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12/08/2022

His Excellency António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Musgrave Annual Global Compact Communication on Progress

Dear Secretary-General,

We are pleased to confirm that Musgrave is committed to continuing its support for the ten principles of the UN Global Compact in respect of human rights, labour rights, the protection of the environment and anti-corruption and to advancing them within our sphere of influence.

We are committed to continuing to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to continue to articulate our commitment - both to our employees, partners, clients and the public. We support public accountability and transparency and will publicly report on our progress in this regard.

Please find attached our Communication on Progress 2022, as well as the contact person responsible for communications with the office of the Global Compact.

Sincerely yours,



Noel Keeley
Group CEO

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Dear Secretary-General,

Musgrave is Ireland's largest food retail, wholesale and foodservice company with 11 market leading brands across the Republic of Ireland, Northern Ireland and Spain. Founded in 1876 in Cork, it is Ireland's largest private sector employer, supporting more than 41,000 jobs in over 1,000 stores, offices and Distribution Centres.

In 2022, we refocused our sustainability strategy with an updated vision of empowering people to protect the planet and benefit our communities. Our newly updated strategy sets ambitious targets and focuses on working with our stakeholders to make every community a sustainable community, making it easier for shoppers to make sustainable choices and to reach net zero carbon by 2040.

Central to our updated strategy are the United Nations Sustainable Development goals and the ten principles of the UN Global Compact. We retained our membership as a verified member of the Irish Food Board (Bord Bia) **Origin Green** sustainability programme and maintained certification under Business in the Community Ireland's **Business Working Responsibly Mark**.

We have been signatories to the UN Global Compact since May of 2004 and undertake to continue to respect and promote its ten principles. We attach our 2022 Communication on Progress for your attention. We will also communicate our COP to our stakeholders via our website.

Yours sincerely,



Owen Keogh
Head of Sustainability

United Nations Global Compact

Musgrave Communication on Progress 2022

<p>What is the UN Global Compact?</p> <p><i>“The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business.”</i></p> <p>Former UN Secretary-General Ban Ki-moon unglobalcompact.org</p> <p>The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.</p>	<p>By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.</p> <p>Musgrave: Committed to UN Global Compact</p> <p>Musgrave has been a signatory to the Global Compact since 2004; we will continue our commitment to the ten principles, as set out in this Communication on Progress (COP) for 2022 and the accompanying statement of support.</p>	<p>Through the implementation of consistent policies and clear targets for every aspect of the business, as well as mechanisms to continuously measure and report performance, Musgrave is ensuring that the Global Compact forms a core part of our business strategy.</p> <p>Communications</p> <p>Our 2022 COP will be communicated to our stakeholders via our website musgravesustainability.com – where a wide range of information relating to our approach to sustainability can also be found.</p>
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Human Rights

<p>Principles of the UN Global Compact</p> <p><i>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</i></p> <p><i>Principle 2: make sure that they are not complicit in human rights abuses.</i></p> <p>Actions</p> <p>As a responsible organisation, Musgrave believes that we must ensure that the goods we source are produced in a sustainable way, in the context of potential impacts on the environment or societal impacts.</p> <p>We underscored this commitment by signing up to the principles of the United Nations Global Compact in 2004, and we have publicly reported an annual Communication on Progress, under the terms of Global Compact, since that date.</p>	<p>Musgrave requires that the national laws and regulations of the country of employment are observed, but, as a minimum, that international human rights and labour law is applied. Musgrave expects that people working for our suppliers will be treated fairly and with respect.</p> <p>Musgrave is committed to ensuring that all of our supply chain stakeholders, regardless of where they live or work, are treated with respect and dignity and are able to live in an environment undamaged as a result of our business activity. We want to ensure that those with whom we trade share our principles, are committed to ensuring that the rights of all workers and human rights in general are protected.</p>	<p>Outcomes</p> <p>The Musgrave Ethical Trading Policy was updated and revised in 2020 as part of the development of our new sustainability strategy and is also aligned with the UN Sustainable Development Goals. We ensure that all Musgrave own-brand products comply with our Ethical Trading Policy, and all suppliers are required to sign up to the principles of that policy. Since 2019, we have implemented an Anti-slavery & Human Trafficking Policy which is available on our website.</p> <p>Management systems are in place to guarantee the provenance of the products we source and to manage ethical issues we identify within our supply chain. Codes of conduct are developed that inform and guide trading teams on ethical sourcing of all goods and services.</p> <p>There have been no incidences of human rights violations associated with our operations.</p>
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Labour

Principles of the UN Global Compact	Actions	
<p><i>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</i></p> <p><i>Principle 4: the elimination of all forms of forced and compulsory labour;</i></p> <p><i>Principle 5: the effective abolition of child labour; and</i></p> <p><i>Principle 6: the elimination of discrimination in respect of employment and occupation.</i></p>	<p>The fair exchange of goods and services is increasingly an issue of concern to the modern consumer. We want everyone who deals with us, directly or indirectly, to be treated with respect and dignity.</p> <p>We also want to ensure that Musgrave activities and the activities of our suppliers do not damage the environment.</p> <p>To that end, we have made the following commitments, as part of our Ethical Trading Policy:</p> <ol style="list-style-type: none"> 1. All Terms of Trading are fair and honest. 2. The rights of all workers and human rights in general are protected. 3. Workers have freedom of association and the right to collective bargaining. 	<ol style="list-style-type: none"> 4. Hours of work are in compliance with the laws of the country where workers are employed. 5. No forced or compulsory labour (bonded labour) will be used. 6. Child labour will not be used. 7. Discrimination in respect of employment and occupation will not be permitted. 8. Health, safety and welfare of employees are protected 9. No goods will be sourced from oppressive regimes. 10. Measures are taken to prevent damage to the environment. 11. Corruption, including extortion and bribery will not be tolerated.

<p>Outcomes</p> <p>Musgrave conducts its business in accordance with traditional core values which include:</p> <ul style="list-style-type: none"> • Honesty • Working hard • Achievement • Long term, stable relationships • Not being greedy <p>All Musgrave divisions measure performance and report quarterly to the Head of Sustainability.</p> <p>There have been no recorded incidences of discrimination, violations of freedom of association/collective bargaining, child labour or forced or compulsory labour.</p>	<p>As an example of our community involvement and commitment to good causes, the annual combined charitable and community support by our retail partners in SuperValu, Centra and Daybreak is recorded to be over €3.5 million.</p> <p>Our support of independent businesses, and the communities they serve, helps build and sustain vibrant local economies through the multiplier effect: for every €1 spent at a local business, 45 cents is re-invested locally (this contrasts with a local re-investment of only 15 cents for every €1 spent at a corporate chain).</p>	<p>Most recent estimates show that our retail stores spend €350 million in local communities annually. Our 'Community Impact Study' shows this spend averages €6.0 million per week through a combination of payments to local suppliers, acquisition of local business services, wages, charitable donations and local sponsorships.</p> <p>The study reveals that our stores source over €80 million worth of products, from over 3,800 local suppliers, and contribute €3.5 million in donations or sponsorship commitments to over 5,500 local charities, community groups, schools and sports clubs. As well as supporting local suppliers, our stores also spend an estimated €18 million in communities where its stores are located.</p> <p>Musgrave is one of the country's leading employers with 41,000 people employed across its network of stores. On average, each one of our stores accounts for an additional 25 jobs in the local community.</p>
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Environment

<p>Principles of the UN Global Compact</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p> <p>Actions</p> <p>Musgrave has long been a proponent of doing business sustainably; it was a natural progression that we should formalise our approach to environmental management and public reporting in the late 1990s.</p> <p>We published our original Corporate Environmental Charter in 2000, which was a first for any Irish-based retail and distribution business.</p>	<p>Since then, our Environmental Social & Governance (ESG) and sustainability strategies have evolved and matured.</p> <p>We have defined targets and reporting mechanisms for our operations and work closely with our retail partners to further our environmental goals as a business and at consumer level.</p> <p>Musgrave has continuously expanded its operations over many years, however, our strong focus on ESG and sustainability programmes and initiatives aligned with the UN Sustainable Development Goals has meant that this growth has been achieved in parallel with reductions in environmental impacts.</p> <p>The overall result of this effort has been that since 2006, we have more than halved our carbon footprint.</p> <p>In 2021, we updated our sustainability strategy with a vision of ‘Empowering People to Protect the Planet and Benefit our Communities’. This new strategy is aligned to the UN Sustainable Development Goals and which focuses on the following key areas:</p>	<p>Creating Vibrant Communities</p> <ul style="list-style-type: none"> • Working with our stakeholders to make every community a sustainable community • Making it easier for shoppers to make sustainable choices <p>Caring for the Planet</p> <ul style="list-style-type: none"> • Driving low carbon operations with the target of being a Net Zero Business by 2040, changing how we work and supporting consumers to reduce their impacts • Tackling packaging reduction, especially plastics and eliminating waste. <p>Being a Better Business</p> <ul style="list-style-type: none"> • Empowering our colleagues and retail partners to be leaders in sustainability • Collaborating with our supply chain to drive impact • Reporting with strong ESG governance standards
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<p>Creating Vibrant Communities</p> <p>As a family-owned business, Musgrave supports other family businesses to serve communities right across Ireland as well as in the Levante Region of Spain.</p> <p>In an era of unprecedented social and cultural change, communities need to evolve to survive. We know that our communities have an enduring passion for local life and that we and our retail partners play a big part in bringing people together to create vibrant communities with a sense of social cohesion.</p> <p>This is why we and our Retail partners are at the centre of community life, looking after the social, environmental and economic needs of the communities we serve.</p> <p>By leveraging our network of retailers, suppliers and food entrepreneurs, we help to bring communities to life and build a vibrant, sustainable society.</p>	<p>Our Food Academy programme for small businesses is designed to nurture and support artisan food entrepreneurs and give them the opportunity to develop and grow the businesses</p> <p>Together with our retail partners we employ almost 40,000 people across the island of Ireland. If we multiply this by the thousands of people across our broader network – from producer to consumer – we can start to see the vast resource we have.</p> <p>Every year our retail partners seek out and support hundreds of local sporting, social, cultural and charitable causes. An example is our ongoing support of the Tidy Towns programme, Irelands largest community sustainability initiative, which assists communities to enhance their local and built environments and, through biodiversity projects, restore nature.</p>	<p>Our participation in the annual BITCI Business Impact Map enables us to quantify our impacts on local communities across Ireland and allows us to record the range and spread of the many activities and causes Musgrave supports directly or through the work of our employees.</p> <p>In 2021 Musgrave made direct contributions of more than €1 million to over 150 community causes while colleagues gave over 3,000 volunteer hours in support of vial initiatives.</p> <p>The impact on society, communities and individuals of the COVID-19 crisis has been enormous. We have spent much of the last year working at grassroots level to support our communities through the pandemic. While we’ve worked to protect our colleagues, customers and communities, as we emerge from the very worst of the pandemic, we are focusing on leading a greener recovery as we strive to re-build vibrant, sustainable local communities.</p>
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<p>Caring for the Planet</p> <p>Our climate action strategies are designed to minimise the environmental and climate change impacts of our operations. We initially set ourselves the ambition of becoming net-zero carbon by 2050, through science-based targets (SBTs), however, we have now set the ambition to be Net Zero by 2040 as we strive to decarbonise more quickly.</p> <p>For almost 20 years we have operated energy monitoring and targeting systems to drive efficiency across our building estate and have supplied our facilities with 100% green electricity.</p> <p>We also leverage our expertise to help our retail partners and their customers to reduce their climate impacts.</p> <p>We are also focused on minimising the impacts of our transport fleet through the introduction of electric vehicles to our company car fleet and smaller delivery vehicles and by using alternative fuels and technology for larger heavy goods vehicles.</p> <p>During 2021, we completed an assessment of our transport operations with the support of the Carbon Trust, the</p>	<p>information from which is now being used to inform our transport strategy.</p> <p>The COVID-19 pandemic has resulted in more of our colleagues working remotely and this has reduced both business travel and commuting distances significantly. As we evolve our ways of working, it is likely that this move to agile remote working will continue to bring carbon reduction benefits.</p> <p>Other carbon reduction initiatives include mapping our scope 3 footprint and engaging with our suppliers on Scope 3 emissions.</p> <p>In June this year we launched a Sustainability Fund to help SuperValu and Centra stores both north and south of the border to accelerate their sustainability journey and reduce their carbon footprint.</p> <p>This is a €25 million Fund for stores across the country aimed at empowering retailers to achieve net zero carbon by 2040. We estimate the fund will help achieve a 12% reduction in carbon over the next two years. A 12% carbon reduction is equivalent to the removal of over 10,000 tonnes of carbon or planting 400,000 trees or powering 5,000 homes.</p>	<p>Plastic remains a problem, which is as much about packaging changes as it is changing consumer behaviour.</p> <p>Our strategy is to eliminate non-recyclable packaging across in-store and own brand products, and where we have to use packaging to preserve food to minimise food waste it will be recyclable, reusable or compostable – this has already been achieved in more than 90% of own brand products in SuperValu and Centra.</p> <p>In addition, with our retailers, we will encourage customers to make more sustainable choices and consider the manner in which they shop.</p>
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<p>Being a Better Business</p> <p>We aim to be the most trusted food operator across the island of Ireland known for the integrity of our supply chain from farm to fork.</p> <p>We do this by setting leading standards for sourcing; continuously raising the bar on transparency across our entire supply chain.</p> <p>We collaborate with government agencies, Bord Bia and Origin Green to ensure that 100% of our Irish meat and dairy are always in compliance with the highest standards of production.</p> <p>100% of our SuperValu and Centra branded Irish meat and fresh produce is sourced from certified Origin Green suppliers</p> <p>In 2020 we established a system to audit labour standards and the treatment of workers in our fresh and own-brand supply chains</p> <p>We continue to increase the sales of small suppliers by 25%, supported by our Food Academy programmes in Retail and Food Service</p>	<p>As part of our new strategy 'Empowering People to Protect the Planet and Benefit our Communities' we set the ambition of Empowering our colleagues and retail partners to be leaders in sustainability.</p> <p>In 2021, we encouraged our colleagues to complete the Musgrave Engagement Survey. Results from this survey concluded that 84% of our colleagues agreed that as a company we are socially responsible in the community and 78% of colleagues agreed that the company does a good job in promoting environmental responsibility.</p>	<p>We have now also launched a dedicated sustainability survey and a Sustainability Employee Resource Group.</p> <p>This is an important and exciting opportunity for colleagues to get involved and be an advocate and an ambassador for sustainability, as part of our journey to embed a culture of sustainability across the business.</p>
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Anti-corruption

<p>Principles of the UN Global Compact</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p> <p>Actions</p> <p>Musgrave is opposed to all forms of corruption, including extortion and bribery. Musgrave will not engage in such practices nor will it accept its suppliers engaging in corrupt activities.</p> <p>In June 2014, Musgrave committed its support to the UNGC Call to Action: Anti-Corruption and the Global Development Agenda; an appeal by the private sector urging Governments to promote efficient and effective anti- corruption measures and to implement robust policies that will foster good governance.</p>	<p>By signing the Call to Action, we ask Governments to:</p> <ul style="list-style-type: none"> • Fully implement and enforce the tenets of the UN Convention against Corruption by strengthening anti- corruption policies, laws and enforcement mechanisms to create a level playing field and incentivise good behaviour; • Make a commitment to reduce corruption risks from procurement and contract processes of large- scale projects that are designed to support sustainable development; • Commit to engaging in competitive and transparent procurement processes through public advertising of all Government procurement cases; 	<ul style="list-style-type: none"> • Achieve greater transparency in relation to revenues received by Governments from private sector companies; • Support corporate efforts to enhance anti-corruption implementation, corporate governance, innovative collective action, and public-private partnership initiatives. <p>Outcomes</p> <p>There have been no incidences of corruption in Musgrave</p>
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