



## Growing trust

Meeting our responsibilities 2011





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# Introduction to the Produce World Group

Based at Lynch Wood Business Park near Peterborough, Produce World Ltd is a fresh produce processing and packing business. It is the parent company for Produce World Marshalls (incorporating Agromark), Produce World IFP, Produce World RBO, Produce World Rustler and Produce World Solanum. The business employs over 1200 staff in the UK and Spain.

Turnover in 2010/11 was circa £200 million with the majority of Group sales going to UK based multiple food retailers with smaller volumes serving the online retail and European markets.

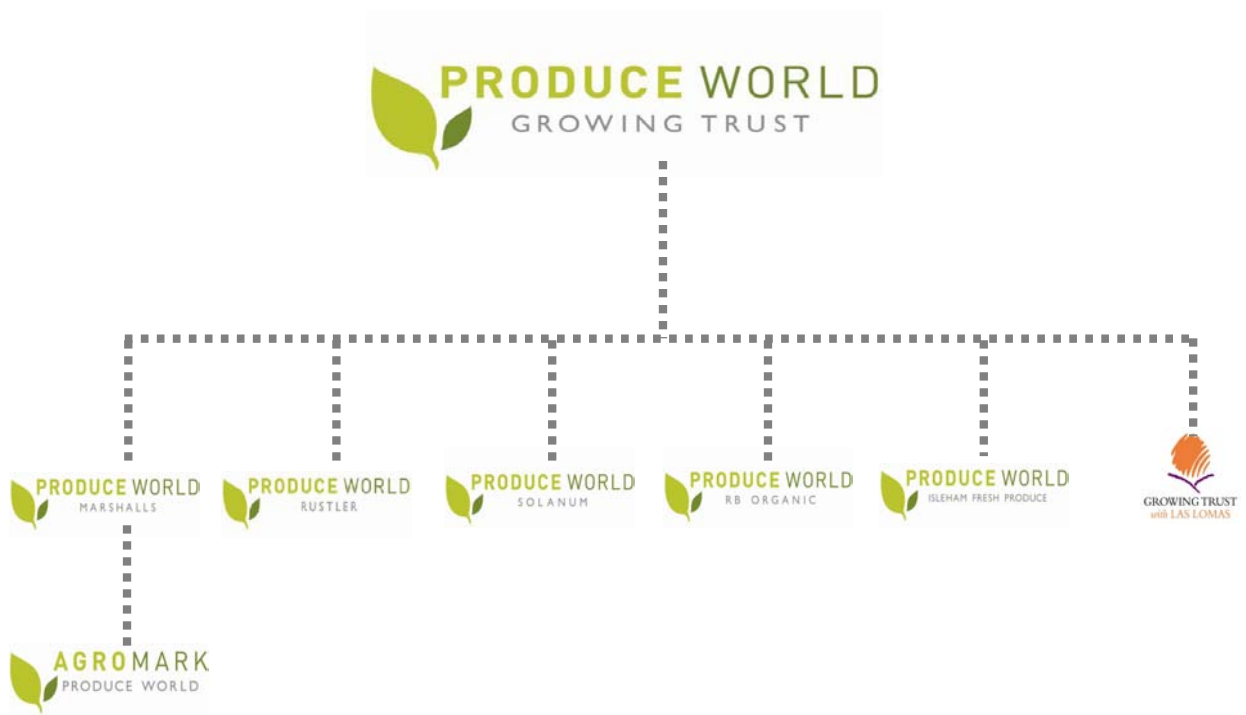
Produce World has evolved from the Burgess family business that began in 1898 and was founded on and still works by a set of strong values. It is now run by the fourth generation of the Burgess family together with an excellent team of managers from outside the family. The business is owned by the Burgess family as well as senior managers and growers and as a private business received no financial assistance from government.

As part of a strategic review during 2010 the decision was made to combine the Holdings Board and Executive Board, creating one combined Main Board of Directors. This review also concluded that the time was right to introduce one commercial team for the whole Group where there is now single-point responsibility for each customer and to appoint a Chief Operations Officer who has Board-level responsibility for all supply chain activities. During the year further significant investment has been made in developing leadership and management skills.





# Group Structure





## Our Business

In 1898 Harry & Percy Burgess began growing vegetables in the Peterborough Fens and running a fruit & vegetable shop in Richmond, London. Ever since, the business has expanded using strong ethical values and today Produce World remains a privately owned business which is customer and category focused with active involvement from the fourth generation of the Burgess family. Produce World is one of the largest vegetable growers in Europe, growing in excess of 20,000 acres. This is delivered through a combination of our own farms, joint ventures and collaborative working with dedicated grower groups, both in the UK and overseas.

Produce World provides the freshest and tastiest products that excite and inspire consumers. As an expert grower and supplier of high quality fresh vegetables in Europe, we are industry leading in sustainable and responsible agronomy, growing and lean supply chain management. We have innovative processes to provide solutions aimed at meeting and generating customer demand and exceeding consumer expectations, and our success is driven by our passion for our people and our wide range of products. As a business we are committed to providing our colleagues with a challenging and engaging working environment and offering a truly great place to work.

In 2011, Produce World brought all existing companies into the 'Produce World Group' creating one company, one team and one brand. We currently employ circa 1000 people in the UK across five sites at various locations within East Anglia. Being customer and category focused we use innovative processes to provide solutions aimed at meeting and generating customer demand. We supply a wide range of conventional and organic products to leading retailers, foodservice and manufacturing customers.



Burgess Heritage Archive Photos



## Group Sites

We grow and supply a wide range of high quality fresh vegetables covering the following categories:

Site	Activities
<b>Produce World Ltd</b>	The head office is situated at Lynch Wood, Peterborough. It is the location of central HR, Commercial, Finance, Health, Safety & Environment and Procurement functions.
<b>Produce World Marshalls Ltd</b>	European supplier of top quality conventional and organic vegetables, specialising in brassicas. Marshalls also own a majority share of Agromark s.a., a business growing over 2000 acres of vegetables near Murcia, Spain.
<b>Produce World Rustler Ltd</b>	Specialising in delivering high quality onions, leeks and garlic to retailers, processors and wholesale markets within Europe.
<b>Produce World RBO Ltd</b>	Primarily an organic vegetable specialist, produce lines include carrots, parsnips, swede, turnips, beetroot and bunched carrots.
<b>Produce World IFP Ltd</b>	Specialises in the production and marketing of root vegetables, principally carrots and parsnips.
<b>Produce World Solanum Ltd</b>	Supplier of provenance sourced fresh potatoes to the UK retail market.



As part of the company reorganisation and restructure, the decision was taken by the Board of Directors to close Briess therefore it is no longer trading as part of the Produce World Group.



# About this report

## Introduction

Comprehensive non-financial data has been collated on a monthly, site by site basis since July 2008 and this information has been used to report on Group performance in this report. All data relates to the period July 2010 to June 2011 unless otherwise stated.

## Scope

The policies, commitments and data referred to in this report cover the majority of Produce World's UK business activities, specifically including:

- ☞ Produce World Ltd (Lynch Wood)
- ☞ Produce World Solanum Ltd
- ☞ Produce World Rustler Ltd
- ☞ Produce World RBO Ltd
- ☞ Produce World IFP Ltd
- ☞ Produce World Marshalls Ltd

Last year's report stated an intention to expand the reporting scope but for operational reasons this has not been possible. As a result, the following business activities are excluded from the scope of this report:

- ☞ Produce World's majority interest in Agromark, a Spanish vegetable grower
- ☞ The direct UK farming activities of Produce World Marshalls Ltd
- ☞ Joint venture growing interests



## Data

### Carbon

Data collection and reporting has been undertaken in line with the guidance given in The Greenhouse Gas Protocol published by the World Business Council for Sustainable Development (2004) and DEFRA's Greenhouse Gas Reporting Guidelines and Conversion Factors (September/December 2009). As a result, emissions are now reported as carbon dioxide equivalent and include methane and nitrous oxide. Emissions from the following sources make up the Group's reported carbon footprint:

- ☞ Electricity and mains gas consumption
- ☞ LPG usage
- ☞ Water usage
- ☞ Waste water discharged to mains sewer
- ☞ Diesel usage for fork lift trucks and machinery
- ☞ Diesel usage by Group owned trucks
- ☞ Haulage to customer's depots by third parties
- ☞ Refrigerant losses
- ☞ Business travel - by car, train and air

### - Waste

Although the Group collates a significant amount of data about the waste it produces and how it is managed unfortunately its format is not compatible with the emissions conversion factors produced by DEFRA and it is therefore not possible to include emissions from waste in Group reporting at present.

### - Business travel

For reasons of practicality and relevance emissions from the following are excluded:

- ☞ Overseas train travel
- ☞ Bus travel
- ☞ London underground travel
- ☞ Hire car mileage
- ☞ Taxi travel

Combined, these categories are estimated to account for less than 1% of business travel emissions.



# About this report

## Haulage to customers

All haulage to customers is contracted out to third parties but the Group believes that it should be included within the organisational carbon footprint. Emissions from third party haulage are calculated using the following assumptions in addition to the latest DEFRA conversion factors:

- ✎ Distances between Produce World facilities and customer depots calculated using [www.freemaptools.com](http://www.freemaptools.com)
- ✎ Load fill estimated at 22 pallets/trailer or 84.6%
- ✎ Engine fuel consumption based on load fill equates to 0.687l/mile
- ✎ Trailer fridge units use 5.4l diesel/hour
- ✎ Average truck speed 40mph
- ✎ Combined loading and unloading time of 1 hr
- ✎ Where load consolidation arrangements are known and fixed, these have been taken into account.

## Packaging

Data relating to packaging includes all cardboard, plastic and paper used to wrap and transport product to customers. It specifically excludes the use of returnable plastic trays and pooled pallets. Packaging data for Produce World Marshalls is estimated using data from their 2011 Valpak submission.

## Water usage

For the purposes of this report is defined as all water coming into a site, including both mains and abstracted water.

## Waste

Total waste is defined as: Produce waste composted + produce waste to landfill + non produce waste recycled + non produce waste reused + non produce waste to landfill. Produce sold as stockfeed is not classed as waste for this purpose

## Report technical standards

This report has been written in accordance with the Global Reporting Initiative's G3 Framework to an application level 'C'. The section of the report entitled 'GRI G3 index' on page 33 details the individual GRI G3 references.

## Legal compliance

During 2010/11 the Group had no environmental or product prosecutions or fines and no work related fatalities in its businesses. On September 12th 2011 Produce World Marshalls was issued with two improvement notices by the Health and Safety Executive, Both improvement notices were served to field harvest teams. The first was for not having drinking water available for field labour at the time of inspection. The notice required the provision of clean drinking water in suitable containers. The second notice was for the unsafe storage of knives and required a suitable means of storing hand-knives when they were not in use, adjacent to the place of work. Both notices were immediately dealt with and all required actions were completed on November 7<sup>th</sup> 2011.

The Group is not aware of any incidents of discrimination during the period, nor was it prosecuted for anti competitive behaviour.

## Affiliations

Produce World Ltd is a members of, or affiliated to, the following organisations:

- ✎ Business In The Community
- ✎ Cambridgeshire Chamber of Commerce
- ✎ Ethical Corporation
- ✎ Food and Drink Federation
- ✎ Food & Drink Forum
- ✎ Linking Environment and Farming (LEAF)
- ✎ NQA and UKAS
- ✎ Suppliers Ethical Data Exchange (Sedex)
- ✎ The Association of Labour Providers
- ✎ The Soil Association
- ✎ The United Nations Global Compact

Produce World does not make any political donations.

**Assurance** This report has not been independently assured. The information contained within the report is, to the best knowledge of the Group Board, accurate.



# Chief Executive's Statement

The past year has continued to see a very challenging trading environment with a continued focus on running efficient operations, engaging our employees and a commitment to the Four Pillars of our CSR strategy.

The Produce World Growing Trust continues to distribute funds with our local communities and charities with over £9,000 donated to charitable events and community causes during 2010/11.

Our Four CSR pillars remain our guiding focus in our vision of creating a sustainable business and I'm delighted that we continue to see some excellent examples of employee involvement. We were also delighted to be awarded the 2011 Packer of the Year Award at the Re-fresh Awards who recognised our holistic approach to CSR. However I am far from complacent and I have tasked my Board of Directors to continue to drive even further progress in the year ahead with a particular focus on delivering our non-financial targets and developing our responsible sourcing strategy and approach; I see huge potential and importance in this aspect of our CSR strategy.

In 2012 we will also see further progress with our environmental efficiency activities and our workplace culture strategies which will provide us with the perfect platform for continuous improvement in this area.

I remain convinced that sustainable, responsible business is good business. In fact I, and my fellow Directors, believe it is the only way to do business and I look forward to updating you on our progress in future reports.

A handwritten signature in blue ink that reads "William Burgess" with a small arrow pointing to the right.

**William Burgess**





## Summary of performance 2010/11

Below is a summary of Group performance against the non-financial targets set for the 2010-11 financial year. Overall 8 of the 13 non-financial KPI targets were achieved. This is an improvement on last year however the targets not achieved reflects a period of change management restructure and in the Produce World Group, combining restructuring of business units.

KPI	Target	Achieved
Total packaging materials used per tonne of finished product packed	Reduce by 4%	
Total electricity and gas usage per tonne of raw material processed	Reduce by 5%	
CO2e emissions per tonne of finished product packed	Reduce by 6%	
Total water usage per tonne of raw material processed	Reduce by 5%	
Percentage of total waste to landfill	Reduce to 8%	
Total waste to landfill	Reduce by 10%	
Value of fines for non-compliance with environmental legislation	Nil	
Accident frequency rate	Reduce by 10%	
Accident severity rate	Reduce by 10%	
Employee turnover rate	3%	
Employee absence rate	2%	
Proportion of workers employed that are permanent	55%	
Incidents of discrimination	Nil	



# Environmental Stewardship



## **Our Commitment:**

We understand the environmental impact of our operations and constantly seek opportunities to improve it

## **Our Vision:**

To ensure that Produce World is a sustainable business through the effective management of waste, water, energy and carbon

## **Progress**

The Environmental Stewardship Agenda has continued to flourish and develop over the past year with processes and practices becoming increasingly embedded within the Produce World operations. A renewed focus on improving operational efficiencies has driven improvements in monitoring and measuring water, waste, energy and carbon.

This business achieved its ambition set out in the previous year with all UK businesses gaining accreditation to the internationally recognised Environmental Management System Standard (EMS) of ISO 14001. This was a great achievement for the group as it was the first ever group accredited management system implemented within the business. The EMS provides a robust framework for managing our environmental activities, setting key performance indicators, environmental objectives and has ensured a proactive approach to legal compliance.

The systems and procedures have driven improvements in operational efficiency especially around reduction in waste to landfill through waste segregation and increased recycling rates. We committed to reduce the waste we send to Landfill by 10%, but we exceeded our target reducing waste to landfill by an impressive 29%.

## **Future Plans**

The Group remains fully committed to measuring, managing and mitigating its environmental impacts. With the introduction of a Chief Operating Officer (COO), the environmental non-financial targets are now included in site manager's objectives with ultimate accountability and ownership resting with the COO. We will continue to set more ambitious and challenging targets with a focus on energy and water efficiency improvements.

In an ideal world, we wouldn't send any waste to landfill. We committed to keeping our figure under 8% and recorded an impressive 7.2% but we're working on reducing this figure still further. We have also committed to cutting our own use of packaging materials as this has seen an increase since last year. We're working on packaging innovation and weight reduction and as part of this process we will be establishing a Group Packaging Forum, headed up by the Group Procurement Manager.

Whilst maintaining a strong focus on managing waste, water, energy and carbon relating to our own operations, we also recognise the need to address the environmental impacts of the wider supply chain. We will continue to work with our growers and customers to address environmental issues associated with soil, water and carbon to ensure long term sustainability of our supply chain.

Water management will be high on our agenda as we look to improve water efficiency through upgrading dated facilities and processes. We will continue to monitor and measure water use to identify patterns of over use, misuse and wastage. Water risk management and strategy will be key to the sustainability of our business.



# Environmental Stewardship Case Study



## Waste Management

Waste management is a key component of our Environmental Stewardship Agenda. Across our operational facilities we have driven a '**Total Waste Management**' solution to target waste reduction at source and have encouraged the re-use and recycling of waste on site in order to divert as much waste as possible from landfill. We ensure we have an environmentally sustainable end use for all of our secondary and out-graded produce through local solutions such as stock feed and composting. We continue to strive for improved waste management solutions and are continuously reviewing our strategies across the group. We manage and measure our waste reduction and reuse/recycling rates through our Non-Financial Data Management System (Credit 360) on a monthly basis against both group and site Non-Financial Targets (NFTs). This has enabled the business to avoid unnecessary costs associated with increasing landfill tax and in some instances the business has received further financial benefits in the form of recycling rebates.

We strive to find local, low cost and environmentally friendly solutions such as stock feed for animals or composting. We have explored the potential for anaerobic digestion across the group but at present it does not present a viable business case for us. It is however still a consideration should technology or business circumstances change.

This year the business donated surplus produce to the **Feed the 5000 event** that took place in London. We believe this is a great event to raise awareness and educate the public that 'misshapen' and over/under sized vegetables are still suitable for consumption. We have also established a partnership with **FareShare** over the last few years and have donated surplus produce to them for redistribution to their partner charities and worth causes.

More recently we have focused our attention on our supply chain aiming to utilise as much of our crop as possible. As part of this we hosted a **gleaning event with FareShare**. This involved harvesting produce from our innovation fields that was not destined for commercial retail. We have now put a plan together with FareShare for these events to continue throughout this year. We believe this is another great initiative to raise waste awareness amongst our own employees, FareShare volunteers and the general public while utilising crop that would ordinarily be ploughed back in to the field.

We believe it is essential to work with the whole supply chain to achieve true sustainability. Our work was recognised at the Waitrose Supplier Awards in 2011 for our innovative work as part of Waitrose's War on Waste Project. Through the identification of waste in relation to inputs and final delivery standards we achieved reductions in waste over a period of three to five years. This was an example of true supply chain collaboration.

Our colleagues responded extremely positively to our waste management initiatives as they recognise Produce World as a proactive and forward thinking business with strong values, ethics and environmental awareness. Employees were enthused by the changes introduced to waste management as recycling was a familiar household procedure that they followed and they felt we were taking a responsible approach to business. Colleagues have enjoyed educational visits outside of the business to recycling facilities and landfill sites. This has raised awareness and encouraged further positive behaviours. Employees were able to take examples from the workplace back to their home, encouraging household recycling and activities such as composting.



# Environmental Stewardship Case Study



## Water Stewardship

Our business has become increasingly more water conscious over the last three years as global water issues have risen and the risk of water shortage has increased. Over the last four years we have focused on reducing and re-using water throughout our operations as part of our Environmental Stewardship Agenda, titling this Water Stewardship.

Although not all of our operations are high water users, we have focused on raising awareness of water use and water wastage amongst our employees through engaging training programs and instructing on water use best practice. We have focused attention on reducing water wastage, improving water use efficiency and reducing reliance on mains water supply through innovative techniques such as our Reed Bed Project at Produce World RBO.

Over the past year we have extended our water management work through our agronomy team and collaboration with our grower base. The need to address the global issues of water abundance or scarcity has focused our attention on water use and management within the supply chain. So, for example, in our potato growing we have established more efficient methods of irrigating crops through trickle irrigation. In one year this has significantly decreased our water use in the field, using less water due to the precision irrigation.

The risk of potential water shortage for growing and use in our operations has encouraged work outside of our business and we have recently been involved in a Water Stewardship project being headed up by the IGD. This project aims to identify areas that are at risk of over abstraction of water and to understand more about the management of abstraction licenses and discharge consents.

As part of our Group Agricultural Strategy and the key theme of 'valuing natural capital', we have partnered with Cranfield University to conduct a pilot study of the water footprint of carrot production in the UK. The aim of this study was to highlight water hot spots in the supply chain of a product. It allows us to know exactly how much water is used to produce the crop, not only from an irrigation point of view but also considering the rain water. It allows a comparison between productions in different areas or even different countries to be made. From the results of this project it is necessary to now formulate solid and realistic water consumption reduction strategies within our business and the supply chain.

### KEY THEMES



VALUING NATURAL CAPITAL



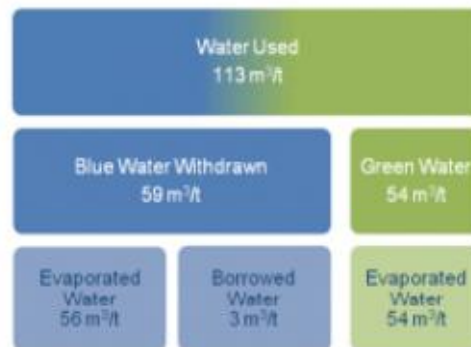
GROWING MORE FOR LESS



EXPLORING GENETIC DIVERSITY



PROMOTING SOIL HEALTH



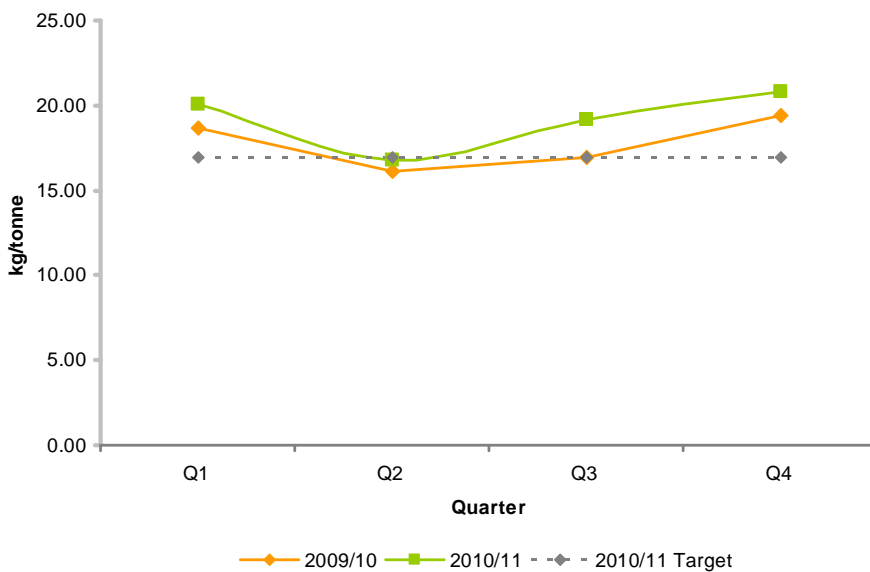
Partitioning of water used into "green" and "blue" water.



# Environmental Performance

In the Group's assessment of its material issues in relation to the environment energy, water, carbon and waste were identified as being the most significant. To drive improved performance and minimise negative environmental impacts, targets were set for energy, water, carbon, waste and packaging for the 2010/11 financial year. The energy, water, carbon and packaging targets are measures of intensity and relate to the volumes processed and packed by our businesses, the waste targets are absolute. Group performance against the targets are reported below. The Group was not prosecuted or fined for non compliance with environmental legislation during the year.

**Group Performance**  
Packaging material used per tonne of finished product packed



**Disappointing year as target missed and an increase in packaging used vs. 2009/10.**

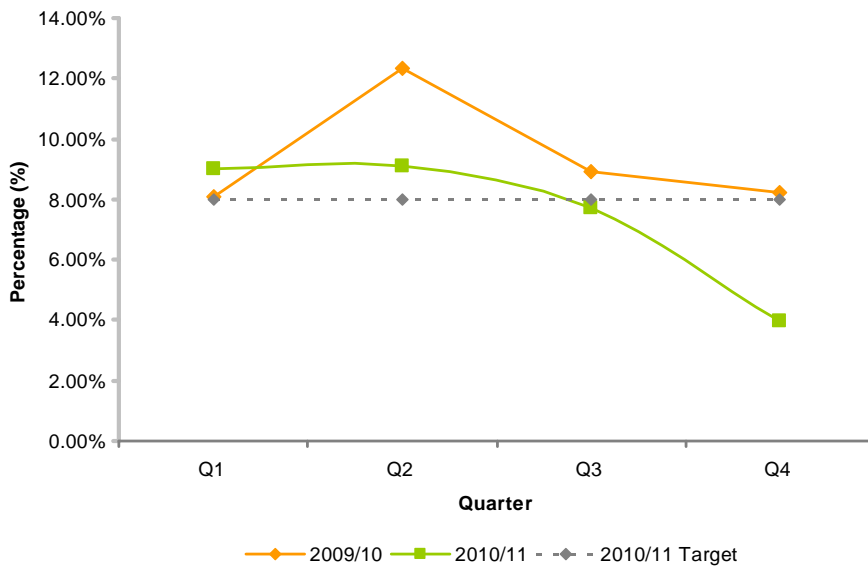
To ensure future improvements we commit to:

- Ensuring more visibility of data and improved monitoring of packaging used.
- Work collaboratively with packaging suppliers and our customers.
- Focus on packaging restructure across the group through group packaging forums and group wide tender processes.
- Work to reducing weight of packaging used.
- Explore packaging innovation opportunities.



# Environmental Performance

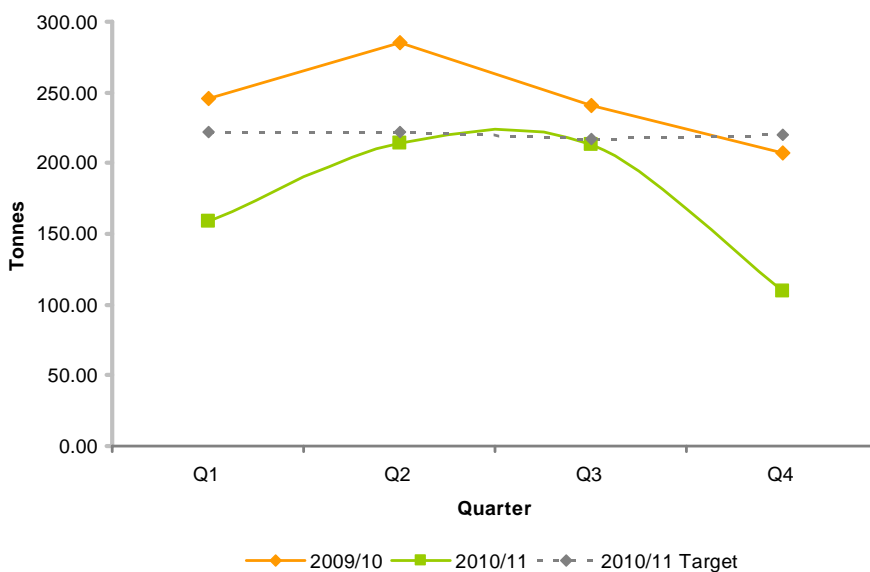
**Group Performance**  
Proportion of total waste sent to landfill



**Reduced percentage of total waste to landfill to 7.20%**

Target was exceeded by 0.8% as we continue with our waste management efforts to reduce waste to landfill and increasing the waste we re-use and recycle.

**Group Performance**  
Total waste sent to landfill



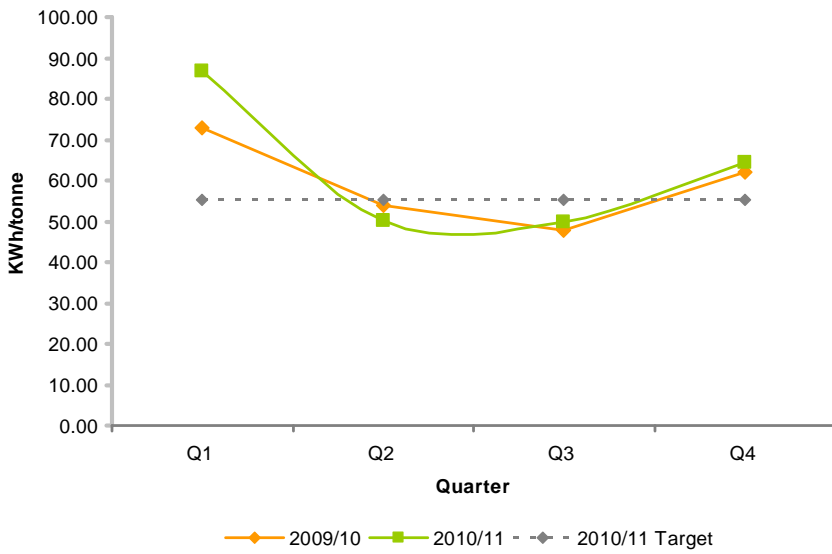
**Reduced by 29%**

Fantastic improvement this year exceeding target by 19%. This is a result of continued work within our operations to reduce waste produced at source and our continued efforts to segregate waste before disposal, therefore diverting waste to re-use or recycling options.



# Environmental Performance

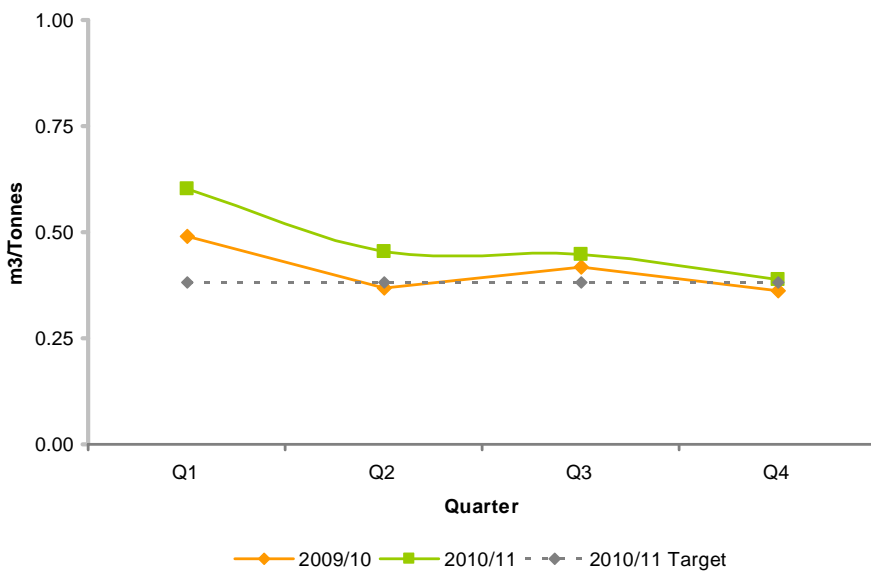
**Group Performance**  
Energy Usage per tonne of raw material processed



**Used 4% more than target – Actual results 60.46 kwh/tonne vs.. 55.09 kwh/tonne in 2009/10 and a expected target of 55.09 kwh/tonne**

Energy intensity increased this year vs. 2009/10 and exceeded the expected target. Improvements to refrigeration across the group did not take place as expected. However innovative and efficient improvements to the cold storage facilities at Produce World Marshalls in the form of a pendrid system reduced their energy intensity to 162.96 kwh/tonnes vs. 167.50 kwh/tonnes.

**Group Performance**  
Water usage per tonne of raw material processed



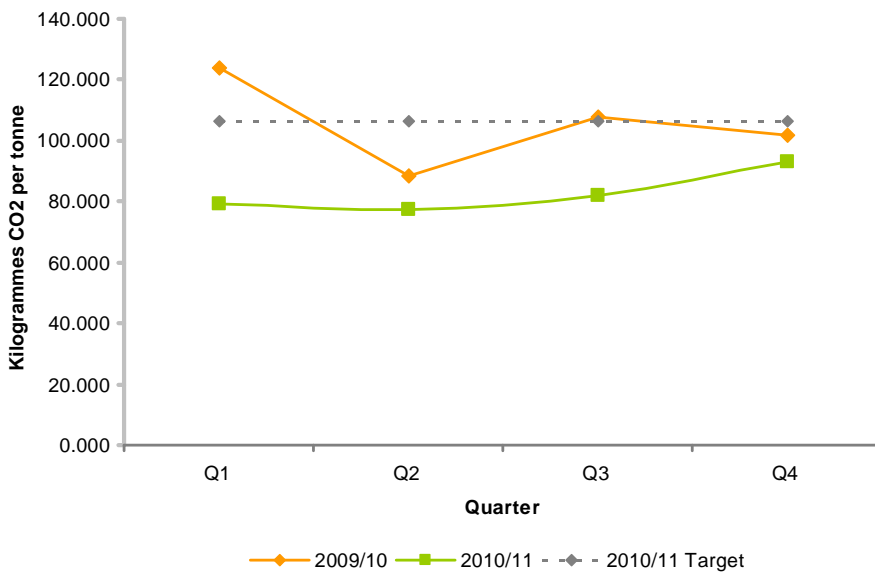
**Used 15% more than target – Actual results 0.47 m3/per tonne vs. 0.41 m3/tonne in 2009/10 and expected target 0.38 m3/per tonne.**

Although the target was missed by 15% but in absolute data the target was only missed by 10m<sup>3</sup>. This is a result of a lack of proactive management of water use and inefficient and dated equipment and practices. Water use is also heavily influenced by the increased intake of dirty crop that requires more water to clean in the washing processes.



# Environmental Performance

**Group Performance**  
CO2e emissions per tonne of finished product packed



**Reduced by 28%**

Fantastic improvement this year in reducing CO2e emissions, exceeding target by 22%. This was largely due to the sale of Marshalls haulage business that was a significant contributor to our overall CO2 emissions.





# Community Impact



## **Our Commitment:**

We will make a positive, measurable contribution to the communities in which we operate.

## **Our Vision**

Our aim is to meet the needs of our local communities with an objective of establishing positive and lasting relationships where our communities benefit from the existence of our business, and support our growth and development. We acknowledge that we have a huge footprint in local areas and it is vital that we give something back as a way of thanks. We strive to maintain open and lasting relationships within our community.

## **Progress**

Our community work has been built upon 'The Growing Trust' as it was recognised three years ago that we needed to create a centralised resource to proactively manage our community activities and to channel our activities in the right direction to ensure a positive impact was made. Supporting local community initiatives is not something new to our business; it is something we have historically done. Each of our business units are located within the heart of communities therefore it is important we take our responsibilities seriously. Our initiative focuses on supporting social issues that are closely connected to our employees, our business and the communities in which we work. As a result, agriculture and the rural economy, education, the environment and community organisations have been selected as being our main areas of focus. We feel we can make a difference no matter how big or small and we have an obligation to support our communities.

Our community work has continued become embedded within our workplace activities with an increased awareness of our internal community fund, 'The Growing Trust'. Our community strategy provides a framework for our community activities and enables us to make our work relevant to both Produce World and the communities in which we operate.

Our community coordinators at each site have worked incredibly hard this past year with £9,000 of donations and 314 hours of employee time volunteered for community projects. A few great examples of our contribution include:

- ✔ Donations to the Attendance Reward Scheme at Cromwell Community College
- ✔ Sponsorship of events at the Butterfly Hospice Trust
- ✔ Support of events at the Lincolnshire Rural Support Network
- ✔ Team fundraising events like the Cambridge Dragon Boat Festival
- ✔ Sponsorship of numerous local sports teams

## **Future Plans**

We intend to build upon the successes of our existing community work by continuing to support our established community activities and events.

We will work on strengthening our community partnerships and relationships with both local and national causes and organisations.

Our focus will be to increase employee involvement and volunteering in community activities and projects as well as continuing to make charitable donations to support those causes that are at the heart of our business.





# Community Impact Case Study



## Community Impact Award

This year the business launched of the first internal 'Community Impact' Award that recognised an individual who made the greatest measurable contribution to their local community

Kevin "Titch" Forman, Marshalls fork lift truck driver, was rewarded for this outstanding contribution and Community Impact. Kevin has lived in Butterwick since 1978 and is a key figure in village life. He's a member of the Parish Council, a Governor at the local primary school and has laboured hard to raise funds for the Park Green Project. Providing playground facilities for children has been close to Titch's heart for many years. Even after the park opened, he has continued to raise funds to ensure its development and maintenance. Kevin is a real role model when it comes to caring for and supporting our community.

Kevin was also awarded £500 from Produce World's The Growing Trust fund which he can donate to his chosen local charity.

Kevin (Titch) commented: "I'm honoured. I never expected anything like this as it's just something I like doing for my village. Thanks so much to Graham Buddle who nominated me and to everyone at Produce World. I'm very grateful."

Mark Spurdens, Produce World colleague expressed his delight: "You can rely on Titch to let you know how things are, because he genuinely wants to make things better. The award couldn't have gone to a better fellow. He's a real star and I was absolutely thrilled to see him up there on that stage."

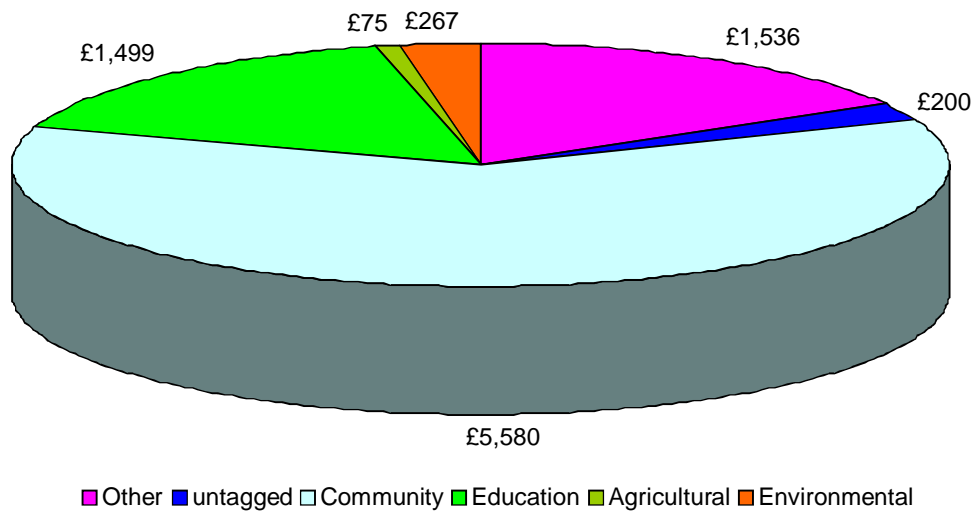


Kevin Forman and William Burgess, Pride of Produce World Awards

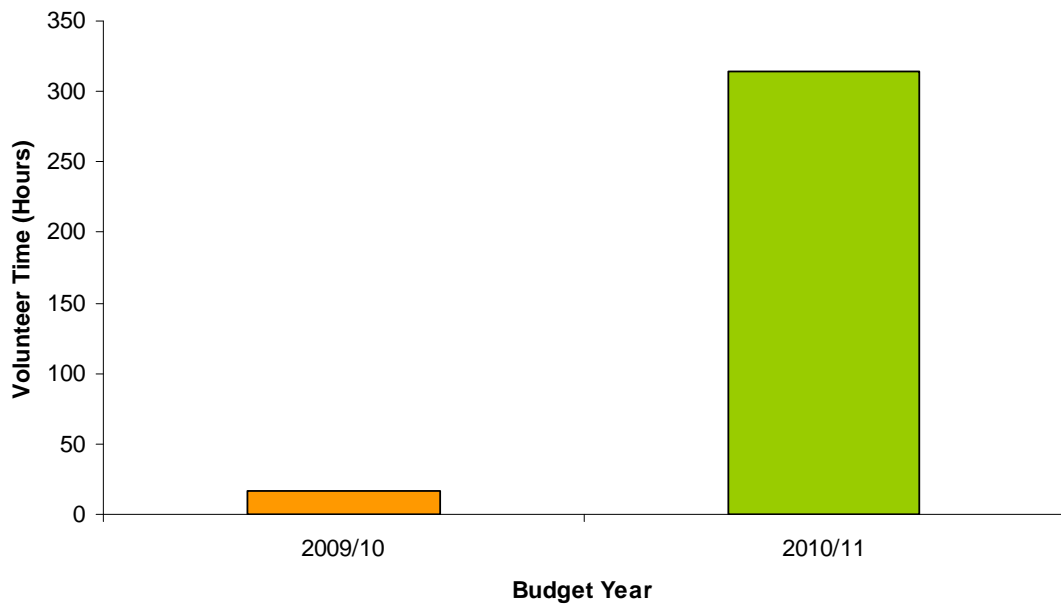


# Community Achievements

## The Growing Trust - Community Donations



## The Growing Trust - Volunteer Time





# Workplace Culture



## **Our Commitment:**

We value the contribution of all our employees and are committed to providing a safe, stimulating, rewarding and collaborative working environment.

Produce World employs circa 1200 people in the UK and Spain and works with many growers around the world. Successfully managing such a complex and dynamic business requires exceptional people who demonstrate the values and possess the skills required to make Produce World a great workplace. For this reason all employees, regardless of role or seniority, have access to training and development which ranges from basic numeracy and literacy to study support for professional qualifications. Produce World employees are not currently covered by collective bargaining agreements. Employee forums operate at all UK sites.

## **Our People Vision is:**

To recruit, retain and develop dynamic, talented and committed people who are passionate about their work, our business and our customers.

## **Progress**

In 2011 we introduced the Pride of Produce World Awards recognising the fantastic achievements of our colleagues across the business – those who truly go above and beyond in service to our customers, colleagues and community.

The introduction of our new Partnership Charter has established a commitment amongst all employees. It helps us define what 'being the best and most respected fresh produce supplier' is and allows us to know we have achieved success. It is a set of commitments that we make to each other and logically supports the values we build between ourselves.

Our HR Team have worked at introducing new HR procedures and practices that have helped reduce our employee absence rate to 1.53% against a target of 2%. This has specifically been influenced by the introduction of an Ill-Health Management Policy and introduction of The Bradford Factor. To support this we have introduced a new benefits package with some great offers and savings that are a fantastic added value to our employees.

This year we continued to establish and embed our Employee Forums across the group giving all employees representation and a voice. They allow our teams to raise ideas and concerns across the wider business and encourages collaboration. Actions have been taken from these forums and implemented across the group.

## **Future Plans**

The Group continues to be totally committed to creating a great place to work for all our colleagues. We will continue to conduct regular employee surveys to measure employee engagement and we will further invest in developing leadership skills.

A key area of focus for the future will be the development and improvement of internal communication processes and skills as we recognise that this is a cornerstone of creating a great place to work.



# Workplace Culture Case Study



## Pride of Produce World Awards

This year we launched the first ever Pride of Produce World Awards which saw the finalists of the four hotly contested categories treated to a relaxed lunch followed by the celebration of the worthy shortlisted and winners. The event was a real showcase and recognised the fantastic efforts of our employees across the group. The event provided a real sense of pride and highlighted numerous examples of positive workplace culture.

### Team of the Year

As part of our first annual Pride of Produce World Awards, the group I.T team was awarded the 'Team of the Year' Award for demonstrating an excellent example of team work that contributed to a positive workplace culture.

The award was centred around the work carried out when relocating the I.T data centre to a new office location. The data centre was relocated with success while ensuring minimal disturbance to our business. The I.T team worked effectively and efficiently and as a tight-knit team to deliver the project ahead of time. It was a monumental task that they made look easy!

"This was a huge surprise. We weren't expecting to win! It's great to be recognised, especially when we did it all over a weekend and nobody really got to see us doing the work. The dedication from the team was fantastic with every member involved. I was proud of them when we completed the project, now I'm doubly honoured." Simon Callow, Former Head of I.T



Group I.T Team, Pride of Produce World Awards

### Colleague of the Year

In a line-up of breath-taking talent, Marshall's Richard Hepplestone (Processing Manager) rightfully claimed the award for Colleague of the Year. Described as positive and motivational, he inspires his team to achieve greatness by challenging, directing and coaching. He is a manager that promotes fairness and his energy and determination to see a job through really sets a standard for others.

Richard said "I'm so proud to have won this award. In the two years I have worked at Marshalls, I've guided my team through a great deal of change. I think we've got some of the best people here and we've got more exciting projects on the go, so there's everything to play for again next year! Produce World is the best company I've worked for. It's the people, values, behaviours and events like this as well as the friendliness of the management team that makes the difference. Thank you to everyone especially Becky who nominated me and all of my team. Although I won the award, it was them that helped me get there."

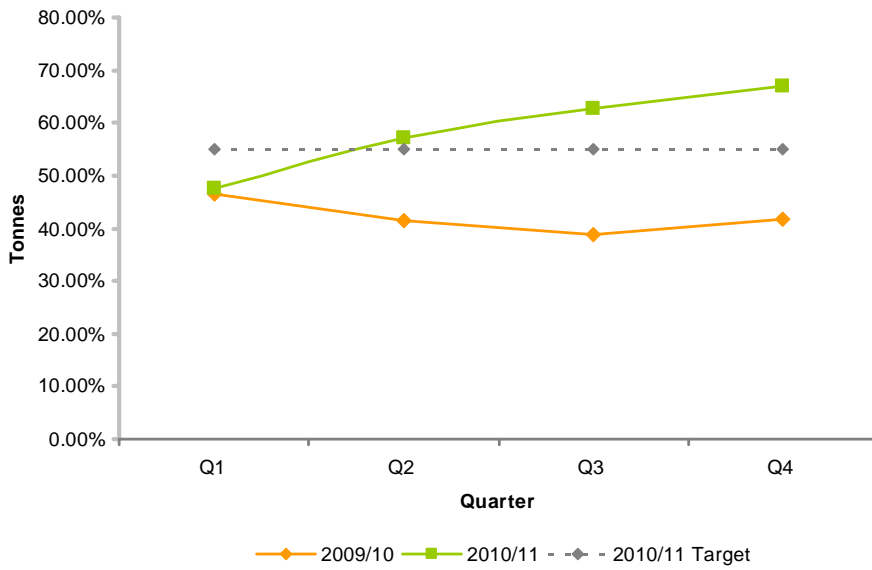
Becky Twinn (Operations Director) shared why she put him forward "It's the relationship he has with his people. They're always willing to follow him and try something new. He keeps up the challenges and develops and grows his team while maintaining performance levels. He's a brilliant manager who can get the best out of people and processes".





# Workplace Performance

**Group Performance**  
**Proportion of employees that are permanent**



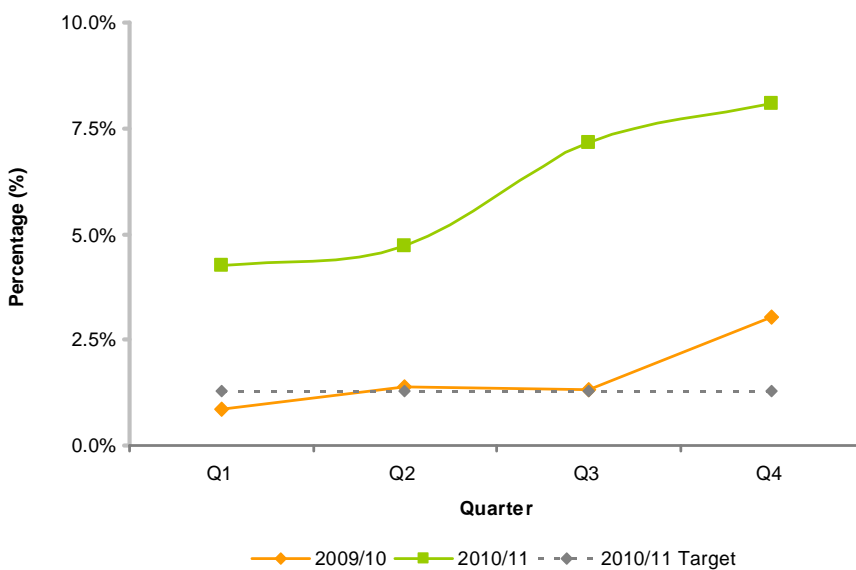
**Actual performance 62.70%**

Our Group performance in proportion of employees within our business that our permanent has shifted significantly over the last 2 quarters of 2010/11.

This is a vast improvement on previous years. We raised the target by 5% this year and we have exceed that target in Q3 by 7% and Q4 by 11%.

Some of the reason for this shift is due to the change from several labour providers to a single managed service labour provider therefore providing greater transparency in temporary labour utilisation and key skills and also the lean driver projects implemented across many of our sites.

**Group Performance**  
**Total employee turnover rate**



**Actual performance 6%**

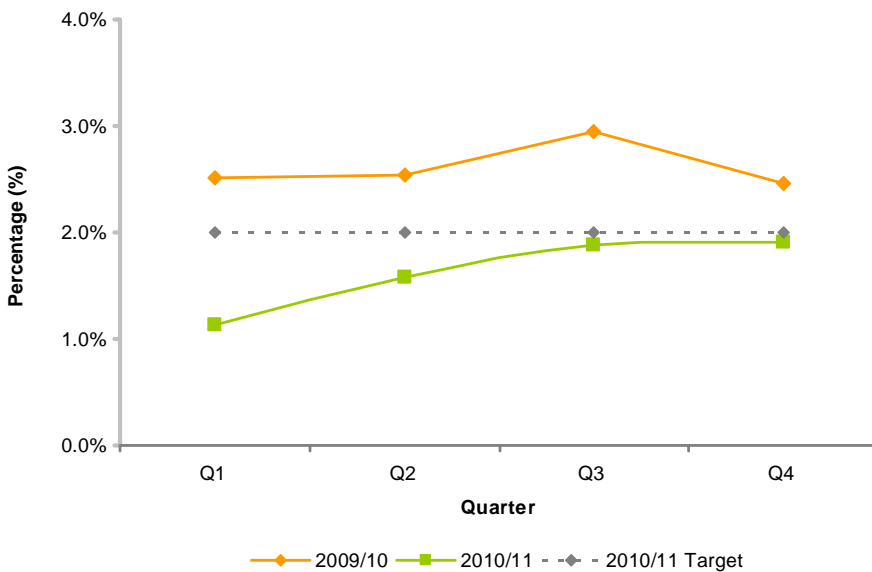
Our average staff turnover of 6% during 2010/11 is a significant increase on 2009/10 average of 1.7% and significantly different from our target of 1%.

The economy and our industry has shifted significantly. Our customer and their customers needs and focus have changed. As a business we have had to accelerate, move faster and transform the company and the way we operate. Our average turnover this year is better in line with industry standard.



# Workplace Performance

**Group Performance  
Employee Absence Rate**



**Employee absence rate achieved 1.53%**

The overall absence rate for 2010/11 was 1.53% against a target of 2%. This is a significant reduction on previous years figure of 2.6%. Some of this will be attributable to the roll out of a new Ill-Health Management Policy and introduction of the Bradford Factor. We are also seeing better utilisation of this benefit across the Group to manage health problems

## Health and Safety

The health and safety of Group employees continues to be the most important aspect of Workplace Culture and each business has a health and safety committee made up of managers and employee representatives. The committees represent all colleagues on site, irrespective of whether they are directly employed or agency workers. Site Health and Safety Managers sit on the Group Health, Safety and Environment Team Meeting which meets regularly to agree policy and procedures and to share best practice. The Group continues to work closely with the Health and Safety Executive and other relevant stakeholders to ensure health and safety standards are maintained and legal compliance requirements are met. During 2010-11 the group businesses continued on their health and safety improvement journey as part of the HSE Intervention Project which was initiated in 2009. This has been a collaborative project with the HSE, involving reviews of site policies, procedures and practices which have identified areas for improvement, established meaningful action plans, encouraged the sharing of best practice and promoted consistency in the approach to health and safety across the Group sites.

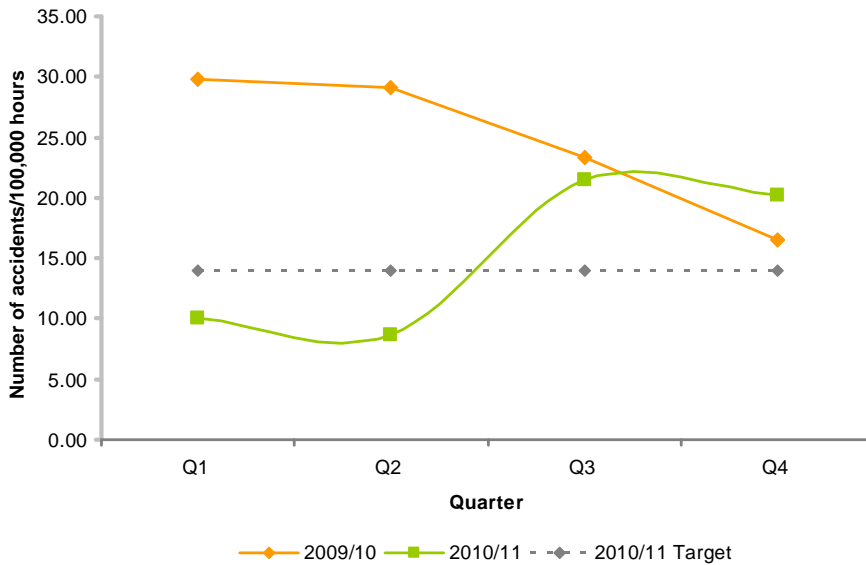
Health and Safety remains high on the agenda with a continued focus on implementing a group wide Safety Management System (SMS), improving safety culture, encouraging hazard and near miss reporting and driving down accident frequency and severity rates. Overall responsibility still remains with William Burgess CEO, however Bob Moody COO has now taken operational responsibility to ensure health and safety standards are maintained to a high level at all sites.





# Health & Safety Performance

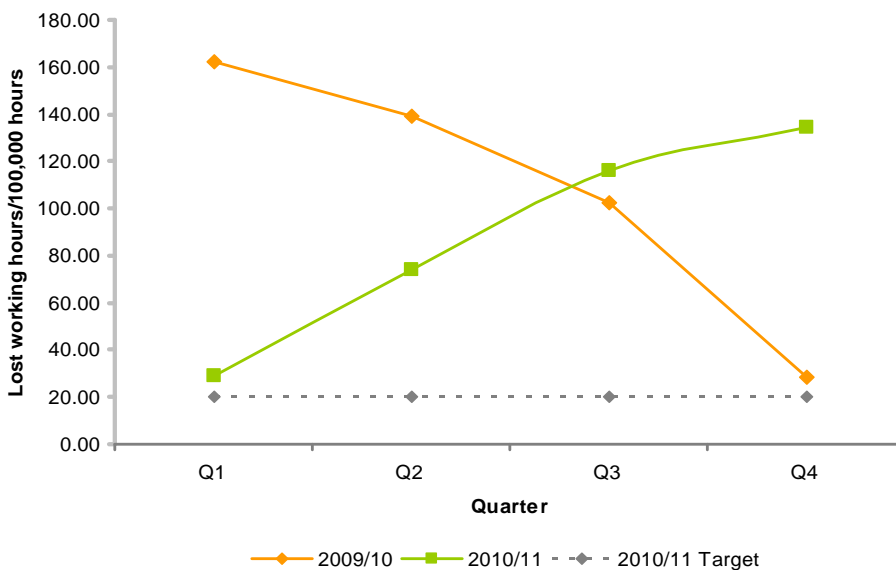
**Group Performance  
Accident Frequency Rate**



**Actual performance 13.56**

Target was met this year overall but Q3 and Q4 saw a significant increase in accident frequency rate. This attributed to improved H&S systems and procedures being implemented across the group to encourage open and honest reporting of accidents. We anticipate that this will gradually reduce and we implement more control measures to reduce accident risk.

**Group Performance  
Accident Severity Rate**



**Actual performance 57.69**

Target was missed this year. Q1 and Q2 saw results below last year but unfortunately due to the occurrence of 12 RIDDORS across the group long periods of absence was experienced causing a large number of lost working hours. We will continue to improve our safety culture, educating employees and raising awareness of workplace accidents and incident amongst senior management.



# Responsible Sourcing



## **Our Commitment:**

We will always treat our growers and suppliers fairly and ask the same from our customers.

## **Progress**

We will always treat our growers and suppliers fairly and ask the same from our customers. To ensure that our growers continue to focus on and improve their performance, we have put in place an internal auditing system to monitor the social and environmental performance of our most important growers. Following the audits, we will work together to address any areas of non compliance with our Code of Practice.

We have continued with our agronomy research and work streams to develop a sustainable supply base for the future. Highlights include hosting six MSc level projects covering topics ranging from reducing crop wastage to integrated pest management. Our agronomy team are working in partnership with our growers to deliver and optimise field mapping and crop reporting tools to collect data on crop performance from field to factory. In addition to providing a live crop status, these tools allow us to map and better understand the land we source produce from and to drive continuous improvement.

Our collaborative Knowledge Transfer Partnership with Cranfield University has continued to flourish in the development of Soil-For-Life, a soil information and risk management system for the Produce World supply chain. The project has been collaborative with our key growers and influenced decision making. A Produce World grower expressed that “*being involved in the Soil-for-life project has changed how we select fields; hand texturing soils to determine the proportion of clay*”. Addressing declines in soil organic matter (SOM) caused by agricultural practices is part of a long-term programme of continuous improvement. Working with Cranfield University we have developed a SOM standard operating procedure for our Soil-for-Life system, detailing methods and sampling protocols. So far this has been used to map 40% of our total land bank. We have set up [www.soil-for-life.co.uk](http://www.soil-for-life.co.uk) which provides background information, current status and future developments.

Water stewardship also remains high on the agenda – we are using external studies of water consumption to assist us in our own consumption reduction strategies. For example we undertook a water stewardship study on carrots, to compliment studies on other Produce World products. This is used to inform our responsible sourcing strategy.

## **Future Plans**

Informed by our catchment and farm level mapping developments and expanded use of trickle irrigation we will continue to optimise our water use on farms. Our crop reporting toolkit will also enable use to rapidly gather data on water status across our supplier and land base.

We will continue with the development of our Soil-for-life project with a focus on the development of a grower portal which will be a web based platform allowing users to upload data into the system, query the aggregated data holding and access knowledge-transfer material.

We will continue to expand our use of trickle irrigation to optimise water use and to minimise water wastage in our vegetable production.



# Responsible Sourcing Case Study



## Soil-for-life Project

Soil-for-life is the product of an ongoing Knowledge Transfer Partnership project between Produce World and Cranfield University. Produce World source produce from an estimated annual UK land-bank of 17, 000 hectares. The aim of the Soil-for-life project is to develop a company-scale soil information system for this land-bank to map, assess and monitor the soil resources and better understand the relationships between the cropping environment, soil health, and sustainable, profitable agriculture.

Soil-for-life provides a unique framework which synthesises data from a range of project collaborators such as land owners, land managers and growers whose data holdings cover significant spatial and temporal scales, but are dispersed around the country. Additional data holdings include Produce World's factories and pack houses, the National Soil Resources Institute at Cranfield University, the Rural Payments Agency Rural Land Register, Natural England, the Environment Agency, Ordnance Survey and open source datasets. The framework enables the collation of such data across spatial and temporal scales in such a way that it maximises the opportunity for interrogation and analysis to answer a wide range of business and environmentally related questions, develop risk-assessment scenarios and optimise short and longer term management decisions.

Soil-for-life is facilitating the integration of data relating to soil health, food production and agricultural sustainability. The system operates over unprecedented spatial-temporal scales, from sub-field variability to landscape scale interactions and from growing season time-periods to decades. Soil-for-life has the capacity to facilitate the monitoring of soil attributes, drive scenario-based assessment, protect against risks such as climate change and ultimately enhance soil health and sustainability.



**Soil-for-life**  
Developing a soil information and risk management system.



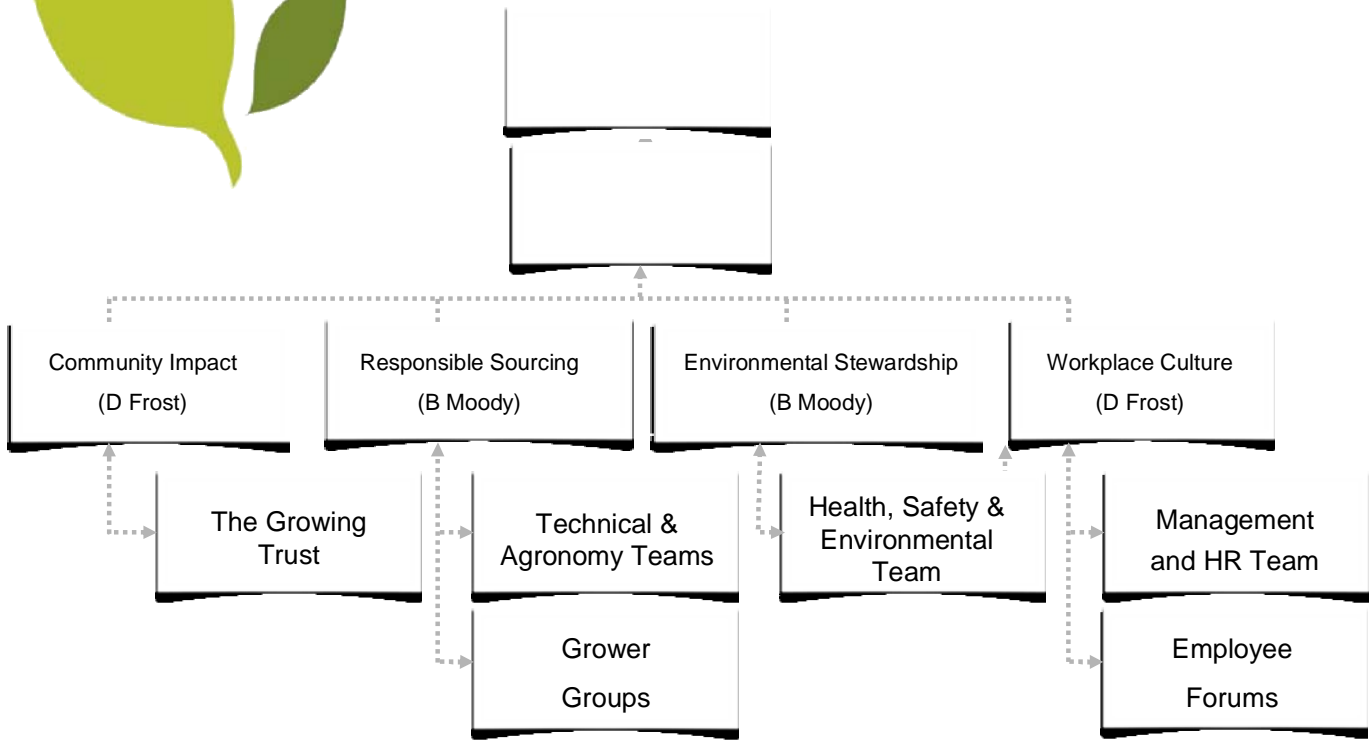
## Reward and Recognition

This year saw our fantastic CSR work recognised externally through a series of Awards by credible organisations as shown below:





# Governance



Responsibility still ultimately rests with Group CEO, William Burgess, and he remains accountable to the Produce World Group Board for the Group's non financial performance. Responsibility for each Pillar is delegated through the Group Board.

The CSR Review Group was dissolved as the strategic decision making and focus on CSR objectives became more prominent on the Board of Directors. The strategic management has been headed up by Adele Carroll, Group Sustainability and Safety Manager whose focus has been to liaise with key internal and external stakeholders and work with the board to:

- ☞ Review materiality
- ☞ Develop strategy
- ☞ Agree work plans and responsibilities for implementation
- ☞ Draft and amend relevant Group policies
- ☞ Set annual Group non financial targets
- ☞ Review performance against commitments and targets
- ☞ Drive employee and customer engagement

The Group Forums have been rebranded to be Group Team Meetings and these continue to play an essential role in both the dissemination of Group policy to the individual sites and in the development of strategies to deliver improved performance and achieve non financial targets. Each team meeting is chaired by a technical expert and its membership is comprised of a representative from each Group site.

Group Team meetings:

- ☞ **Health, Safety & Environment Team Meeting** – Chair: Adele Carroll, Group Sustainability and Safety Manager
- ☞ **HR Team Meeting** – Chair: Verity Cousins, Group HR Manager
- ☞ **Technical & Agronomy Team Meeting** – Chair: Simon Bowen, Technical Director (Produce World Solanum Ltd)

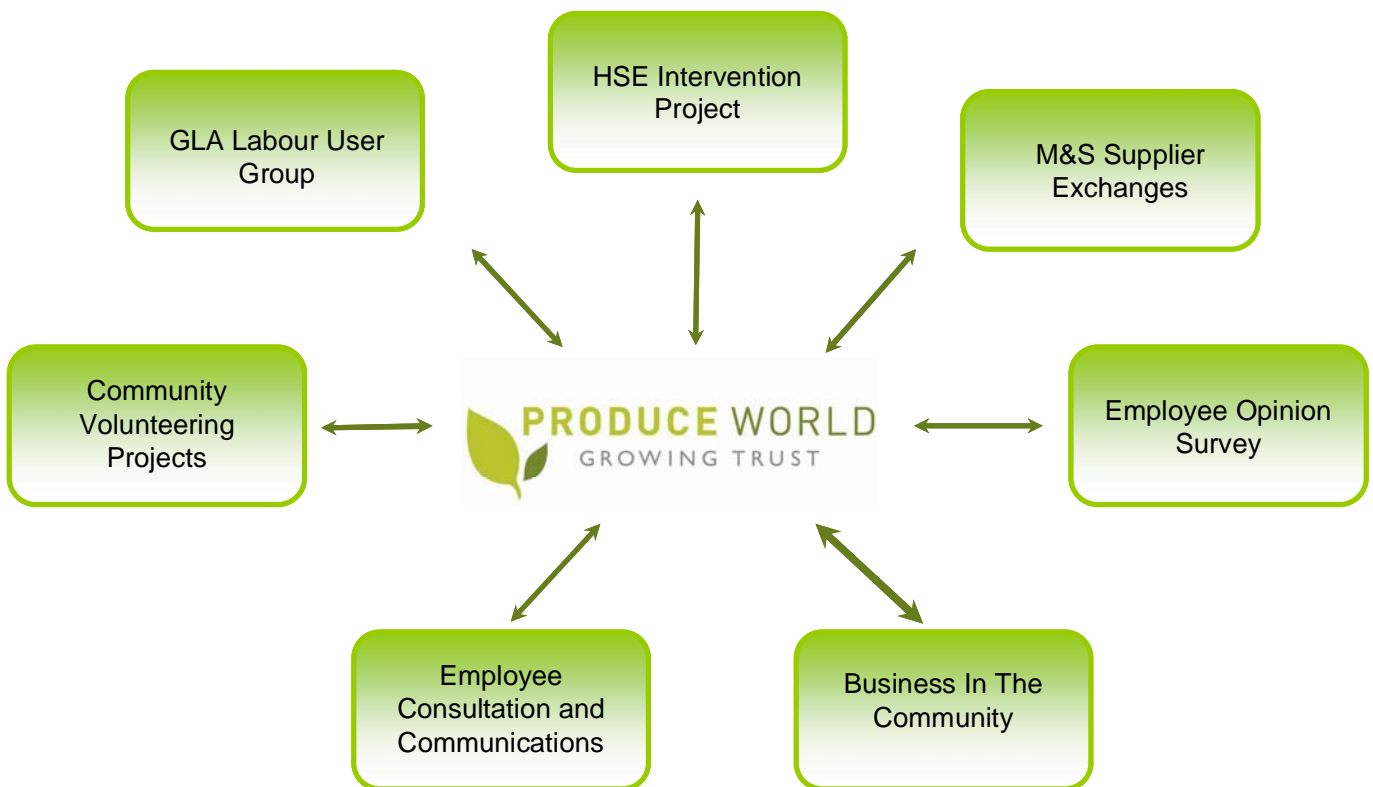
Due to changes in the group structure and personnel the Operations Forum was dissolved in 2010/11 with Business Unit Directors (BUDs) reporting into William Burgess, CEO. This structure was subsequently reviewed at the end of the financial year 2011 with the appointment of Bob Moody, Chief Operating Officer, who now has line management responsibility for BUDs and manages operational activities through monthly BUD team meetings.



# Stakeholder Engagement

Our key groups of stakeholders are employees, customers, suppliers, enforcement agencies and the local community. The Group interacts and engages with many of its stakeholders in a wide variety of ways and evidence of how we do this can be found within the case studies in the previous sections of the report.

Below are examples of how the Group has engaged with its main stakeholders groups.





# Materiality

The material issues facing Produce World were originally agreed by the Leadership Board in January 2008 and have subsequently been reviewed by the each year:



## Environmental Stewardship

- ☞ The energy intensity and efficiency of our operations
- ☞ The water intensity and efficiency of our operations
- ☞ The carbon footprint of our operations
- ☞ The environmental impact of our waste and effluent



## Workplace Culture

- ☞ The health and safety of our employees
- ☞ The treatment of both permanent and agency employees
- ☞ The treatment of migrant workers
- ☞ The effectiveness of consultation and communication with our employees
- ☞ The training and development of our employees



## Community Impact

- ☞ The cohesion and sustainability of the communities in which we operate
- ☞ Community and local media perception of Produce World and its businesses
- ☞ The quality of relationships with local government and its representatives



## Responsible Sourcing

- ☞ The cohesion and sustainability of the communities in which our growers operate
- ☞ The ecological and carbon footprint of our supply chain
- ☞ The fair treatment of our growers and suppliers
- ☞ The prices paid to growers and suppliers are fair and sustainable
- ☞ The effectiveness of consultation and communication with our growers



## Non-financial Targets

The following targets have been adopted by the Executive Board for the 2011-12 financial year which runs from July 2011 to June 2012.

They have been set in the light of our experiences during 2010-11 year.

KPI	Target
Total packaging materials used per tonne of finished product packed	Reduce by 4%
Total electricity and gas usage per tonne of raw material processed	Reduce by 5%
CO2e emissions per tonne of finished product packed	Reduce by 6%
Total water usage per tonne of raw material processed	Reduce by 5%
Percentage of total waste to landfill	Reduce to 8%
Total waste to landfill	Reduce by 10%
Value of fines for non-compliance with environmental legislation	Nil
Accident frequency rate	Reduce by 10%
Accident severity rate	Reduce by 10%
Employee turnover rate	3%
Employee absence rate	2%
Proportion of workers employed that are permanent	55%
Incidents of discrimination	Nil



# Global Reporting Initiative (G3) Index

Disclosure Section	GRI References	Inclusion	Page(s)
<b>Strategy and Analysis</b>	1.1 CEO's statement	Yes	9
	1.2 Key impacts	Yes	11
<b>Organizational Profile</b>	2.1 Name of the organisation	Yes	3
	2.2 Brands	Yes	3
	2.3 Operational structure	Yes	2-6
	2.4 Location of head office	Yes	3
	2.5 Countries of operation	Yes	3
	2.6 Nature of ownership	Yes	3
	2.7 Markets served	Yes	3
	2.8 Scale of the organisation	Yes	3
	2.9 Significant changes in operation	Yes	3
	2.10 Awards received	Yes	28
<b>Report Parameters</b>	3.1 Reporting period	Yes	7
	3.2 Date of report	Yes	FC
	3.3 Reporting cycle	Yes	7
	3.4 Contact point	Yes	BC
	3.5 Defining report content	Yes	7
	3.6 Scope of report	Yes	7
	3.7 Exclusions from and limitations to scope	Yes	7-8
	3.8 Reporting of joint ventures and subsidiaries	Yes	7
	3.9 Data measurement techniques	Yes	7-8
	3.10 Restatements	N/A	
	3.11 Significant changes	Yes	7
	3.12 GRI Standard Disclosures table	Yes	42
	3.13 Assurance	Yes	8
<b>Governance</b>	4.1 Governance of CSR	Yes	29
	4.2 Chair of highest CSR governance body	Yes	29
	4.3 Board structure	Yes	29
	4.4 Engagement with employees and shareholders	Yes	30
	4.8 Group values and codes of conduct	Yes	3
	4.9 Risk assessment and management	Yes	29
	4.12 External charters, principles and initiatives	Yes	8
	4.13 Memberships	Yes	8
	4.14, 4.15, 4.16 Stakeholder engagement	Yes	30
4.5, 4.6, 4.7, 4.10, 4.11, 4.17	No		



# Global Reporting Initiative (G3) Index

Disclosure Section	GRI references	Inclusion	Page
<b>Economic</b>	EC1 Economic Profile	Partial	3
	EC2 Climate change risks and opportunities	Yes	31
	EC4 Financial assistance from government	Yes	3
	EC3, EC5, EC6, EC7, EC8, EC9	No	
<b>Environmental</b>	EN1, EN2 Materials used	No	
	EN3, EN4 Energy consumption	Yes	16
	EN7 Energy reduction initiatives	Yes	16
	EN8, EN10 Water withdrawal and recycling	Yes	13,16
	EN14 Biodiversity strategies	No	
	EN16 Greenhouse gas emissions	Yes	17
	EN19 Emissions of ozone depleting substances by weight	Partial	17
	EN21 Water discharge by quality and destination	No	
	EN22 Waste disposal	Partial	11,12,15
	EN26 Environmental impacts mitigation	Yes	11-13
	EN27 Recycling	Yes	11,12,15
	EN28 Fines for environmental non compliance	Yes	8
		EN5, EN6, EN9, EN11, EN12, EN13, EN15, EN17, EN18, EN20, EN23, EN24, EN25, EN29, EN30	No
<b>Labour Practices</b>	LA1 Workforce employment numbers	Yes	3
	LA4 Collective bargaining agreements	Yes	21
	LA6 Worker health and safety representation	Yes	24
	LA7 Health and Safety performance	Yes	25
	LA2, LA3, LA5, LA8, LA9, LA10, LA11, LA12, LA13, LA14	No	
<b>Human Rights</b>	HR2 Supplier assessments	No	
	HR4 Incidents of discrimination	Yes	8
	HR5, HR6, HR7, HR8, HR9	N/A	
<b>Society</b>	SO1 Community programmes	Yes	18-20
	SO6 Political donations	Yes	8
	SO7 Anti competitive behaviour	Yes	8
	SO8 Fines for non compliance with law	Yes	8
	SO2, SO3, SO4, SO5	No	
<b>Product Responsibility</b>	PR9 Fines relating to the provision of products	Yes	8
	PR1, PR2, PR3, PR4, PR5, PR6, PR7, PR8	No	

FC- Front Cover BC- Back Cover



# GRI Standard Disclosures and Report Application Level

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures <b>OUTPUT</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures <b>OUTPUT</b>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators <b>OUTPUT</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Reponsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

## Report Application Levels

2002 In Accordance		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured





If you would like any additional information concerning the Produce World Group or its CSR activities, please visit [www.produceworld.co.uk](http://www.produceworld.co.uk) or contact 01733 240491 email: [enquiries@produceworld.co.uk](mailto:enquiries@produceworld.co.uk)

## Growing trust

### Meeting our responsibilities 2011



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This report was written and published by Adele Carroll, Group Sustainability and Safety Manager