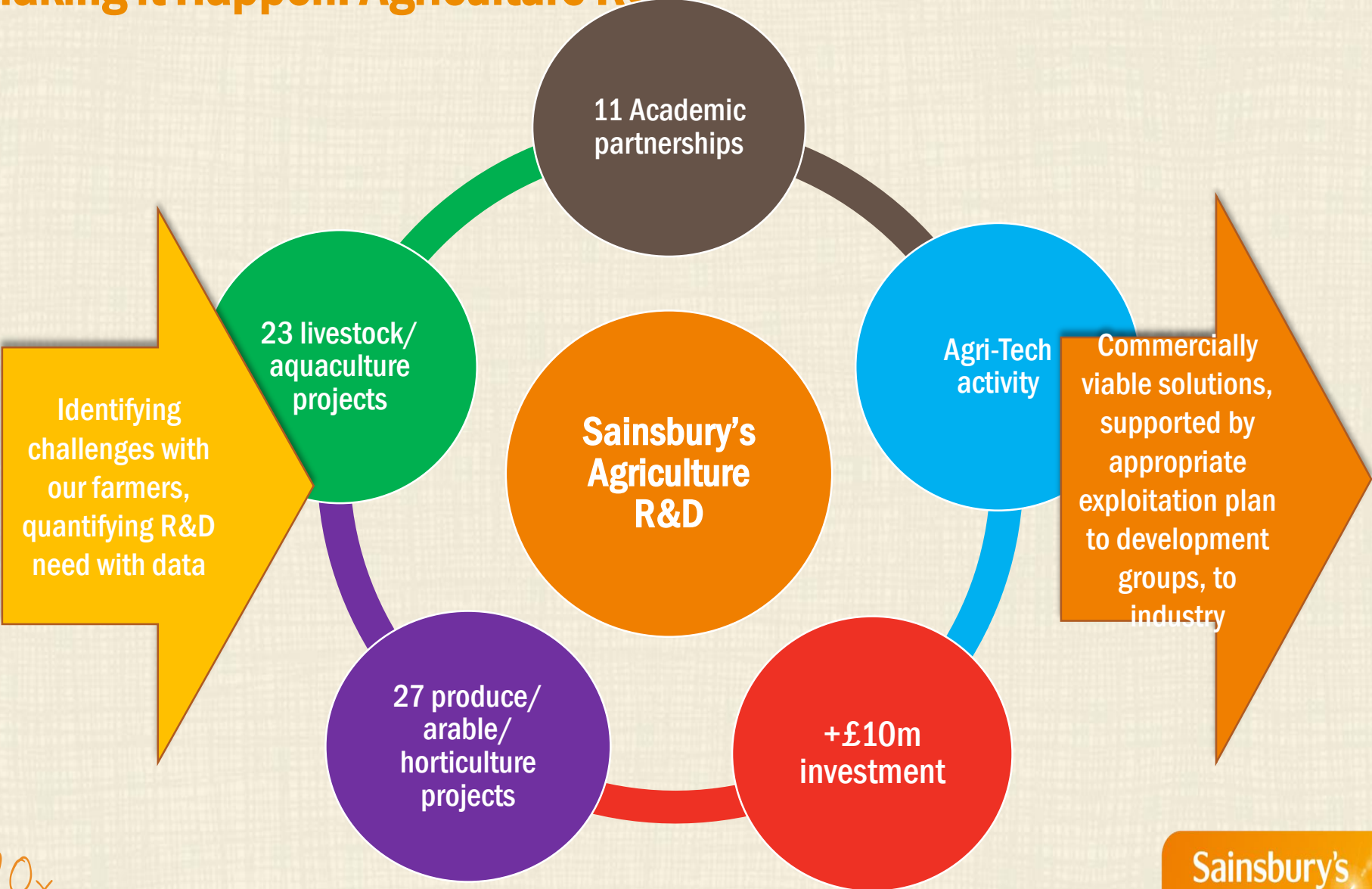
3

Development of offer;

- A. Levels
- B. Types of apprenticeship
- C. External funding
- D. Quality of delivery

4

Making it Happen: Agriculture R&D



20x
20

Sainsbury's Agriculture Strategy

Vision

To be an industry leading agriculture team at the heart of Sainsbury's business

Our Strategy

*To deliver our values whilst **unlocking value, sustaining competitive advantage and protecting brand.***

*To achieve this through working **collaboratively** with our British farmers, growers, suppliers and experts to **drive excellence** in agricultural production*



20x
20

Focus areas

Quality, Efficiency, Safety, Security of Supply 2020

