

# Transcript

Interview 3/12/10

Paul: Paul Nixon from Corporate Eye, and we're interviewing Ben Eavis from Sainsbury's today. So, Ben, would you like to introduce yourself, and tell us a little bit about what you do?

Ben: Yes. Hi there, I'm Ben Eavis. I head up corporate responsibility for Sainsbury's. And yes, generally we have a values-driven approach to corporate responsibility at Sainsbury's. We've been doing it for 141 years; it's very ingrained from when we started off as a business.

Paul: You look very well for 141 years in business.

Ben: Thank you very much. (Laughter) And yes, we split it down into five, so we have five company values: best for food and health, which is our first one. We're primarily a food retailer, so that's the starting point; where we start from. Then sourcing with integrity: we take products from all over the world, and we want to do that responsibly, so sourcing with integrity is our second one. And because we take them from all over the world, we have respect for our environment, as well; so that's our third corporate value. And we operate throughout the UK, and we want to be actually at the heart of the communities in which we operate. So we want to make



a positive difference to the community: that's our fourth value. And none of that would be at all worth it, or, we wouldn't have a business if it wasn't for all our colleagues.

And that's why we try and make Sainsbury's a great place to work. So that's our story, of our company values, and they're the five company values we share.

Paul: Okay, so moving on from that, what do you think are the key challenges for supermarkets for the messages that they've got - whether it's cynicism from the public or whatever, what are the key things - challenges - that you face in getting your message over?

Ben: I think, for supermarkets - it's the sheer breadth of the issues that we touch. So, you know, be it from the amount of salt and sugar that's in our products, through to the treatment of British farmers, or farmers from overseas, through to carbon footprints of our stores, and through to effects that we're having on the high street. There's so many issues out there; there's so many opportunities out there, as well, and it's really how you communicate when you have over 250, 300 touch-points on what traditionally is sustainability. So, yes I think - it's that breadth one.

I think the other point is around, actually, how you communicate that - and certainly in store, we know that a lot of people, and I'm very guilty of this - sort of sleep-shop; so you come in, you know exactly what you want, you make a bee-line for that in the store, you will do your shop, and you're not really on 'receptive for messages' mode. So, you know, sometimes in our stores it's hard to get that balance of trying to get across values-driven messages.

Paul: So - then, when you, if you look at the online space versus offline, then how do you value those two media and prioritise them, in terms of which one you use most, which ones do you commit the most resource to, budget to, and how is that changing? What do you see there?

Ben: What, for the delivery of CR messages?

Paul: Yes.

Ben: Yes. So I think we commit the most resources to what we put out there in our store estate, to be quite honest, just from the sheer breadth of estate that we have out there. So we have brand walls in each of our stores; that's four or five sort of biggish signs, in store, and then also on pack and other areas. So generally, the customer will see it through their visit around the store. That doesn't tell all the story, as you know, so the main bulk of our storytelling on corporate responsibility, and our approach, and our targets, and our progress against those targets, are borne out online. And that's really where we invest that money, and to tell that story there.

Paul: What's the trend on that, is it getting more important?

Ben: It is, yes. We are, I think, as we've made it more interactive, we're certainly seeing an uplift in visitors. As we've sort of gone back from a traditional corporate responsibility report, we're seeing more traffic to the website, as well. So yes, I think we are - they are sort of exploring a little bit more around the site. But generally, I think, where we are getting good coverage is when they're going and looking at the more interactive points. So, the case studies, the videos that we have on the websites. You know, hearing from our leaders and actually understanding their levels of commitment really helps, so they're the ones that our customers and broader stakeholders, who use our website, really like.

Paul: You did start off with having an approach where your CR report was your CR section, and obviously you've evolved from there. Can you tell us the thinking around what led you to change your mind about how you were tackling it? The factors that led you to move towards the quarterly report and the more interactive side?

Ben: Well, I think, you know, I'm a firm believer that CR reports are a once a year document, and they're not really an ongoing dialogue with the users. So, you know, certainly where we wanted to get to with it was that every quarter we put out a trading update. Well, absolutely underpinning that trading update are our company values. So why on earth are we not talking about that, as well? And so that was really key for me - absolutely. We do live and breathe it; it's embedded into this business, and we really wanted to start talking about that. So that's why - whilst they're not true reports, they are updating people [quarterly] on our activity around

corporate responsibility. I think, well generally, that's what we're trying to do with the website.

Our report now is a little A6 document, and that's what we put out into the public domain. And it doesn't really report on anything - it reviews the year, and talks about achievements that we've done over the year. Because actually, we think that that's what people want to read. Actually, beyond that, those that are really interested can go to the website, and they can drill down to that level of detail that they want. But generally, we want to get people - Paul, we talked before - yes, at the tip of the [CR section] "iceberg", and an entry point coming in.

Paul: Now you also have, interestingly, on your retail site, a CR section.

Ben: We do.

Paul: And that - that will give its own challenges, because you risk overlap, duplication, possible errors, and so on. But on the plus side...

Paul: On the plus side, then you have more traffic - you're teasing people in. So have you thought about that? How is your thinking going around that, about whether you / how you seed teasers and get people onto the site?

Ben: I think, you know, let's just not look at that site in isolation; there's a number of ways that we can seed people and get people to the bulk of our information, which is held on our PLC site. It's a difficult one, because ultimately, we know from customers that they don't want distractions on what they're doing when they're shopping. So, you know, our Sainsburys.co.uk site, the retail site which you're talking about, is one that's primarily a shopping channel, and therefore really we have put forth an infrastructure that provides that, and doesn't take people away from that.

Obviously there's people who will want to learn a little bit more, and there's that ability then to link to more information. But I think that it's first and foremost a shopping site.

Paul: So actually, you want to keep them on the site while they're buying.

Ben: Absolutely, yes. And for those that aren't, for those that are there for other reasons, we want them, obviously, to receive the information, but we want them to get, as quickly as we can, to the sites that actually hold what they're there looking for. And I think that's the balancing one; you know, maybe we could look and see how we can improve that further. I'd say similar on Facebook; you know, Facebook we use - we seed ideas there and just talk briefly about our approach. Similar on Twitter; and actually, for the further information, we're driving people to the PLC site.

Paul: And do you - on Facebook, do you actually cover the kind of key issues and initiatives?

Ben: Yes, absolutely. You know, much more on a newsworthy point, so it will be our commitment to plant 2,000,000 trees, for example, will go up there, or any future commitments around animal welfare, or the fact that we convened a conference with 1,000 farmers the other day. That's the sort of...

Paul: So they're linked to events, and then - and company news releases?

Ben: Yes, absolutely, yes. Things that are of the time. So, if it's relevant at that moment, and we feel that - and often, they're picked up by users anyway, so it's not us always generating it, as well, so...

Thomas: The Facebook group is very much about food, and food inspiration. People know that they can go there and have a recipe.

Paul: Very much product-focused.

Thomas: And the idea then is to tie your products in with your values, like Ben was talking about, everything is underpinned by the five key values. So there will be something about Freedom Food chicken for example, being on offer, so you can tie-in those two things together to our audience on Facebook.

Ben: Or Free From, as well; there's a really interesting one there, where we're able to communicate with a set community, through there, and actually those that then want to find out more will go off and find more information.

Paul: Okay. We'll come back to that one a little later. An issue we were talking earlier about is the frequent one about companies building this marvellous CR section - and then finding that no-one comes to visit it at all. Is, or has that been, an issue for you in terms of trying to get more traffic there? And what sort of feedback have you got, on the site about what you've done to it?

Ben: I think - well, we have increased traffic to our site, so - you know, I think we've got about 10% uplift from last year's, to where we are now. So we're pleased with what we've done...

Paul: Which you would put down to what?

Ben: Which I actually put down to being more interactive, actually - so, I think the very fact that we're now getting people in, and then who want to come back and see what we're - you know, they might place a comment and then want to come back to see the response. We are adding news stories, we're adding case studies, we're adding - the quarterly reports are driving traffic there, so we are doing things to stimulate the site, as opposed to just a one-off, and then come back 12 months later and you're adding something else. Yes, I think that - that is one.



You know, for me, I don't want to be - and I've only been at Sainsbury's for 12 months, so I can't talk about our performance in the past, really, but - you know, specifically on CR reporting, I don't want to invest my time, and the resources within Sainsbury's, on something that no-one reads. There's just no point in doing that. You know, it's one of the main drivers, why we've gone for a much smaller report, because we know that that gives a flavour of who we are, what we're about, what we stand for, and then those that want to learn more will go onto the website and find that out, and then we've got that information there, and we can signpost to other sites, and we can get our advocates to come in and support us as well. So it sort of - that works better for us, really.

Paul: Yes. And which audiences have you had this sort of feedback from? Is it from the analysts - CR analysts - or applicants for jobs, or...

Ben: Yes, yes. I think it's across the board, really. You know, it can be from customers, it can be from broader stakeholders, so people who are interested in a specific issue, such as palm oil; that's a relatively topical one at times. Yes, obviously people looking for jobs, and CR's a key part of that now, and making Sainsbury's a great place to work - you know, these are a fundamental reason why people choose to work for us and choose to stay with us. So yes, I think it's sort of across the board, for me. Government, as well, we hope.

Paul: (Laughter). Always nice to have them in. And how do you use any additional techniques to go about promoting the site and getting more people to visit?

Ben: So, well, we do it through Twitter, through Facebook, through the sort of traditional means of sending out, through - I forget... what's the thing we said about - on the wires, is it RNS?

Ben: Yes. RNS. Thank you. RNS and others. But also, we're trying to, where possible, get our partners to communicate on our behalf as well. So, someone like Fairtrade, who we have a great relationship with - we're the world's largest retailer of Fairtrade - good plug. But yes, we're the world's largest retailer of Fairtrade, and therefore they have a vested interest in us, and we have a great partnership with one another. So they will communicate upon our behalf, and drive traffic in there. So, one of the biggest ones that we actually get is from the Ethical Trading Initiative website, as a member of those, that's driving traffic through to us. So it's an interesting one where you are, but it can be from ourselves, it can be from the platforms that we use in a social media space, and it can be from advocates outside, as well.

Paul: And how do you tackle the different audiences that you were talking earlier about - those people who love their data, and want to get right in and get lots of data and see what you do, versus those people who are the customers who want to pursue a particular issue, and want to be engaged, and not lose the will to live. So what techniques would you apply there?

Ben: Well, we tried to do something, and I think we'll look to improve it next year, called 'Create your own report', which is a section where somebody who is interested in a specific topic can come in and create their report, based upon that, and will go away happy as Larry because they've just got their section of it. I think the analysts - often we've got a different relationship with them anyway.

I think a mainstream investor or someone else will pretty often pick up the phone to us, and ask us a different set of questions, or ask for an interview with our IR team, or something else, rather than going in and getting data off the website. So I think that there's different ways of having dialogue with people, so I think in general we tried to build it in a way that at the top you're getting the main messages, and as you can drill down, you can go and find that information that you want, as well.

Paul: We talked earlier about interaction, and you - we see on the hot topics area that you've allowed people to actually start putting comments on, and respond back, which – gets you a “bravo” - we see that in a few other companies as well. But of course there's always this dilemma I guess between - do you use Facebook, or do you use the site, or do you use both? And so on. So is it a “toe in the water”, or are you planning to do a lot more of allowing people to interact on the site, and post comments and so on?

Ben: Yes, I think it is a way that we want to go - you know, I think going from one position where you are providing data on an annual basis,

to then blogging and other stuff - it's quite a big step-change. And I think from a resource point of view, as well...

Paul: Especially for those in control.

Ben: And especially for those in control, yes. Generally, I think we are an open business - we're a very transparent business, of what we do. And in fact, I think we often will wait until a task is fully completed before we talk about it, as well. So I think as a company we always want to be known by our actions rather than our words, and I think this is somewhat of a challenge that we need to overcome. On future commitments, and on dialogue, generally, and I think this is one that we are looking at, and this is a great place to start, and we are finding that it's working well for us, and I think we will hopefully build upon that.

Paul: And what sort of moderation challenges does that give you? Because obviously when you allow people to post back, you want to make sure that...

Ben: We do; and I think, you know, if you look on the website, there are those - there are challenging ones, so we haven't, we're not editing [comments] unless people are swearing at us. We're not cutting off people's voice on it; we are open for the challenge, and we will rebuff those challenges, obviously, because we believe very strongly in what we're doing - the values of the business. So I think we're open to it - of course there's some moderation; there always is, but...

Paul: Would you go as far as trying to build a community around the corporate site, as opposed to around building the CSR community outside - around say, the Facebook pages, or things like that?

Ben: Well, I would hope so, yes. I think as - I think our case studies and hot topics and others - they were meant to be a go-to destination that people would want to keep going back to. So, yes, I think anything that's - particularly hot topics, where we draw on other people's websites for information as well - that's an area that we absolutely want people to actively use.

Paul: And do you think that you will increase the usage of social media? So, for example Stora Enso: they have a global responsibility site, including an interview with the CEO by Greenpeace, and then a matching Facebook page, so it's all linked together. Do you see yourself doing something like that?

Ben: Resource dependent, really. So, I think that that will take significant resource, and it goes back to the fact that we go across such a breadth of issues. You know, I am going to predict that we will be ramping up what we are doing - and it will be using our existing channels. So using the Facebook page; Sainsbury's Facebook page, we will be talking a little bit more about the values of the business. Similar on Twitter: we'll be pushing out messages through that, and hopefully on our website; we will look to evolve that as well, as we are getting used to it.

Paul: One question, I am sure, most of our audience will want to know, will be around how much effort it takes. Because they're looking at social media from one side and going "Oh my God!", and wanting to put their toe in the water, but being scared of the amount of work that it takes. And you've obviously started that journey, so what - would you have any tips you can give to them?

Ben: You know, there certainly is resource that's required on it, so we do - I don't know, Thomas? - it's probably a quarter of your time, is it, maybe?

Thomas: It's 50-50. I mean, half of my time is working on the website, and the other half of my time is dealing with bloggers and other posts on Twitter and Facebook, so it's very very time-intense. The beautiful thing is that all these sites are free to set up, but once you've opened the doors, then people will start coming in and the more popular it gets, the more work that becomes for you to run it. So it is a bit of an interesting one in that respect.

You never really know where it's going to go, but the beautiful thing about social media is, on the one side, if you do have a problem or if you have made a mistake, you can correct it pretty quickly, and be open and honest and communication is a dialogue, so it works rather well that way. And it's the speed of things; I think, for me personally, it's an advantage, because you can react very quickly. Other people will say it's a disadvantage, because you have to react so quickly and you won't be able to get all the data together, and who knows where it'll end up.

Ben: I think the good thing about the support network around Thomas and around what we've got here, is that because it's so embedded in saying - because corporate responsibility is so embedded within Sainsbury's, there's many people you can call upon to get answers to the very broad questions that we're going to get. So it's not always going to the same person, or the five individuals that look after corporate responsibility within a company. We are going to different people, who are the business experts on what they're doing, and asking their opinions. So I think there are burdens upon others, but it's one that we, I think, have managed well, and I certainly would recommend it – certainly, easing your way in to something, and making sure it works right - and it's right for you, to your readers and others.

Paul: And did the management take a lot of convincing to do it, or was it something they were open to?

Ben: They are open to it, obviously, because before - we are doing things like our Facebook page and Twitter and other points - so, yes, we are doing a number of these things already. I think that there's an element, you know, that some issues, because of the breadth that we cover, we can sometimes get - a certain issue can catch us out, in a way. So, I think...

Paul: Such as?

Ben: Such as taking products from occupied Palestinian territories, for example. So, there's an issue where the labelling wasn't correct in the first instance, which - we lobbied Defra to get help on that, and we changed that.

But actually there was much more of a sort of human rights slant on it, as well, and so that's one where, on that issue, people were absolutely, quite rightly, writing to us and voicing their views, both on the positive side and the negative side of sourcing from that region. And I think on that, when you're looking at an issue like that, you don't - there's a fear, I think, in the senior management, about the time, the resource, it would take to answer these quite directly and openly. And I think that was the only concern; not the fact that we are not open to challenge, because they're coming to us in letter form and we're responding to them anyway. It's just more about the burden of people wanting a response very quickly, and I think that's more the point. So it's those sort of issues that come through.

Paul: And do you therefore have to set up a governance mechanism so that you can get approval for what you're saying? Or, because with the social media world, everything moves so fast, (if the execs are all in a meeting, or something like that), you do have to have genuine empowerment, but you have to have rules.

Ben: Yes, absolutely - it's about taking a sense check on what you're writing about, isn't it? I think, at the end of the day. I think where we've gone in, it's somewhat controlled, because we are allowing people to comment upon what they're reading, and then that obviously is moderated to a certain extent. So I think that there is a



way that we're not caught on the back foot all the time. We know what we're doing.

Paul: Yes. I mean, the greater risk is not saying anything at all, in my mind.

Ben: Well, absolutely, but you know, it's just - the comments are coming in no matter what - by what route, and we are committed to reply to those, so - yes, it's just - we can be under traditional methods - we have a set process of how we deal with things, and we've been doing it for years, so I think people are more comfortable with that.

Paul: We've seen first-hand how one of your initiatives has worked with courting bloggers, through Lucy's work on the interaction with allergy bloggers and so on. How do you go about identifying who you want to interact with, and who you want to talk to, when traditionally - and we see from your website you've got a list of all the great organisations you work with. But this is now down at a different level, because it's people who are up and coming, who won't necessarily have a brand name to that great an extent, but actually start having a disproportionate influence, so how do you go about tackling that group?

Ben: I'm going to look at you for that one, Thomas.

Thomas: We have been working with an agency called Dare who are using various tools of - starting on from Nielsen buzzmetrics to look at people online, and how much - how many unique visitors they attract to the website; how they're ranked, and just look at key words that they've been writing about, and have been talking about, and if certain keywords match up for the category, for example, of sustainability, then we categorise these guys in that column, basically: sustainability bloggers, they're very very interested in that - and we'll rank them, and we'll look at the top guys, and make sure we start building a relationship with them.

So that's the one side of things, and the other bit is just literally having a Google alert for various people, or topics; as simple as that. You come in, and you realise this guy continuously writes about this certain topic; he's not been on our radar so far; why is this? And listening - the beautiful thing with social media, and any kind of online media really, is that you can listen; you can then look on the hits on a blog, or a site, and have a pretty good idea, very very quickly, is this guy influential? Does he have a high Twitter following? Is he very, very engaged? Does he post once a week, or does he post every day? It gives you very good inclination as to whether or not this guy is influential. I mean, that's how I found Corporate Eye.

Paul: That's how you found us! (Laughter)

Thomas: So I'm hoping that that's the right address.

Paul: Absolutely.

Ben: And I think there's other ones, where we look at groups, as well, so something like Netmums. There's an active group of people who are using the internet to have discussions online, and to support one another, and I think that's a group that we would certainly look to for initiatives like 'Little Ones'; that's something that we're doing, and we partner with them quite well.

Paul: Certainly you do pick up the message from the website that you do interact with an enormous number of people in innovative ways, which is very refreshing to see. At least you're asking the questions...

Ben: We are, and it's not just the innovative ways; we do the face to face ones, as well. So I think it's just adapting, and we have - last week, we had a great meeting here where we got a group of people focused on great places to work; about how we can open Sainsbury's up to people who traditionally find it quite hard to get into work. And then once in work, develop work. We had a great meeting with eight external stakeholders, who are represented disability charities, to ex-offenders, through to the homeless. It's just back to the old-school ways, really, of having that dialogue.

Paul: Of just talking to people.

Ben: Just talking to people, yes, and listening to people, and just hearing how we're doing; getting that sense-check that we're on the right route, and looking at partnerships, and ways that we can work more closely together to align to joint goals.

Paul: Which leads us on nicely to issues and case studies and things like that. How do you go about choosing which issues, which initiatives, to actually target? I always talk about having the right resonance, with a combination of the business, what's going on in the public domain: the key issues and so on. So how do you choose which...

Ben: So how we're choosing issues?

Paul: Yes.

Ben: Many means of doing it, but three main ways of doing it. So we conduct a materiality process, every year, which we...

Paul: Saw the diagram [ed: see <http://www.jsainsburys.co.uk/cr/index.asp?pageid=4>]

Ben: Saw the diagram, yes. So we are ranking issues versus level of stakeholder interest, and then mapping that against potential to impact the business. And those that fall in the top right, so, high on both, are the ones that we really want to be looking at. So that's the

first. And then the second one is that we have a beautiful thing called Nectar card here, which, through our loyalty card, not only do customers get great deals, and are able to build up fantastic points, but we are able to have a dialogue with them, through that, as well. So we conduct, every six months, a survey specifically on corporate responsibility, where we are asking them direct questions on how we are doing as a business. You know: what they want from us, in respect of social, ethical and environmental, and what issues are important to them. And that really helps us pinpoint those issues that are most pertinent to our customers. The final one is that we do a very similar one through the stakeholders that we have regular engagement with, and we ask them for what issues are coming down the track. So those, sort of combined together, in not a very scientific way, but there's very common themes within that, that are the things that we know are most important to our customers, stakeholders, and to the business, and they're the ones that we're reporting on.

Paul: We talked a little bit about - we mentioned your great initiative on 2,000,000 trees, which is quite a few. And you've done work on bees, and bee hotels, and so on. Now, some of those stories aren't on the website, because you're moving from this once a year type thing. Is there any reason for deciding which ones you put on the website? Or is it just a matter of time, of just getting them all on there?

Ben: It's time, I think. So, yes, actually, whilst we are quarterly reporting, (so that they will be within that), they are not in the set text of the website, as yet. So I think that is one where certain groups of

people - because this is in effect our report now, people like to know that [the report is for] a period of time. So I'm just currently polling the idea of whether we do change the information that holds, in effect, in our report, on a more regular basis, than actually the once a year point. Beyond that of case studies, and hot topics, and others, the bulk of the text is still quite static, and that's for reasons of - in some ways, integrity to certain groups. Well, at the moment, I'm just discussing those to see whether they will be, in fact, happy for us to move on from that.

Paul: Yes. Because the issue that you create by having the buzz, creating the initial buzz of the press release, the trees...

Ben: Is that with the bee hotels? (Laughter)

Paul: Well, the bee hotels, - it was interesting with the bee hotels, because the Co-op launched a bee site round about the same time, and Lucy also came down to the CR press release about the trees; came home with an apple tree, and so on, which she's planted in our garden.

Ben: Excellent! Is it still alive?

Paul: It is still alive. (Laughter). Haven't checked - with the cold. But then, having created that appetite for information, saying "Oh, this is good!", there's also the "I'll go back to the website and find out

what's happened," and there's a gap. So - and it's tough; it comes back to "icebergs" and quantity of information.

Ben: Yes, absolutely, and I think that that's a fair challenge, and one that we need to look at. From early discussions with people, I think there needs to be a way that we split the information off at one time of the year, so that we allow people to download information, based upon that.

Paul: Definitely needs to be signposted, and...

Ben: Absolutely, and dated, and then other areas - so that's really just the build, which we need to look at.

Paul: Okay. And how much do you check out what your competitors are doing, in terms of their CR initiatives, and so on?

Ben: Well, I think the beauty of retail is that we're very competitive, be that on price..

Paul: I've noticed that!

Ben: (Laughter) Be it on price, quality or corporate responsibility. So, yes, absolutely, we are looking at what they're doing, we're looking

at their commitments; some are doing some good stuff, others are way behind us. So, I think it's an interesting sector, this.

Paul: And there's a flip-side to that, which is how you then react when they - shall we say, have difficulties. Pole-dancing kits for teens, dodgy teen products, come to mind.

Ben: Yes. Bras with padding.

Paul: Yes. Many years ago, I witnessed some very sharp purchasing practices - not from yourselves - of buying own-label products, then refusing to take them, and then phoning back the following week to take them at a very discounted price. How do you respond to that sort of thing. Do you say, "well we're fine because...." - or "let's tighten up" - or "let's make the most of that in communicating how good you are in a particular area?" Or how do you respond?

Ben: Hmm. Good question - I think, generally on those sort of issues that you talked about, I really, truly believe that we do have a clear value-set within this business; that actually we would never develop products - padded bikinis for seven-year-olds - it just would not happen here, through the developers and the design teams that we have, because of their clear moral set, I believe. So on that side, I'm very comfortable with where we're at personally. When there's issues, sometimes they can become [linked with us] by association. So I wouldn't ever really want to go heavy on pushing out what we're doing, even if it's a very positive story, in response to something - another retailer, who's been harmed by something. So,



yes, I just would normally keep what we've got there, and keep that we're consistent and we're in a good place. Is that fair?

Thomas: Yes.

Paul: And then what's your view on how you tackle the difficult industry issues? I mean, we see - there's a couple of places on the website where you acknowledge that you have difficult choices to make; and one that's very close to my heart is this conflict, if you like, between positive impact on the community, versus the sort of draining of the town centre. Our local town centre - no Sainsbury's store in our town, I hasten to add - is dying. You are seeing the shops closing down; there was also the issue of the Scottish town in Linwood; I don't know if you're familiar with that; where one of your competitors came into a town that had been run-down. They were greeted as heroes, because of all the development they did, and then it came out that the agency that had done all the running-down was hired by them. So it's a really tough issue, because clearly you're in competition; clearly you want to build your business.

Ben: Yes.

Paul: So, from a communication point of view, what I would be looking for is actually discussing it head-on, which I don't quite see from anyone at the moment, in terms of talking about that on the retailer's website. But how do you see that one, from...

Ben: It's a very hot potato, this one, and it is one that actually, in reality, for us, it isn't anywhere near as bad as the perceptions are. So, often, we know we have a very positive impact on communities, in which Sainsbury's come to. They're often greeted with open arms by other businesses, within the local region, because like the case you say in Linwood, we are providing additional footfall for it, and that's not the case on the fact that we've driven down the town - but that's what other retailers and other businesses are absolutely looking for.

I think there's numbers of reports out there, and others - I point you to Demos and their progressive conservatism report, which talks about regeneration, and how vital the role of Sainsbury's was in an area within Birmingham, on this. And you know, I think there are - to me, the positives outweigh the negatives, and I think that certainly the new government are looking at the planning laws, and they're looking at getting much more of that local decision being done, and canvassing. And actually, we are thinking that might help us in some ways, because we often - those that are most vocal are those that don't want it in their back yard, whereas in fact there are other businesses, other people, that really do want a Sainsbury's to turn up into their town, as well, and so I think it's one of these ones..

Paul: On the website, your latest hot topics are around the low-carbon farming, and Farming for the Future. And you talk about having your carbon footprint calculators for the farmers, which is a great idea. Do you have plans to sort of take that further, in terms of more

carbon footprint calculators for other suppliers, or even putting air-miles on products and labelling with the results of this...

Ben: So yes, two separate questions there really. The first one is yes, we do. We plan to - I think what our Dairy Development group, which is a lot of what you'll read on the Farming for the Future part of the hot topics - the beauty of the carbon footprinting tool there was about giving farmers access to data, about what was going on, on their farm. So it's as simple as that. You can't actually manage, until you know - you can't manage until you know the actual data of it. So that was a lot to do with the Dairy Development group. It started off as providing laptops to farmers, so they were able to see what was going on, on their farms.

Paul: Good waterproof ones? (Laughter)

Ben: Absolutely, yes. And then once you've got that information, they were then able to manage that, from there. And certainly when we benchmarked them against one another, they didn't see the specific names against it, but they saw where their farm stood on a ranking. They were then able to learn from those that were higher up, and they would know where they are, or where they positioned on it. So I think that those tools absolutely worked brilliantly, and the whole ethos behind our development group model is about efficiency; it's about farmers being as productive - us giving farmers the tools to be able to measure and help them become as productive and efficient as possible: both financially, so they're making more money, and environmentally, as well, so that they are actually

reducing their impact on the environment. And actually, there's another element, which we could probably pull into social - which is around animal husbandry as well, and the way that they - we look at cattle now, as an outcome point. So, instead of going and looking at...

Paul: There's certainly a lot of outcomes from cattle.

Ben: (Laughter) Exactly. Instead of actually going in there and looking at what the shed's like; do they have x, y and z, we actually go and look at the animal. So we have vets come and look at the animal, and then go from there. So if the animal doesn't have any lameness, mastitis, other things, then we know that this farm is very good, and so...

Paul: As a kind of spot-checking control?

Ben: As a spot-check - yes. And then those that are doing well, from that side, are rewarded. Well, from it, as well. So that's sort of looking at things in the round, and we are absolutely expanding that model out, to other areas of our agricultural and broader commodity supply chain. So, we are expanding out the carbon footprinting model, to your question there.

And air-miles and carbon footprinting labelling don't work, basically, in our opinion. Because actually they don't often stack up, so that's certainly the way with air miles. If you slap on a photo of an

aeroplane on your product, and say it arrived from air, often - they can use about the same amount of carbon in that way than they are if they're grown in this country or in Holland, for example. So take Kenyan roses. You know, Kenyan roses, despite flying over here on an aeroplane; actually their embodied carbon is far less than roses grown in Dutch greenhouses, and they come here on a boat, but it's far better for the environment to buy the Kenyan roses, let alone the other developmental points that you have with that, as well. So it just doesn't stack up, that sticking a photo of an aeroplane on your product. With Carbon footprinting, we just don't think our customers - [based on] the feedback we get from customers; they just don't really understand it.

Paul: No; that's very true.

Ben: So, you know, what am I meant to do with the 40g of CO<sub>2</sub> that my Walker's crisps have got? They just don't really understand it, so it's not a big one for us. We agree on the sentiment, that absolutely driving down carbon - the carbon that's in our products, and that's why we're doing what we're doing. It's just that customers get confused, as we all do, as to what you're meant to be doing with that information.

Paul: I think that's a very good point, because - and it's one of the challenges in one of the research pieces we've done. People struggle - companies are putting out lots and lots of footprint data and CO<sub>2</sub> this and that and so on, or equivalents, and people want to know how it relates; that's a big struggle. And when I compare

that to the picture on your website of the lorry - the extra high lorry [ed: see <http://www.jsainsburys.co.uk/cr/index.asp?pageid=51>] - you get it. It's a bigger lorry; less of them on the road. It's more efficient. What's not to understand?

Ben: Yes, that's the point. Yes. I think it's - carbon is a tough one, we know, to communicate. And to land with customers, and more broadly, sort of everyone. So I think it's - what are you meant to do with the information that you read on a carbon footprint on a pack. Are you then meant to swap to go and buy something else? It confuses us. It confuses me.

Paul: Especially when you're sleepwalking.

Ben: (Laughter). Yes.

Paul: The final question is around a trend and a development area we see. We like the idea that people start to influence this, down the supply chain, for good, spread the good practices and so on - and there's a further extension of that; of actually communicating the net impact of your spheres of influence, so not just yourself, but then suppliers, customers; those people you collaborate with, and so on - and so hopefully we will all become a better world. The Farming for the Future is a great example of that. So what was that the way you came about doing it, or was it just common sense for the business side of things.

Ben: Yes, it's - the Farming for the Future example is an absolute business-led initiative, in the fact that in its truest sense of the word. – We know we're growing. We've got aspirations to be growing at 15%. We know that we need to secure our supply chains in order to do that. We know that farmers do have a choice of who they want to supply their goods to, and certainly, as you have growth in population around the globe, and food security risks start coming down the track, we absolutely want to get dedicated groups supplying us, that are as efficient as they possibly can be, and absolutely wanting to carry on supplying us; that we work closely together. And it's about that, you know, the benefits of that is that we are able to help them address some of the bigger concerns around water and carbon and others, because we're getting closer together, but in essence it's about securing our supply chain, and making - helping farmers see that it's right to want to work with us. We will give them a fair price for their products, and they will grow alongside us.

Paul: And at the same time they can shop with you as well!

Ben: There we go. (Laughter). No, I think a really good example - the Dairy Development Group, which has been around since 2007 - as a business we've grown by 15% during that time, and we have increased the farmers - I believe as part of that group - from 325 to 340 or something like that. I'm not too sure precisely on the numbers, but in essence all of those farmers have grown with us,

so they have increased their production levels to be able to supply us with it. So it's great; win-win, for both.

Paul: Well, thank you very much.

Ben: It's a pleasure.

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