

CONTAMINATION OF BEEF PRODUCTS – SAINSBURY’S SUBMISSION TO THE COMMITTEE FOR AGRICULTURE AND RURAL DEVELOPMENT

About Sainsbury’s

1. Sainsbury’s was founded in 1869 and today operates over 1,000 stores, about half of which are supermarkets and half are smaller convenience stores. We employ 150,000 colleagues, have over 2,000 direct suppliers, serve almost 22 million customers a week and have a market share of about 16 per cent - making us the 3rd largest supermarket in the UK. We opened our first store in Northern Ireland in Ballymena in 1996 and now have 13 stores in Northern Ireland employing around 3,000 colleagues. We are proud of our commitment to the Northern Irish agri-food industry and source in the region of £250 million worth of products from around 180 local suppliers. Approximately £40 million of this is sold in our NI stores and the remainder is sold across the rest of our GB estate - so we effectively net ‘export’ around £210 million worth of NI products.

Summary of Sainsbury’s position

2. As a leading food retailer, Sainsbury’s is committed to providing customers with safe, high quality products that they can enjoy and trust. We take all matters of food quality, safety and authenticity extremely seriously and work hard to ensure our high standards are upheld.

3. Sainsbury’s already has one of the most extensive quality control programmes in the industry and apply the same checks right across our products - from *basics* to *Taste the Difference*. We have used DNA testing for over a decade, as well as checks on country of origin, audits of suppliers and independent product analysis by accredited laboratories.

4. We have carried out additional testing on over 300 beef-containing products in line with Food Standards Agency (FSA) guidance, and no horsemeat has been found in any of our products. We will continue to test our products to our own high standards, and increase the investment in our existing quality control programme.

5. Ensuring our products are produced to high quality standards goes beyond testing. For Sainsbury’s our entire supply chain, from farm to store, is built around long-term sustainable relationships to ensure we offer our customers the best quality products at fair prices. We work closely with over 2,500 farmers who are part of Sainsbury’s dedicated Farmer Development Groups and have invested over £40 million in developing these relationships, as part of our commitment to double our sales of British food by 2020.

6. We are also committed to providing our customers with the information they need to make informed choices and to be confident in the products they buy. All our products are labelled in accordance with appropriate legislation and in line with relevant voluntary initiatives such as the industry agreement

on country of origin. The ingredients used in Sainsbury's products are always clearly stated on the label.

7. The remainder of this submission sets out Sainsbury's responses to the issues raised by the Committee.

Issues raised by the Committee

Please explain the food supply chains in place for processed beef products supplied by Sainsbury's?

8. At Sainsbury's we try to keep our supply chains simple and our sourcing as close to home as we possibly can. All of our fresh beef products, including beef burgers, mince, steak and joints, as well as our frozen beef burgers, mince and cuts of beef are made using British or Irish beef. For example, the beef in all of our own brand beef burgers and fresh ready meals are made using 100% British beef.

9. Sainsbury's sourcing strategy is built on our strong heritage of developing long-term relationships with our suppliers, farmers and growers, and - in line with our aim to double the amount of British food we sell by 2020 - our supply chain is based predominantly on UK farmers and processors. One of the key ways we are making progress towards our 2020 target is through our dedicated farmer Development Groups, which bring together 2,500 farmers and producers from across the UK in 10 producers groups across the main agricultural commodities (dairy, beef, pork, lamb, veal, eggs, chicken, cheese, wheat, and produce).

If fraud or criminal activity is happening, where is it most likely to have happened?

10. We have found no evidence of criminal activity in our supply chains so it is not for us to speculate.

What can be done to protect the food supply chain – where is the best place to ensure produce authenticity, and that the label and product match?

11. It is the responsibility of everybody in the supply chain to ensure the integrity and authenticity of their products that they supply, including manufacturers of branded products who are responsible for the quality of their own products. Individual retailers, discounters, brands and companies affected will need to consider any remedial action they need to take in respect of their own supply chains where issues have arisen.

12. For our part we have tested over 300 of our beef containing own brand products and found no trace of horsemeat, which provides reassurance that the stringent controls, processes and audits we already have in place are robust. However we will not be complacent and we will continue to test our

products to our own high standards. We will also be increasing our investment in food research; expanding our company laboratory and product testing programme; enhancing our system of supplier checks and controls; as well as participating fully in the FSA's work to learn lessons and ensure the integrity of the food chain.

13. FSA plans to introduce more consistent and public testing is a good thing. Testing can help supplement - but not replace - the other supply chain controls that are in place, such as audits. However testing is best used when targeted and based on intelligence.

Does this complexity not allow that each part of the chain manages to make money, except the farmer at the beginning of the chain and also pushes up prices for the consumer? What is Sainsbury's doing to ensure the interests of the farmer and the consumer are protected?

14. At Sainsbury's we remove complexity from our supply chains by keeping them simple and sourcing as close to home as we possibly can. We are long standing supporters of the farming industry and work closely with our 2,500 Sainsbury's farmers and growers to build sustainable supply chains for all parties. For example, in the last year alone we gave £1.2 million in research & development grants to our farmers and growers to invest in the future of UK farming – including a grant for the development of a Pig Innovation Centre in NI. We also paid premiums of up to 10p/kg for pigs and 60p/kg for lambs, to members of Sainsbury's Pig and Lamb Developments Groups to support them against rising feed costs and weak prices in the market. This is all part of Sainsbury's commitment to UK farming.

15. We aim to offer our customers the best quality products at fair prices and work hard to help them *Live Well for Less*. This does not mean our food will always be cheaper than other supermarkets – we will never compromise our commitment to quality and apply the same demanding quality controls across all our products. However, it does mean that, helped by initiatives like Sainsbury's Brand Match and rewarding our customers through Nectar, food costs less than our customers thought at Sainsbury's.

16. We are also committed to providing our customers with the information they need to make informed choices and to be confident in the products they buy. All our products are labelled in accordance with appropriate legislation and relevant voluntary initiatives and the ingredients used in Sainsbury's products are always clearly stated on the label.

What checks and balances are Sainsbury's putting in place to ensure that this type of food fraud does not happen again? Please provide assurances that costs associated with protecting against food fraud are not passed down the food supply chain to farmers or upwards to consumers?

17. We already invest heavily to ensure our products are produced to our high standards and have one of the most extensive quality control programmes in the industry, applying the same checks right across our products - from *basics* to *Taste the Difference*. We have used DNA testing for over a decade, as well as checks on country of origin, audits of suppliers, requirements for suppliers to conduct tests on raw materials and finished products and have a separate programme of product analysis conducted at independent, accredited laboratories.

18. Although our systems have been thoroughly tested by this recent issue and no horse meat has been found in our products we will not be complacent. As detailed above, we will continue to test our products and increase the investment in our quality control programme. We will also continue to invest in our farmers and support our customers from unnecessary costs without compromising our commitment to quality.

Regarding the food authenticity tests being carried out on behalf of the FSA, can you clarify what testing methodology you used and if this methodology was approved by the FSA. Was the testing done in house or externally?

19. We have been DNA testing for over ten years and have longstanding relationships with fully approved, independent accredited laboratories. Our testing has been conducted externally at one of the very few laboratories accredited both as a laboratory and also for the use of real time Polymerase Chain Reaction (PCR) for meat speciation. The limit of sensitivity of the tests on Sainsbury's products is in the region of 0.1%.

While the focus has been on horse meat in beef products, what is Sainsbury's doing to ensure that pig DNA does not appear in beef products?

20. We apply the standards outlined above to all our products to ensure that the ingredients used are those stated in our recipes. Defra and the FSA have commissioned research and further work on the issue of crossover of meat species where more than one meat is processed and we are engaged in that process via the British Retail Consortium.

Sainsbury's
22 March 2013