



## The Co-op's Commitment to the NFU Fruit and Vegetable Pledge

Openness and honesty about our food has long been at the core of the Co-op's offering and our customers trust us to be completely transparent about how we support farmers and growers through our stores.

The Co-op is proud to champion the NFU's Fruit and Vegetable pledge in a year which has seen us reaffirm our commitment both to British farming and the home-grown fresh produce sector. From the formation of closer working partnerships with our suppliers and their growers, to the implementation of best practice models across the board, we've worked tirelessly to create long-term relationships which result in a supply chain that is built on honesty, fairness and trust.

We take our retailer responsibilities very seriously and are happy to support any charter that serves to protect and enhance British farming and horticulture.

### **The Pledge – how we are meeting our commitments**

By signing the pledge, we are making commitments about how we'll work with our suppliers and their growers.

We have outlined how we're meeting our commitments under each clause and included comments from suppliers and growers to show the progress we are making.

#### **NFU Pledge 1**

**Treat all of our suppliers fairly, at all times and in accordance with the Groceries Supply Code of Practice.**

#### **Co-op Commitment**

We'll treat all of our suppliers fairly, at all times, and in accordance with the Groceries Supply Code of Practice. Meeting our obligations under GSCOP and our Terms and Conditions of Supply is just naturally how we choose to do business with all our suppliers.

#### **NFU Pledge 2**

**Build long-term relationships with growers that offer greater certainty and stability.**

#### **Co-op Commitment**

We are committed to building long-term relationships with our suppliers and growers in order to offer greater certainty and stability. We are in the process of transforming our produce sourcing model from short term and transactional into long term, strategic relationships. We have just agreed three year contracts with a number of suppliers, with more in the pipeline. This will enable the suppliers and growers to plan and invest for continued growth.

#### **NFU Pledge 3**

**Offer production programmes as far in advance as possible of the crop being required (ideally one year) with a commitment to purchase a proportion of the crop at a previously agreed price when it is ready to harvest.**

#### **Co-op Commitment**

A key element of our revised produce sourcing model is moving from annual tender cycles towards three year agreements. This will mean suppliers will be able to agree production programmes with their growers in advance and with more certainty. Our three year deals commit to a price for an agreed period based upon an anticipated volume requirement. Costs will move to reflect the commodity movement over the subsequent periods of contract. Volumes should not significantly change, but if there is a requirement, we will discuss and agree this in advance.

#### **NFU Pledge 4**

Offer greater price certainty to growers – either for a season, or on a specified volume of product, with no unexpected, unilaterally imposed changes.

#### **Co-op Commitment**

We will offer greater price certainty with no unexpected unilaterally imposed changes.

Our strategy is to complete one negotiation with our partner suppliers at the start of a longer term contract and commit to a price for an initial period. Costs will move in line with the commodity of the subsequent period of contract.

This arrangement should offer greater price certainty to our suppliers and, in turn, to their growers.

#### **NFU Pledge 5**

Pay all our suppliers on time, in full and always consult with suppliers in advance of any changes to payment terms and conditions.

#### **Co-op Commitment**

We will pay all of our suppliers on time, in full and always consult with suppliers in advance of any changes to payment terms and conditions.

Our payment terms and how we will manage variations to payment terms are written into our Terms and Conditions of Supply. This includes the requirement for us to discuss any changes in advance with our suppliers. We also work with smaller suppliers and growers to help them with preferential payment terms if appropriate.

#### **NFU Pledge 6**

Seek to plan promotional activity in advance with growers and seek to adopt a flexible, production led approach to the timing of promotions as much as possible to help manage supply and demand.

#### **Co-op Commitment**

To plan promotional activity in advance and seek to adopt a production led approach to timings of promotions as much as possible.

We plan promotions with our suppliers as part of an annual seasonal rolling plan and challenge our suppliers to consult with their growers as part of this process. The plan is fluid based on expectations of product availability, but allows for some flexibility to help manage impact of unforeseen availability challenges/flushes.

#### **NFU Pledge 7**

Reduce wastage, eliminate costs and add more value to the supply chain by seeking out opportunities to utilise the whole crop and adopting realistic product specifications.

#### **Co-op Commitment**

We will work closely with our suppliers and their growers to reduce wastage and eliminate costs by seeking out opportunities to utilise the whole crop and adopting realistic product specifications.

We are committed to work collaboratively, with our long term supplier partners and their growers, on initiatives that benefit the whole supply chain. Examples of this are adapting our specifications seasonally to reflect crop quality.

### **NFU Pledge 8**

Communicate directly with our grower suppliers so that:

- they can better understand consumers' needs therefore make informed production decisions and
- we can better understand the production challenges that growers face and be flexible to changes in supply.

#### **Co-op Commitment**

We are committed to developing close, meaningful relationships with our suppliers, growers and have already made great progress in meeting this commitment over the past 12 months.

Our intention is to work and communicate with produce growers in the same way we work with our protein producers. This is likely to involve creating grower groups, holding grower days on farm, extending the scope of our agriculture web pages, newsletters and agriculture shows to include produce. We believe we will better understand production challenges if we are on farm at key points in the production cycle. To make this happen, the Co-Op has re-organised the produce category team, doubling the number of specialist produce technical managers and investing in commercial resource.

### **NFU Pledge 9**

Seek to adopt a joined-up business plan across all aspects of our business and throughout our supply chain so that retail buyers, intermediaries and growers are working together towards common goals for the fresh produce category.

#### **Co-op Commitment**

To agree a joined-up business plan across all aspects of our business and throughout our supply chain so that retail buyers, suppliers and growers are working together towards common goals for the fresh produce category.

This is the way we work with our protein strategic supply partners. We jointly agree and co-own a cross-functional Strategic Development Plan (SDP) that lays out the priorities for the immediate year and outlines the milestones for subsequent years.

We are committed to invest time to build SDPs with our strategic partners and their growers that deliver benefits throughout the supply chain and for our customers.

We will thrive for new ideas and innovation to ensure a sustainable future for all partners both current and new growers and suppliers who enter our supply chain.

### **NFU Pledge 10**

When in season, commit to increasing the proportion of British fruit and vegetables that are available for consumers to buy.

#### **Co-op Commitment**

Supporting British Farming is a cornerstone of our Food strategy. When in season, we will always try to increase the proportion of British flowers, fruit and vegetables that are available for consumers to buy.

We've been successful in increasing our British seasonal ranges by engaging in more strategic planning with suppliers to agree specifications and increase the volumes of crops that we'll take in the future. For example, year to date, our British Flower range has grown in volume by 83% versus total category of 18%

### **NFU Pledge 11**

Contribute to investment in horticultural research, development and product innovation that benefits consumers.

#### **Co-op Commitment**

A key focus for our produce sourcing model is developing long-term relationships with suppliers and growers. We want to build confidence in our suppliers and their growers that we work with to invest and re-invest in a sustainable future.

To encourage this way of thinking, we are taking a longer term approach to initiatives that take time to see a commercial or customer benefit, such as varietal development and environmental sustainability. We will extend our current R&D programme and investment into produce as part of our commitment to British agriculture.

### **Case study: Working with our Suppliers Growers**

Total Produce supply soft fruit and stone fruit to Co-Op. Total work with a broad range of growers, such as Stuart Melton, a local Norfolk grower using traditional methods and others who are larger who pack and grow, such as Sean Charlton.

Total hold regular grower meetings to discuss everything from pre-season plans, end of season results, varietal development and this year Coop were invited to speak on ethical matters.

Dr Drew Reynolds, Technical and Business Development Director for Total Produce, said:

“As a business we have seen the Coop in the last two years make a significant change in their produce strategy. They have always supported UK produce but business was focussed on small providers. Commercially it was about tenders and a traditional trading relationship with the supplier.

“Technically it was all about QC and accreditation and visits to the grower and packer was a rare event unless there was a rejection. On the other side the grower saw the Coop as just a trading opportunity. The Coop had no face on the farm. It was fair to say in the retail and produce world they followed rather than led and the buying and technical teams stayed close to home.

“The new strategy has seen the Coop bolster their technical team not at QC but at a level where they can make a difference. The new team has real experience and knowledge. The team are not just graduates but people with real farming and practical expertise that echoes well at grower level.

“Commercially the business is starting to talk long term contracts and focusing on suppliers.” who have focussed grower groups and can provide near market technical development.