

The challenges of securing organic supplies in a growing market





WAITROSE/ WFP BACKGROUND

346 Waitrose Branches

(Including 60 Convenience)



- ◎ Turnover of £6.5bn with market share of UK grocery sales of 5.3%
- ◎ 60,000 employees are 'partners' in the business



Waitrose



Shop online at [waitrose.com](https://www.waitrose.com) and let us deliver to your door



Fresh meat

We work with a select group of farmers who supply our meat, so we're confident in our quality & traceability



Kebabs >



Burgers & steaks >



Chicken >



Sausages & ribs >



Lamb chops >



Entertaining >



Outdoor dining >



Marinades >





Waitrose Market Share



- 5% grocery share
- 25% organic share



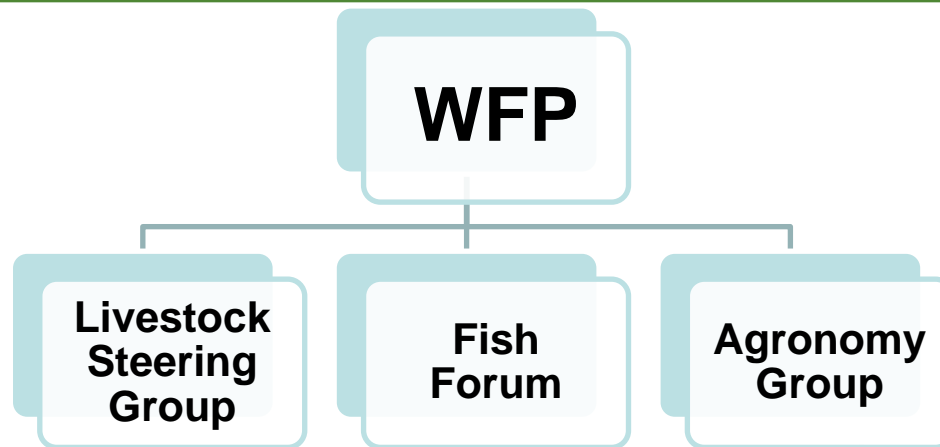


THE WAITROSE FARMING PARTNERSHIP: Responsible Farming



WFP Structure

Each group manages
a full set of activity
aimed at future-
proofing farming
businesses



Member Companies of the Livestock Steering Group



Delivering the Waitrose Agriculture Strategy



**Security &
Continuity
of Supply**

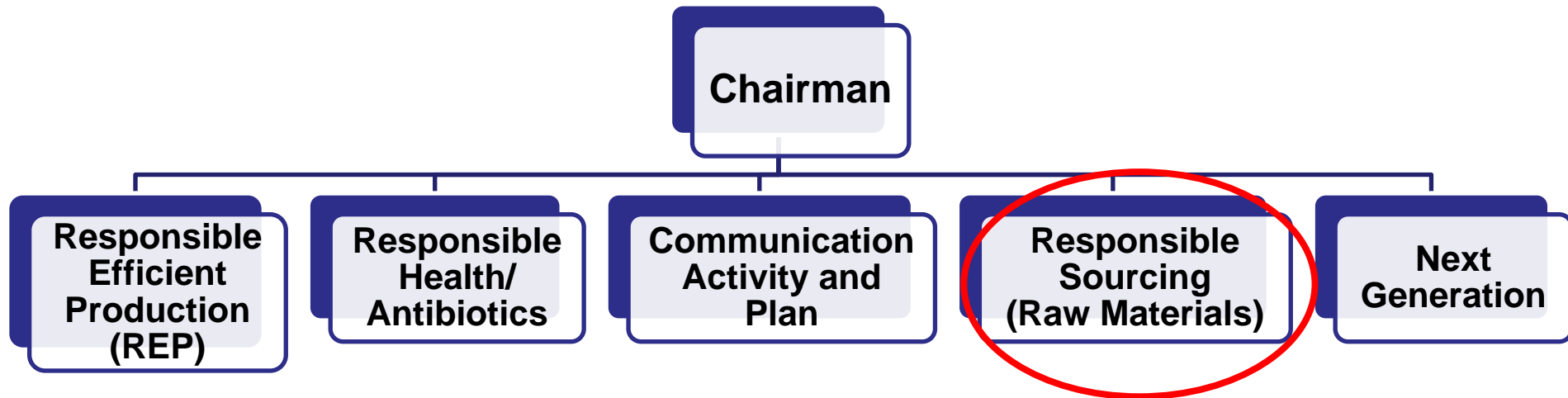
Optimal Efficiency
(while delivering
points of difference)

**Waitrose Growth &
Development Plans**

**Environmental
Sustainability**

**Stakeholder
Engagement**

WFP Key Areas of Focus





WHAT DO WE KNOW ABOUT OUR SUPPLY CHAIN

Waitrose Farming Partnership Knowledge



- Every specific farm location is known
- Every specific feed mill location is known

Why do we care about our raw material supply chains



- Traceability
- Sustainability
- Understanding and knowledge



Building Control into the RM Supply Chain



The importance of knowing your RM Feed Supply Chain:

- RM countries of origin
- Usage by business and RM type
- Risk rating raw materials
- Mill mix - reports, feed formulation reviews, visits and audits
- Site audits
- Traceability
- Crisis management planning 'prepare for the expected AND unexpected!'



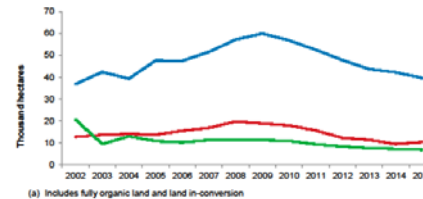
WHAT ARE OUR CHALLENGES?

Supply Chain Challenges



- UK production levels
- UK grain challenges
- Country of origin
- Mill locations/ numbers
- Traceability/ authenticity

Figure 4: Organic crops: United Kingdom^(a)



UK Organic Grain Challenges



- Variable quality
 - Protein levels (8-15%)
 - Against imported
- Variable yield
- Price
- Availability

£

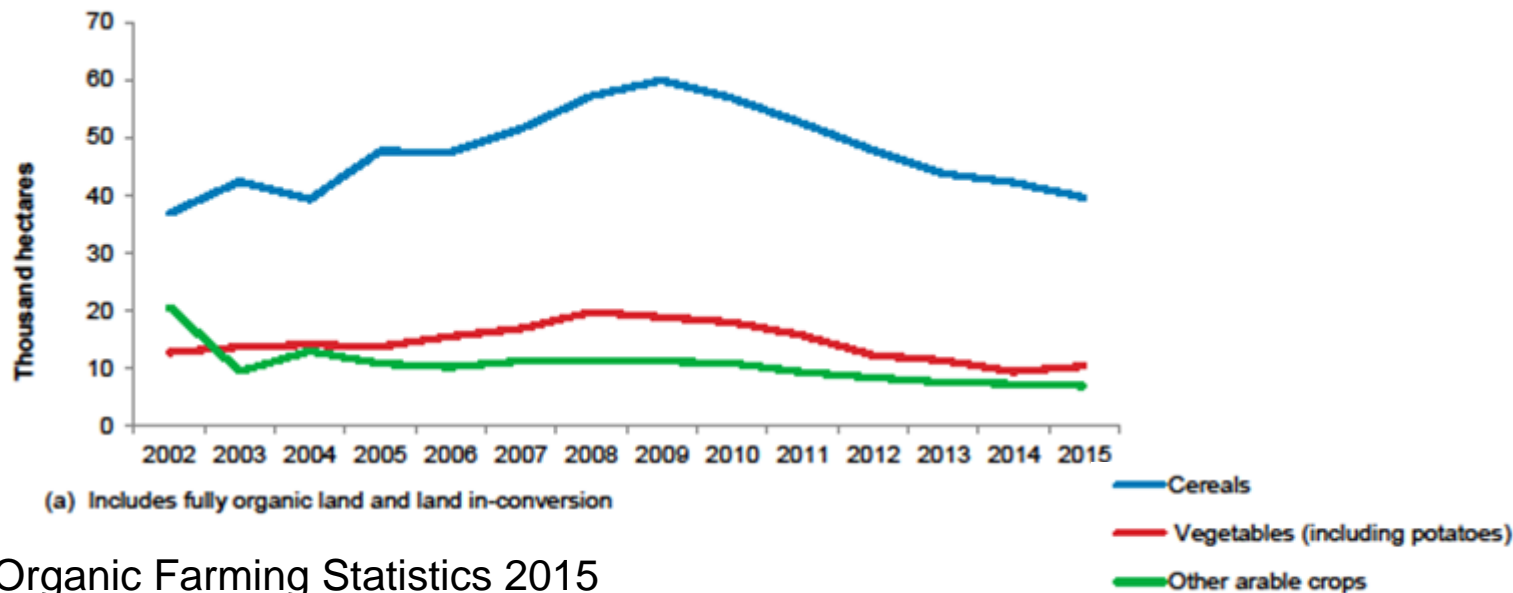


UK Organic Production



- Organic crops all shown decline since 2008

Figure 4: Organic crops: United Kingdom^(a)

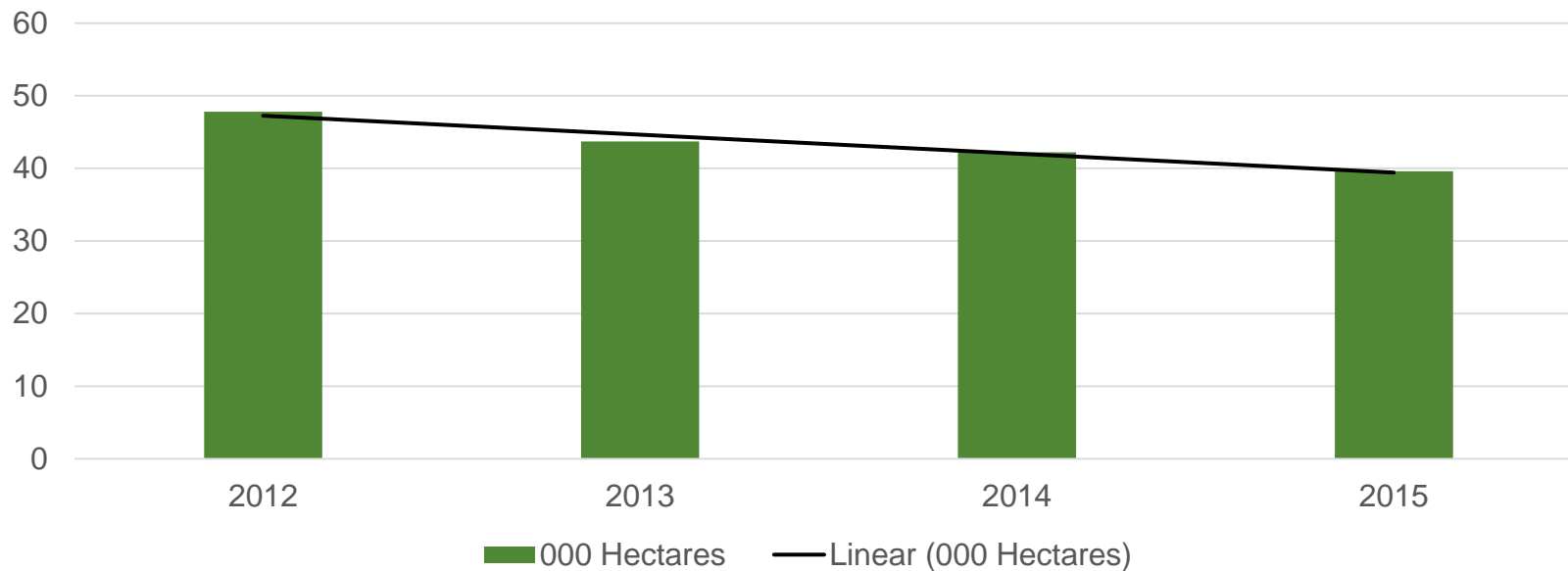


Source: Defra Organic Farming Statistics 2015

UK Organic Cereal Land Area



Cereal Land Area, 000 Hectares



Challenge - authenticity



UK organic poultry sector challenged by sunflower meal supply constraints



By Jane Byrne

07-Oct-2016

Last updated on 18-Oct-2016 at 16:44 GMT



Related tags: Sunflower cake, Organic, Ukraine, Fraud, Pesticides, Soy, China

The delisting of the certification body supervising organic production in Ukraine has left UK organic poultry producers with sourcing headaches.

Malta placed at centre of huge organic products fraud

Tuesday, 12 April 2016, 14:30 Last update: about 10 months ago



Organic food fraud uncovered in Italy

Italy's police forces uncovered a multi-billion euro fraud for the illicit import and trade of food products carrying false organic certification.

By Davide Ghilotti

Published: 28 January 2015 04:07 PM





HOW ARE WE FACING THE CHALLENGES?

Waitrose Organic Consortium



- To partner with organisations that share our commitment to provide fresh, healthy food produced through a fully transparent supply chain that incentivises positive environmental practices and supports the grower by providing real value for their product.



Organic Key Actions



- Set up an organic supplier group
- Expansion and development of UK grain supply into the WFP feed supply chain
- Walk the EU organic supply chain
- Investigating the use of a central store
- Carry out trials on wheat varieties



Why do we care about our raw material supply chains



- Information and involvement in £ the supply chain
- Fair and stable pricing
- Mutually beneficial growth
- Continuous improvement



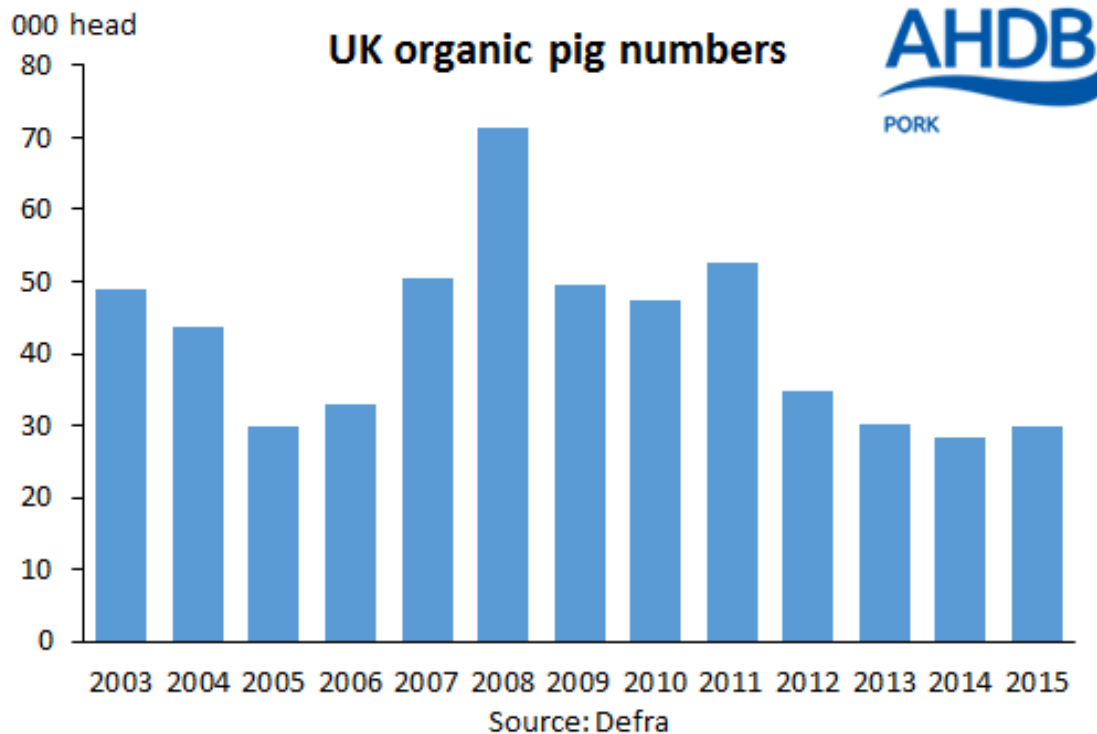
Case Study: Dalehead Foods Pigs Summary



- One organic feed supplier
- Aim to source 100% UK organic wheat and barley



National Organic pig numbers



What have Dalehead done?

- Increased % of UK grain used
- Currently source 100% wheat & barley from the UK
- One feed manufacturer
- Collaboration with Organic Arable

organic
arable





Dalehead & Organic Arable

- Security of supply, traceability, reduced C footprint
- Fair pricing model
- Sustainable supply chain
- Support UK organic farmers





WHAT'S OUR VISION FOR THE FUTURE?

Responsible Sourcing - Developing a Strategy on Organic Feed Sourcing



- To maximise the use of UK grown feed ingredients where possible; both cereals and protein crops
- To deliver raw materials with known provenance and integrity to protect the Waitrose brand
- To develop bespoke supply chains specifically for UK grown organic feed
- To develop a European Organic Supply Chain