„GOOD FOOD ON OUR TABLE: HOW DOES THE SUPPLY CHAIN OF RIMI OPERATE?“

TAISIJA ŽURILA
CORPORATE BRAND QUALITY MANAGER
SIA RIMI BALTIC
Before you finish eating breakfast in the morning, you’ve depended on more than half the world.

Martin Luther King
LEADING COFFEE PRODUCERS

- Brazil (33%)
- Vietnam (15%)
- Indonesia (6.3%)
- Colombia (6%)
- Ethiopia (5%)

- Green (unroasted coffee) is the world’s 2\textsuperscript{nd} most trade commodity after oil
LEADING TEA PRODUCERS

- China (30.4%)
- India (24.4%)
- Kenya (9.5%)
- Sri Lanka (7.9%)
- Turkey (5.3%)

- The second-most consumed beverage in the world after water
COCOA PRODUCING AREAS

- Cote d’Ivoire (Ivory Coast) West Africa: 38% (7.5% of GDP)
- Ghana, West Africa: 21% (4% of GDP)
- Indonesia: 13%
- Nigeria: 5%
- Brazil: 4%
- Cameroon: 4%
- Ecuador: 3%
- Malaysia: 1%
- Rest of the World: 10%
SUSTAINABILITY ISSUES

- Land grabbing
- Deforestation
- Use of child labour and forced labour
- Climate change
- Health & safety
- Low yields arising from poor agricultural practices
- 90% of plantations are managed by smallholders
- Poor farming practices
CORPORATE RESPONSIBILITY AND PRIORITIES
All products shall be safe, functional, environmentally and ethically acceptable, have an appropriate shelf life and shall comply with and be labelled according to relevant, approved labeling systems.
QUALITY ASSURANCE & CORPORATE RESPONSIBILITY AREAS

FOCUS: TO ENSURE A SUSTAINABLE VALUE CHAIN

Social Responsibility
- Social compliance
- Transparency
- Cooperation with the Food bank

Health
- Education, Communication
- Assortment of healthy & local products

Ethical trade
- Highlight fair trade products

Environment
- Renewable energy
- Refrigerants
- CO2 emissions from goods transportation

Quality
- Store standard implementation
- Quality assurance in stores and suppliers
- Quality Management systems: ISO 9001; 14001; BRC, organic certification etc.
## How Much Retailer Can Do?

<table>
<thead>
<tr>
<th>Part of the value chain</th>
<th>Production</th>
<th>ICA Gruppen’s operations</th>
<th>ICA retailers in Sweden</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Suppliers, supplier brands, outsourced transport solutions</td>
<td>Own stores and pharmacies, own warehouses and transport solutions, private label products, own properties</td>
<td>Independent retailer stores</td>
<td>End consumers</td>
</tr>
</tbody>
</table>

### Influence

<table>
<thead>
<tr>
<th>Some influence</th>
<th>Big influence</th>
<th>Some influence</th>
<th>Limited influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of suppliers, contracts and stipulations, choice of products, supplier audits, choice of haulage companies, transport route requirements, modes of transport, ongoing inspections and follow-up processes.</td>
<td>Choice of products, store location, warehouses, modes of transport and energy sources, waste management, regular self-assessments, internal training and professional development, product range strategy, e.g., range of value-added products such as eco-labelled, organic, ethical labels and Keyhole-labelled.</td>
<td>To some extent, choice of products, contracts and partnerships, information and lobbying, dialogue and collaboration with stakeholder groups.</td>
<td>Product offerings, loyalty programmes, dialogue and collaboration with stakeholders, communication and consumer information.</td>
</tr>
</tbody>
</table>
CUSTOMER FOCUS
<table>
<thead>
<tr>
<th>Packaging and waste management</th>
<th>Animal welfare</th>
<th>Pricing</th>
<th>Traceability and routines for product recalls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingredients/contents</td>
<td></td>
<td></td>
<td>Work environments and conditions at the producer</td>
</tr>
<tr>
<td>Fair Trade</td>
<td></td>
<td></td>
<td>Organic products</td>
</tr>
<tr>
<td>Health and allergens</td>
<td></td>
<td></td>
<td>Transports</td>
</tr>
<tr>
<td>Attractive trends</td>
<td>Biodiversity</td>
<td>Local/global suppliers</td>
<td>Eco- and climate labelling</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CUSTOMER DEMANDS

- Consumers have become more and more knowledgeable and interested in the organizations behind the brands they consume. There is clear evidence that consumers factor in CR when purchasing a product or service.
- IPSOS research shows that being seen as taking responsibility affects the reputation of a company and the trust consumers have in relation to a brand.
- A company with a good reputation needs to spend less to break through to consumers with its marketing communication — the “marketing efficiency” increases with better reputation. It is as if consumers screen out, or dilute, messages from organizations they consider questionable in terms of corporate behavior.
- Our reputation pyramid includes awareness, familiarity, favorability, trust and advocacy.
- Trust is our main measure of reputation
  - Trust is familiar, it is something we seek to build in every relationship
  - When you trust someone, you are more open to what they have to say, and more likely to give them the benefit of the doubt in the face of contradictory information
  - Trust is widely used to represent reputation in the research world and academic research points to Trust as the most important dimension of reputation
### Shared Key Areas to Build Trust Across Markets: Acting Open/Honest and Having an Environmentally/Organically Labeled Assortment

<table>
<thead>
<tr>
<th>Shared Key Areas to Build Trust</th>
<th>Sweden</th>
<th>Estonia</th>
<th>Latvia</th>
<th>Lithuania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acting open/honest</td>
<td>✔</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Environmentally/organically labeled products</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>High ethics/morals in business</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Products with few chemical substances</td>
<td>✔️</td>
<td></td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Can easily buy locally produced products</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Q5 What areas would you say are the three most important for a company in the grocery retailing sector in order to create a feeling of responsibility and trust among consumers?
WHAT IS ETHICAL TRADE?
EThICAL TRADE PRODUCTS

Fairtrade is about better prices, decent working conditions, local sustainability, and fair terms of trade for farmers and workers in the developing world. Fairtrade certification also prohibits child labour. Fairtrade is one of the most well-known ethical trade systems.

The UTZ program enables farmers to learn better farming methods, improve working conditions and take better care of their children and the environment. “No Child Labour” policy. UTZ Certified brands include IKEA, Harris Coffee, and The Coffee Club.

It has more focus on the environment, but it also means that employees receive decent wages, respectable housing and healthcare, and their children having access to education. Kraft Coffee is integrating certified beans into its major brands, Mars has pledged to source its entire cocoa supply from certified sustainable suppliers by 2020 and all of Lipton tea bags will be certified by 2015. The coffee used by McDonald’s McCafe is also Rainforest Alliance certified.
WHAT IS FAIRTRADE

What Fairtrade does?
Fairtrade is about better prices, decent working conditions and fair terms of trade for farmers and workers.

What is Fairtrade.mp4

®
The word UTZ is Mayan for “Good Inside”.

Find Your Rimi coffee origin

Where does your coffee come from?

UTZ is an independent not-for-profit organisation which was established in 1999. Now UTZ Certified is the largest and fastest-growing certification programme for responsible coffee, cocoa and tea cultivation.

The name UTZ means ‘good’ in the Mayan language, and this is the main aim of UTZ Certified – to bring ‘good’ for farmers and their families, by improving their working conditions, medical care and housing accommodation. Good for nature by teaching farmers how to use both land and water efficiently. Good for the environment by reducing the use of artificial fertilisers and pesticides. And finally, good for all coffee, cocoa and tea lovers by delivering a high quality, traceable product. It just feels good to know that when buying UTZ Certified products you can do a good job.

Click on the blinking dots below to see who has grown your coffee.
ONE OF PRIORITY: TO HIGHLIGHT ETHICAL TRADE PRODUCTS

Organizations

Cares about

- Forbidden children labour.
- Safe working conditions
- Environmental protection.
- Farms increase productivity and profitability
- Traceability and publicity
- Helps to enter new markets
- Trainings
ETHICAL PRODUCTS IN RIMI
WHY DO WE HAVE THIS FOCUS?

- To strengthen the consumers’ and employees’ trust
- To increase confidence for our business and add value to our trademark. It opens up new possibilities of finding new customers and increase sales
- Today working with social compliance is a business advantage against the competitors - in a close future it will be a necessity to be a player in the market, a hygiene factor! We are already there when it comes to product quality
- We believe in it - it is our ethical responsibility and according to our core business!

![Image of Tastes Good and Tastes Better]
THANK YOU