

Sustainability Report

2008/09

3663 First for Foodservice

including Swithenbank Foods

C5881.10.09

About our report

Welcome to the first 3663 First for Foodservice sustainability report that has been produced in line with the Global Reporting Initiative protocols. We hope this report will be of interest to our customers, employees, suppliers, business partners, communities, our industry and also relevant government bodies. For the purposes of this report, unless noted as an exception, information that refers to 3663 First for Foodservice will be inclusive of Swithenbank Foods, as Swithenbank is operated under the 3663 Wholesale business structure.

Report profile

Data in this report is from the financial year ending in June 2009 unless exceptions are noted. We plan to produce this sustainability report, which also encompasses our corporate social responsibility, on an annual basis at the end of August each year.

3663 First for Foodservice has produced a sustainability report since 2007, however, these previous reports were not presented in line with this standard of GRI indicators. The last report was issued in August 2008.

This report covers the activities within the company, registered as BFS group limited, trading as 3663 First for Foodservice (which will incorporate Swithenbank Foods as previously stated). The operations within these two companies are limited to the United Kingdom. This report does not extend to any activities within our wider supply chain, and as such our suppliers or any joint ventures are excluded from the reporting parameters.

We have included some economic performance indicators within the report, and can confirm that we receive no financial assistance from the Government.

Within this report you will see detail of our performance under the strategic headings of our communities, our environment, our products and our people. We use these classifications to manage and report on our sustainability, and these sit in harmony with the structure of the GRI format and allow us to take benefit of internationally recognised performance measurement criteria.

The contact point for any questions regarding the report can be found with the company contact details at the back of this document. Information if referenced from previous years will utilise the same measurement methods to ensure any comparisons made are legitimate. In this report, we are reporting on a GRI third party assurance checked, application, at the level of C+



Report application levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared							
	Third Party Cheked							
	GRI Checked							
Optional	Self Declared							
	Third Party Cheked							
	GRI Checked							

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Message from Fred Barnes, Chief Executive, 3663 First for Foodservice



"Good environmental policies will all eventually turn into big commercial issues, with lower consumption resulting in lower costs"

"At 3663, we are extremely proud of the leading role we have taken within our industry with regard to sustainability. We established our sustainable philosophy over 14 years ago and we have remained fully committed to the real issues, making significant progress in many areas.

This last year has been a challenging one for the hospitality industry. The downturn in consumer confidence, and related decline in eating out, has affected our customers, our suppliers and our communities.

Throughout this difficult period, at 3663, we have ensured that our focus on our corporate social responsibility has not faltered. In fact we believe that this area has grown to be of such importance to our customers, that it has now placed itself on a commercially sound platform, as well as a moral one.

The economic climate this year had led us to make some very difficult decisions within the business involving site closures and redundancies. It is never pleasant to impact on the lives of loyal colleagues in this manner, and the business has taken the opportunity to implement a full efficiency review to ensure we are ideally positioned going forward to deliver unrivalled service efficiency as well as quality.

Highlights of the year

Given the harsh climate for the year, we are extremely proud to have achieved the national recognition of a place in the 2009 Sunday Times "Top 20 Best Big Companies to Work For" list. The impartial nature of this survey indicates the great support we have from our colleagues across all functions of the business, which is all the more valued this year.

In addition to the Sunday Times top 20 listing, we increased our employee engagement score to achieve a 'Ones to Watch' accreditation on the Best Companies ranking. An achievement of which we are justly proud.



Outlook for 2009 / 10

We will continue to support and develop our local communities and our corporate philanthropy which provides our industry charity with much needed support.

We intend to work extremely hard to continue to support our exemplary people. We will maintain our working environment that values inclusion and diversity, and be second to none with regard to the health and safety of our employees. We plan to retain the structure of our successful sustainability board, but we will be reviewing our employee engagement methods to continue to explore new ways to involve and stimulate our teams.

Protecting and conserving natural resources is fundamental to the 3663 way of working, and for the next year we intend to improve on the setting of specific targets relating to environmental performance, which should help us in monitoring our progress, and make our reporting process more tangible.

We will continue to drive forward the provision of healthy product choices, supported with fact based advice and nutritional information, and supply areas that are identified as needs by our customers & consumers.

I firmly believe that by maintaining the passion and focus behind sustainability within our business, we will continue to set ourselves apart from our competitors. I look forward to sharing our progress with you in this, and future reports."

Fred Barnes
Chief Executive



Structure

3663 was re-branded from the Booker Foodservice Company (BFS Group Limited) in 1999 following acquisition by the Global South African owned Bidvest group. 3663 sits within the Bidvest Europe Company which is headed by Chief Executive Fred Barnes. Also under the umbrella of the BFS group is Swithenbank Foods. The other businesses within Bidvest Europe include: Horeca in Dubai, Deli XL in the Netherlands and Deli XL in Belgium.

3663 First for Foodservice

3663 are a leading UK foodservice provider supplying a range of over 20,000 fresh, chilled, frozen and ambient food lines, along side non foods such as cleaning materials and disposables through to catering equipment and wine. Our fresh produce is delivered through a consolidated supply via our trading arm Swithenbank Foods.

Over 55,000 customers are supplied across the hospitality industry in both the private and public sectors, often referred to as the profit and cost sectors.

Within 3663 there are two operating businesses of Logistics and Wholesale.

The Logistics business provides a delivery service to national clients that have their own dedicated food ranges such as KFC and Pret a Manger, within this division, the customer will identify their required products and 3663 act as the distributor.

The Wholesale business provides a total supply solution with many added value services to both independent customers and national chains, meeting the needs of every type of catering operation including schools, hospitals, prisons, hotels, leisure, pubs and clubs. Within the product range available to the wholesale business, we supply goods from large and well known brands to small regional producers, alongside several 3663 own brand ranges.

3663 Wholesale

An integrated approach providing:

- Ambient products
- Chilled foods
- Frozen foods
- Fresh fruit & vegetables via 'Swithenbank Foods'
- Fresh meat & poultry
- Wines, beers & spirits via 'VlvAS'
- Non-Foods
- Equipment via '3663' Catering Equipment'

3663 Customer Support

- Advice centre
- Marketing solutions
- Menu and product
- Development
- Nutritional information & guidance
- Creative design solutions
- Account management information

3663 Logistics

Contract Distribution
Case rate contracts
Dedicated vehicles
Dedicated Infrastructure

3663 Own brands



Chefs Smart Choice.

This brand offers over 550 high quality, competitively priced products across the grocery, frozen and chilled categories.



3663 Professional

The 3663 Professional range is a range of over 20 non food product lines ranging from tea towels and cling film, to cleaning materials providing alternative choice to the brand leaders.



Coronet

Coronet is 3663's own portion pack brand with 46 products in the range, including sauces & condiments, beverages, butters, jam portions and jars, milk pots, sugars and sweeteners, biscuits and after dinner mints.



Springbourne

Springbourne is the 3663 range of 16 natural still and sparkling mineral waters sourced in the unspoilt uplands of Montgomeryshire, where the water filters through volcanic rocks. Springbourne is packaged in a variety of sizes and provided in recyclable plastic and glass packaging.



Culine

Culine has been developed this year, as a mid tier brand, to sit between our value and premium ranges, and provide a real choice for our customers at every level. There are currently 36 products in the Culine range.



Whites

The Whites range offers provenance and premium quality products aimed at customers that want to offer upmarket cuisine. The range currently consists of 40 quality, easy to prepare products and authentic ingredients.



More information on our brands can be found at www.3663.co.uk



Our depot locations

Region 1

- 1 Birmingham
- 2 Edinburgh
- 3 Gateshead
- 4 Larbert
- 5 Manchester
- 6 Nottingham
- 7 Scarisbrick

Regional 2

- 8 Abingdon
- 9 Bristol
- 10 High Wycombe
- 11 Lee Mill
- 12 Northampton
- 13 Sevenbridge
- 14 Swansea
- 15 Reading

Region 3

- 16 Basingstoke
- 17 Battersea
- 18 Edenbridge
- 19 Harlow
- 20 Salisbury
- 21 Sevenoaks
- 22 Stowmarket
- 23 Worthing

Swithenbank

- 24 Enfield
- 25 Bradford

Catering Equipemnt

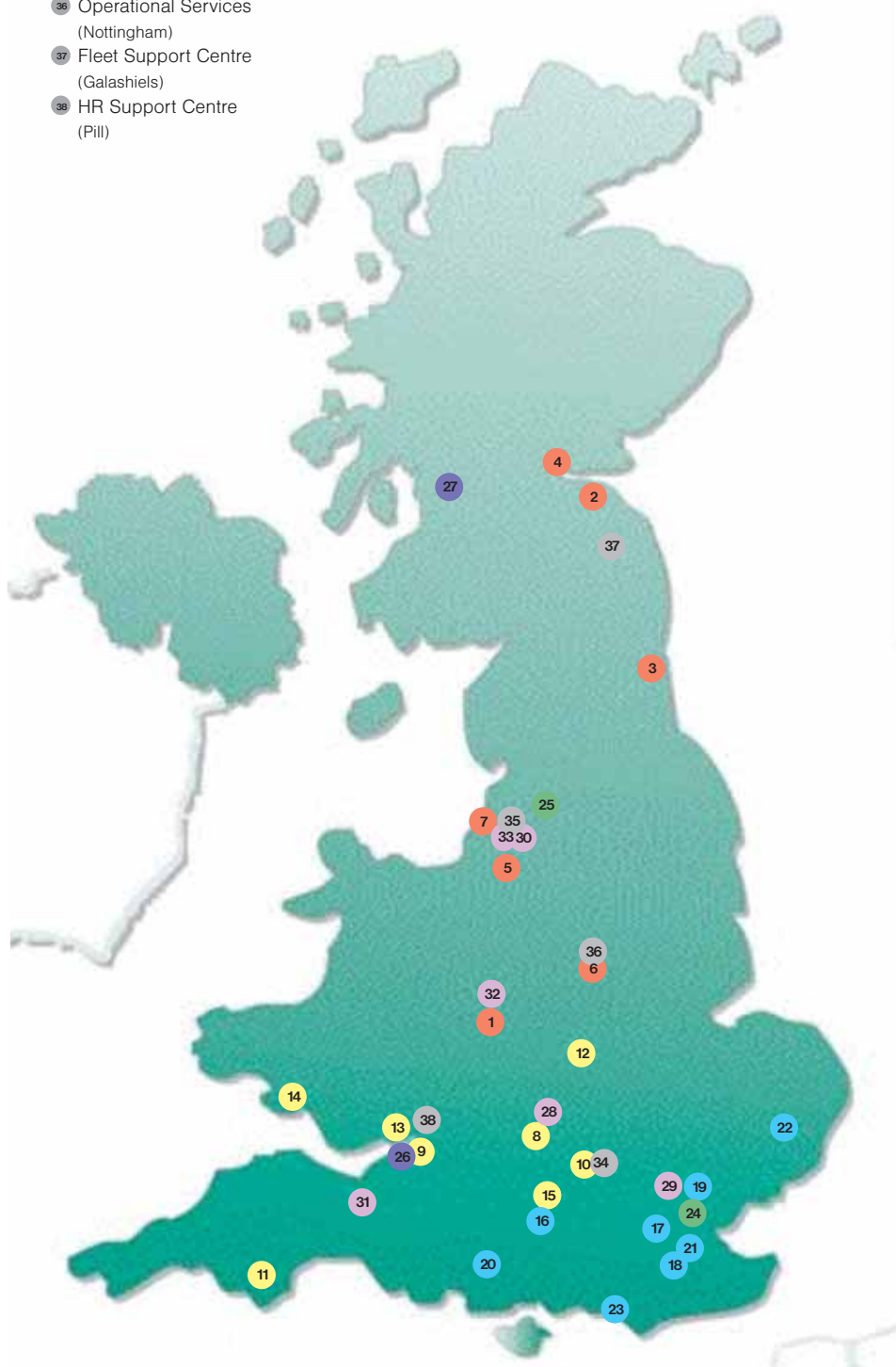
- 26 Bristol
- 27 Glasow

Logistics

- 28 Banbury
- 29 Hoddesdon (from mid July)
- 30 Royton
- 31 Taunton (from October)
- 32 Lichfield
- 33 Heywood

Central services

- 34 Head Office
(High Wycombe)
- 35 Centre for excellence
(Bury)
- 36 Operational Services
(Nottingham)
- 37 Fleet Support Centre
(Galashiels)
- 38 HR Support Centre
(Pill)



Note: locations refer to depots open on 29th June 2009 unless otherwise stated

Our Company

Our business scale

£1,689,626,000	Revenue
£5,224,000	Tax paid
£159,716,000	Employee payroll spend
£29,629,000	Capital expenditure
£156,000	Company social spend

5,471	Employees
Over 1,000	Temperature controlled vehicles
1,888,864	Square footage of warehouse space
21,000	Products supplied
33	Operating sites

Serving over 55,000 customers with..

Frozen Food
 Fresh Meat
 Fresh Produce
 Grocery Lines
 Non Food Lines
 Chilled Foods
 Wines
 Catering Equipment



Governance and ethics

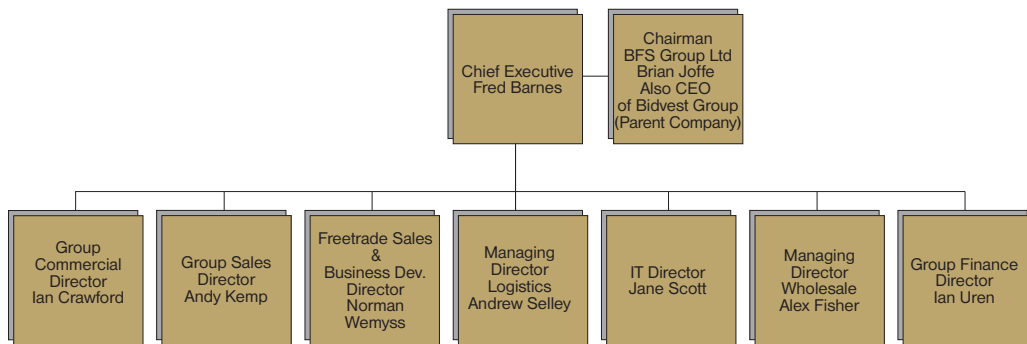
This year has seen a considerable amount of change within the 3663 business, with closure of 5 depots and The Barton Meat Company due to combined issues of volumes, site maintenance and expiring leases. We have also created a new business unit structure within our wholesale operation by linking sites in close geographical proximity. This process will facilitate improved buying, improved product availability and more efficient deliveries.

The legal directorate of the BFS group limited is shown here. The Chief Executive of our parent company Bidvest Group is also directorate of the BFS board, but is not paid by the BFS Group, and does not play any active role within the operating company.

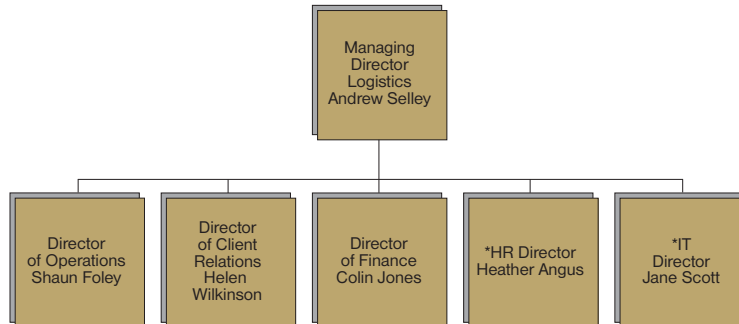
The BFS Group structure shows the legal directorate, however the practical operating structure for the governance of the 3663 business is split into the operating boards for the wholesale and the logistics business. In addition to the monthly meetings of each operational board, our CEO also meets monthly with the managing directors of both the wholesale and logistics businesses along with the group finance director, and HR director.

The charts showing the ethnicity, gender and age profile of the board members are based on the wholesale and logistics board structures as shown below, with the inclusion of our group finance director and chief executive. There are currently no non-executive or independent members currently on either operating board.

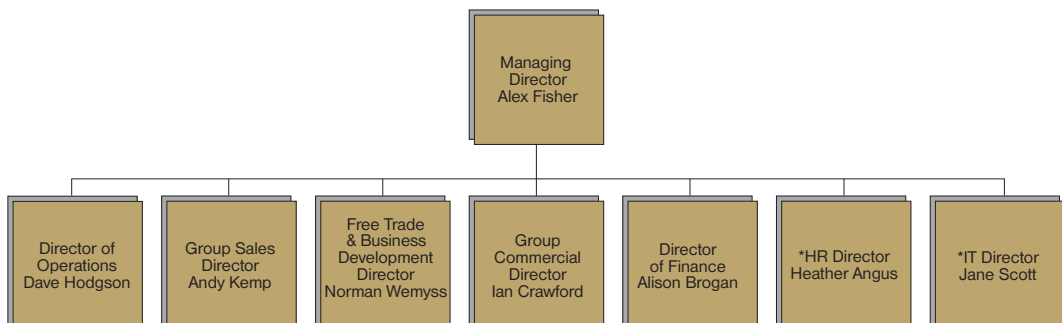
BFS Group Limited - legal directorate structure



3663 logistics board structure



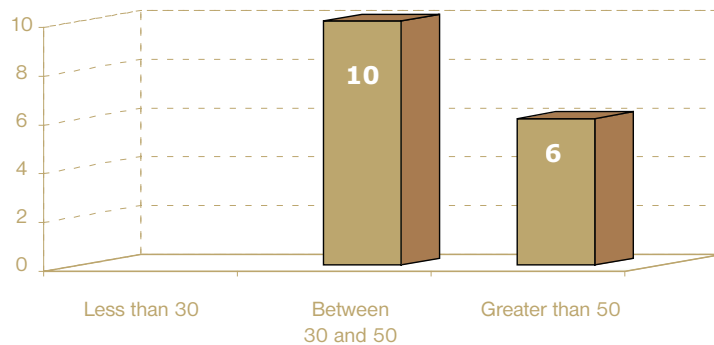
3663 wholesale board structure



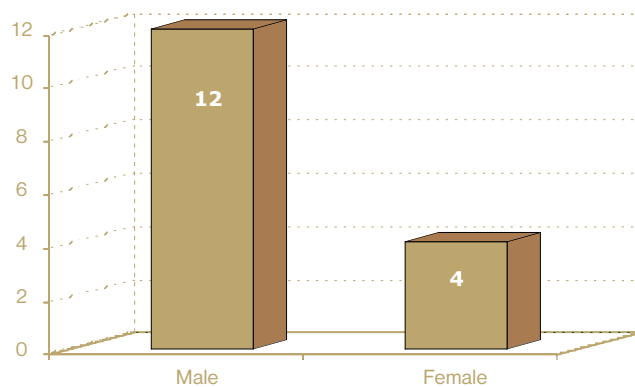
*Line reporting is through central services function

3663 board composition

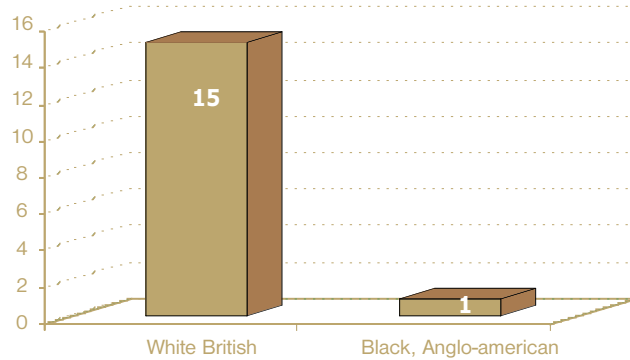
Age group of board members



Gender of board members



Ethnicity of board members



Our mission

We aim to put our customer's needs at the forefront of all our actions, and through supporting, developing and valuing our people as they meet these customer needs, we will be successful.

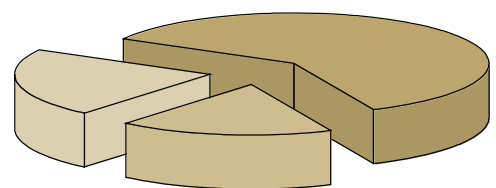
Our business ethics

3663 has an inclusive culture and actively promotes diversity within the business. The 3663 ethics policy encompasses: our codes of conduct; our business partnerships; our business integrity; competition; conflicts of interest; community involvement and compliance. This policy impacts on employee behaviour, corporate culture and our organisations values. At 3663 we will conduct our business in line with the Company's mission with honesty, integrity, openness and transparency and with respect for the interest of our employees.

The 3663 mission

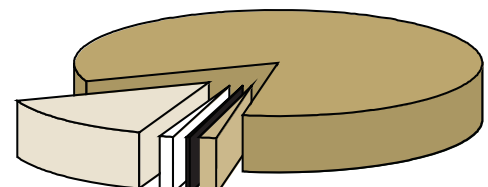
- To satisfy our customers needs
- To value and develop our people
- Thereby to make more profit

Age split of 3663 workforce



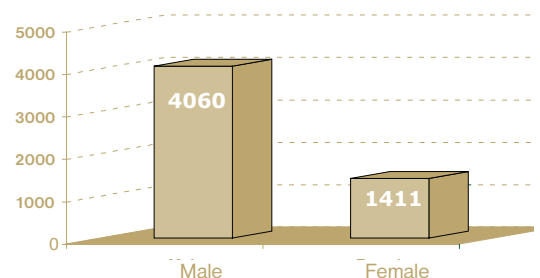
■ Less than 30 ■ Between 30 and 50 ■ Greater than 55

Ethnicity of 3663 workforce



□ Black: African, Caribbean and other
 ■ Chinese
 ■ Asian, Indian, Pakistani
 ■ Mixed percentage and unknown
 ■ White: British and other

Gender split of 3663 workforce



Material sustainable development issues.

Through our stakeholder engagement processes we have identified the following as key long term issues:-

- Demand for reduction of environmental impacts, particularly carbon performance impacted by food miles, packaging and fuel
- Demand for healthier and more sustainable foods
- Demand for accurate and robust information on food labelling including nutritional and calorific data, food origin and provenance
- Demand for local and seasonal produce



Corporate responsibility strategic framework

A summary of the areas identified for action under our strategic framework of our communities, our people, our environment and our products are listed below. Further detail on progress in these areas will be found in the corresponding sections.

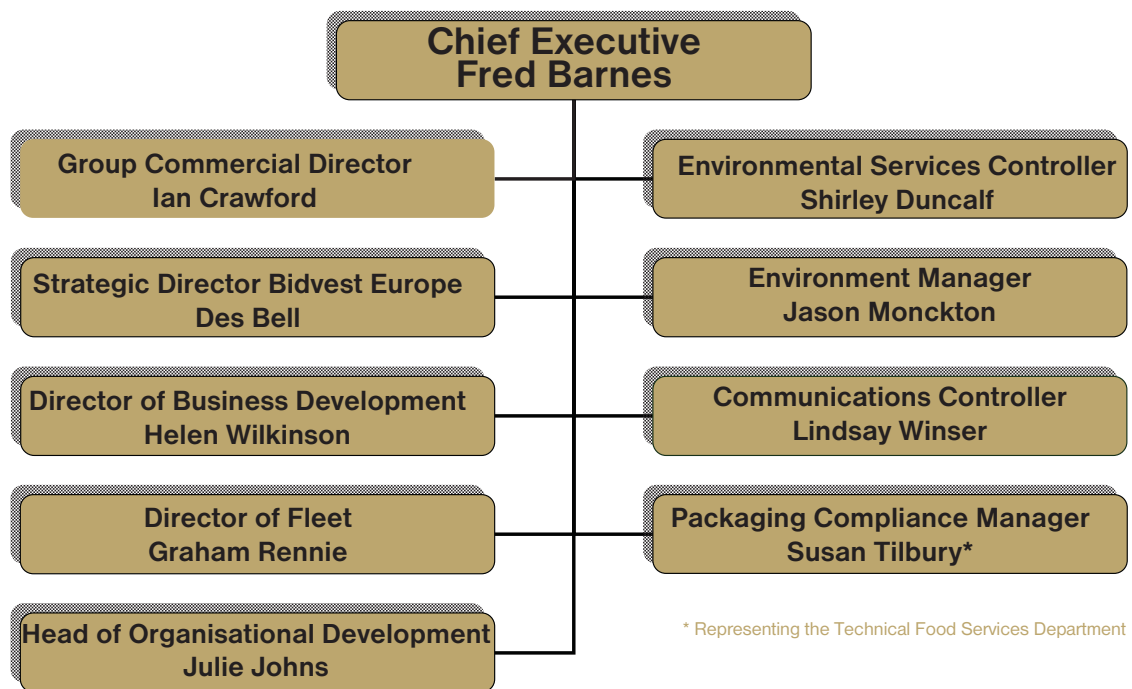
Our Communities	Our People	Our Environment	Our Products
• Support our chosen corporate charity 'Hospitality Action • Encourage the support of local charities within sites • Encourage employee voluntary commitment to charitable causes • Work with community bodies to understand local needs • Provide support & development where possible	• Create an engaging and inclusive brand culture • Ensure the health and safety of workplace • Provide opportunity for learning and development • Implement policies to ensure diversity and inclusion are adhered to • Provide extensive opportunities for involvement and feedback	• Reduce our emissions of green house gases • Reduce our energy consumption, and increase our use of energy from renewable sources • Increase our use of harvested and recycled water • Reduce our waste to landfill • Reduce our use of paper and cardboard • Increase our recycling of plastics a paper	• Support supply partners in managing the environmental impact of the supply chain • Provide a range of healthy and sustainable foods • Provide clear product labelling, nutritional details and product provenance information • Reduce packaging as far as is practical • Provide a choice of altruistic and accredited food ranges • Provide a local supply choice where possible

Our sustainability board

The 3663 sustainability board was formed in 2006 as our proactive approach to the UK government's Food Industry Sustainability Strategy. The board identifies key stakeholders, prioritises topics and assigns management responsibilities. This facilitates the galvanising and focus of the sustainable activities within the company. This board also identifies the scope and boundaries for this 3663 Sustainability Report. The broad range of representation in the group is to ensure appropriate support for each of the strategic pillars of product, environment and people. The significance with which sustainability is viewed within 3663 is borne out by the senior governance of this board which is chaired by our CEO Fred Barnes and consists of senior main board members along with technical specialists in many areas to ensure each area is fully represented. These areas include:

- Environmental Services
- Fleet Services
- Marketing
- Human Resources
- Commercial & Supply Chain
- Technical Food Services

3663 sustainability board



Our stakeholders

We believe there many groups of people that have an interest in the way that we do business, and whose view we might wish to seek on a variety of subjects. Our 'stakeholders' include:- our employees, our customers, local communities, our suppliers, government organisations, non government organisations and industry bodies. Throughout this report we will cover the various ways we engage with these groups identified.

Our Communities

Whilst the 3663 business has many centralised support departments, the company fundamentally operates as a decentralised business, allowing much autonomy and flexibility at site level. In line with this way of working, the business has both a corporate approach to philanthropic activities as well as a very local one.

National activity

The chosen corporate charity for 3663 is Hospitality Action. This has been selected as it is a charity dedicated to the hospitality industry, and as such, might be a charity that any of our employees, customers or suppliers could take benefit from in times of hardship. Support is provided to individuals and families within the industry for numerous reasons, including bereavement, poverty, victim of accident or crime or life changing illness.

We donate to Hospitality Action on a monthly basis to provide a guaranteed revenue stream so that the charity has sufficient security to go about it's fund raising and benevolent activities. This income security has been a life line for the charity in a year where many voluntary organisations have seen their funding shrink considerably.

Over the course of the year we will have provided in excess of £120, 000, added to which our CEO Fred Barnes is also acting Chairman for the charity this year.

In addition to the corporate contribution, the 3663 teams have supported the 'Action Hero Week' – a fund raising initiative by Hospitality Action that saw many sensible business people wearing their pants on the outside of their trousers, in the name of a good cause!

Activities that have taken place within the company ranged from auctions of promises and prizes, parachute jumps, cookery competitions and a company wide raffle to win over 10 prizes of 5 additional day's holiday. A staggering additional £50,000 was raised through these creative ideas.

"Hospitality Action are indebted to 3663 for the commitment they have given the charity over the past 6 years. Their enthusiastic 'can do' attitude has been an example to others providing both financial and managerial support. The whole company came together during our recent fundraising day and raised an amazing £50,000. I wish every company in the hospitality industry was so dedicated"

Penny Moore, Chief Executive
Hospitality Action.



Our Communities

In addition to Hospitality Action, 3663 also support the charity 'Springboard' through sponsorship of the charities 'future chef' programme. The aim of this charitable trust is to provide education and support to help the young, the disadvantaged and the unemployed prepare for work in the hospitality, travel, leisure and tourism industries.



We are also proud to be the key foodservice stockists of 'one' water, where all profits go to build water pumps in Southern Africa. We are pivotal in the distribution network for this product and have raised sufficient funds for to date for 10 pumps since 2007. These pumps will provide communities of over 14,000 people with their very basic human need for safe drinking water. This need is killing over 2 million people every year in underdeveloped countries.



External engagement activities

A very key piece of our corporate responsibility, and an area in which 3663 are extremely active, is our external engagement. In order to fully understand the issues, the priorities and to help search collectively for solutions, we engage with many government, non profit and industry bodies.

3663 External stakeholder engagement	
Association	Involvement
Hospitality Action www.hospitalityaction.org.uk	Significant involvement in physical and financial support of this hospitality industry benevolent body. Our CEO Fred Barnes is current Chair, with other board members also acting as guardians
Springboard www.springboarduk.net	Presence by members of our board on the executive committee to maintain our links into recruitment and talent for the future of the industry.
One and All Foundation www.oneandall.org.uk	Board member involvement as trustee of the foundation, which was established to support diversity and equal opportunities within the hospitality industry.
Arena www.arena.org.uk	Board level membership to provide networking and communication opportunity with senior members of the hospitality industry.
Federation of Wholesale Distributors www.fwd.co.uk	Membership at CEO level of the organisation which was formed to represent the interests of wholesale distributors within the UK. body provides guidance on regulatory interpretation, facilitates communication between wholesalers & suppliers as well as providing a forum for lobbying government.
Scottish Wholesale Association www.scottishwholesale.co.uk	Board level membership of this association formed to represent the Scottish wholesale industry. This body promotes training & learning within the sector, facilitates communication between wholesalers & suppliers as well as providing a forum for lobbying Scottish Parliament
British Hospitality Association www.bha.org.uk	Membership to provide a current awareness of issues facing our customer groups which are BHA members, primarily Hotels, Restaurants and Caterers.
British Frozen Food Federation www.bfff.co.uk	Membership of this federation to receive regular legislative and technical updates, understand market changes, address industry issues and network within the sector.
Fresh Produce Consortium www.freshproduce.org.uk	Membership of this trade association for the fresh produce sector to debate current issues, support on regulatory interpretation, and represent the sector with EU and government stakeholders.
Local Authority Caterers Association www.laca.co.uk	Active membership in the association which was initiated to network, share best practice, influence government policy and provide targeted training and support within the sector.
Association of Catering Excellence www.acegb.org	Membership on the ACE council (previously the European Catering Association) which was formed to improve the image and raise standards within the food and service management sector of the industry.
Food Development Association www.fdaonline.co.uk	Active membership in this association that brings together food service businesses, manufacturers and retailers to focus on new product development and industry trends.
Institute of Hospitality www.instituteofhospitality.org	Fellow and extensive membership throughout the business of the hospitality industry's professional association. The institute provides qualifications, information, career advice and networking opportunities across the industry.

Our Communities

Association	Involvement
British Quality Foundation www.bqf.org.uk	Sponsor members of this national 'quality' organisation that allows businesses to share best practice and learn about applying quality management techniques such as the EFQM Excellence Model or business continuity. Our members actively participate in forums and have also hosted events.
Best Practice Club www.bpclub.com	Active membership and presence on member steering group of this association, aimed at improving business process and knowledge management. Our members have participated in learning events to share best practice with other blue-chip companies including BT, DVLA, E-on and Rolls Royce. We have also hosted member events.
Midlands Excellence www.investorsinexcellence.org	Active involvement in this regional excellence organisation aimed at improving business performance. Our members have received training and can act as assessors for their award programme. We have also hosted member events.
North of England Excellence www.northofenglandexcellence.co.uk	Active involvement in this regional excellence organisation aimed at improving business performance. Our members have received training and can act as assessors for their award programme. We have also hosted member events.
Chartered Institute of Personnel & Development www.cipd.co.uk	Extensive membership throughout the human resource department of this professional association. The institute provides qualifications regulatory information, benchmarking, training and networking opportunities for the personnel function.
Freight Transport Association www.fta.co.uk	Active involvement and presence on the regional and national Council for this association. The FTA is an essential organisation providing information and advice to ensure every sector of the transport industry can provide a safe, legal and efficient transport function.
British Nutrition Foundation www.nutrition.org.uk	Membership of the foundation to obtain current & scientifically based information, news and legislation updates on the relationship between diet, physical activity and health.
Food Standards Agency www.food.gov.uk	Active involvement with the agency on pending legislation, consultancy on regulatory impacts and industry updates on product recall or withdrawals
Society of Food, Hygiene and Technology www.sofht.co.uk	Active membership to gain current information food hygiene legislation & best practice including training events and networking conferences.
Nutritionists in Industry www.nii.org.uk	Member of this group to network with peers and aim to raise the profile of nutritionists and dieticians within the food industry as a credible source of knowledge & expertise.
Anaphylaxis Campaign www.anaphylaxis.org.uk	Membership of this association, to be provided with current updates on information relating to severe allergic reactions including medical facts, food labelling, risk reduction and allergen management. Campden & Chorleywood Food
Research Association www.campden.co.uk	Membership of this independent research & development organisation for the food & drink industry to obtain current industry updates, regulatory guidance & interpretation, training information & networking conferences.
Leatherhead Food Research www.leatherheadfood.com	Membership of this independent research & development organisation for food & drink industry to obtain current industry updates, regulatory guidance & interpretation, training information & networking conferences.

Local activity

Community involvement at a local level by employees is a major part of our engagement and our social responsibility activity.

This year we have attempted to record a log of our extensive activities within our local depots that have historically been rather modest in the sharing of the great support and fundraising initiatives they have undertaken. We estimate based on this new log, that approximately a third of our support activity is now being captured. The actions are far too numerous to cover individually, but as a flavour, they can include:- school poster competitions, school planting and decorating schemes, national trust gardening, student work placement programs and sponsoring junior football teams. In addition there are hundreds of creative fund raising initiatives carried out from sponsored walks to family fun days, with the money going to locally selected causes that have included local schools, local hospices, cancer research uk, MENCAP, MIND, children in need, macmillan cancer relief, RNIB and the RSPCA amongst very many more.

Whilst it is difficult to identify the voluntary hours that our local initiatives have provided to support their communities, based on our partial log, we estimate that we have provided over £44,000 of support for charitable causes in addition to the Hospitality Action funding this year. The grand total for our support, in addition to the funds donated centrally by 3663, therefore stands this year at over a quarter of a million pounds.

GAYE

In addition to these activities, 3663 holds the silver award for the employee "Give As You Earn Scheme" as over 6.12% of employees pledge directly to a charity from their earnings, providing an additional benefit of 'gift aid' to the chosen charity.

Future objectives

Our local community involvement is a vital part of our social responsibility program; it has a strong impact on how employees feel and our brand reputation. We will continue to show our support for these activities and have created a 'Community Engagement Award', sponsored by Délifrance, to give recognition to the site that have been the most active in terms of providing support to their local community. We hope that this acknowledgement will encourage our employees to be less modest about the sharing of their achievements in our future reports.

Over
£250,000
of support for
community &
charitable based
causes.

"We very much appreciate the various food types that 3663 were able to donate for our use at the hospice. This support has helped staff and patients in having readily available stocks of important and regularly used food items. We also appreciate the monetary donations received from 3663's Mufti days this year"

Tony Hardware
Chief Executive Officer, South Bucks Hospice



Our workforce

Our business is food distribution, and as such we employ a wide variety of people to cover the tasks involved. Our job roles include warehouse operatives (often known as pickers and packers), drivers, telesales and field sales teams, and specialist departments at depot level, such as buying, stock management and administration, along with local and regional operational management functions. In addition to these roles, there is a wide support network of technical specialists which will include logistics experts, human resource managers, food technologists, finance teams, environmental and health & safety specialists, supply chain and buying experts, marketers and nutritionists. By nature of our business, some of these roles will be site based, and some field based.

Our workforce is a vital asset to our business, and it is their contribution and effort that generates our success. We employ a total of 5,471 people and have many processes in place to engage a multi site and mobile work force, of which only 45% are accessible via e-mail or digital media. Of our work force 1,599 (29.23%) are members of trade unions and covered by collective bargaining agreements.

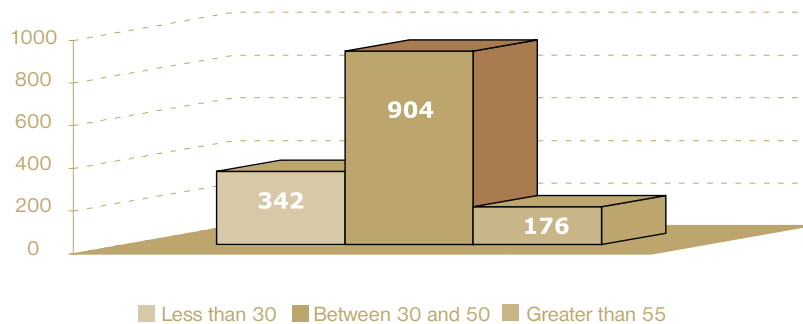
Changes in the workforce

As previously mentioned, due to the economic climate we have had to face the harsh realities of site closures this year, which have resulted in redundancies. Our labour turnover figure for the year is therefore higher than an otherwise natural churn would have shown. We have been successful in re-deploying over 268 employees within the business, some of which are on a trial basis. For employees that have been affected by redundancies they have been supported with skills to assist them in their search for work, such as CV workshops. If affected by any major operational change, our employees are provided with a consultation period lasting a minimum of 30 days, but this can be up to 90 days if over 20 employees are affected. There is no specific period defined within the collective bargaining agreements with the relevant trade unions, the company abides by legislation in these areas.

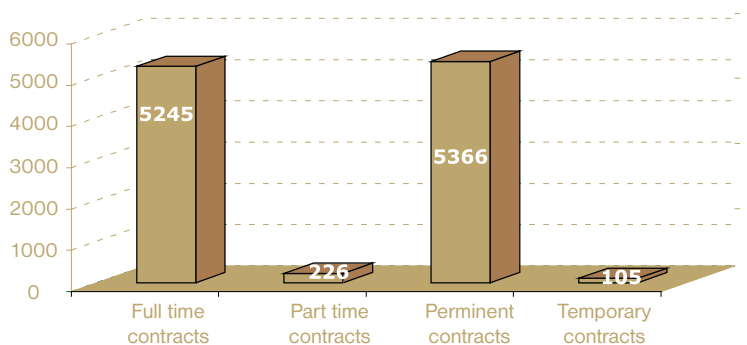
Absenteeism

Our employee absence for the year was 3.92%; this is an encouraging 0.09% decrease on last year's figure of 4.01%.

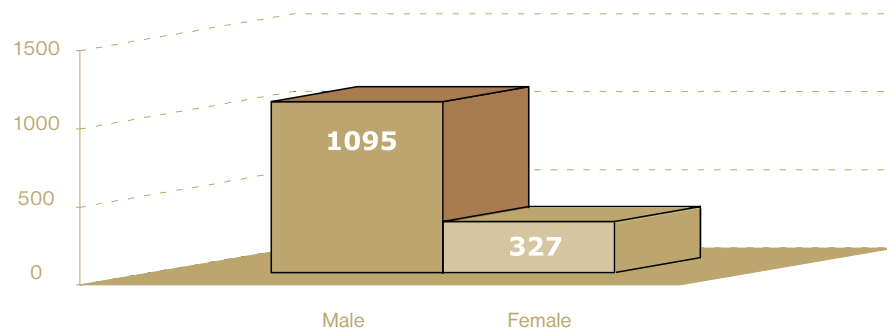
Workforce leavers by age group



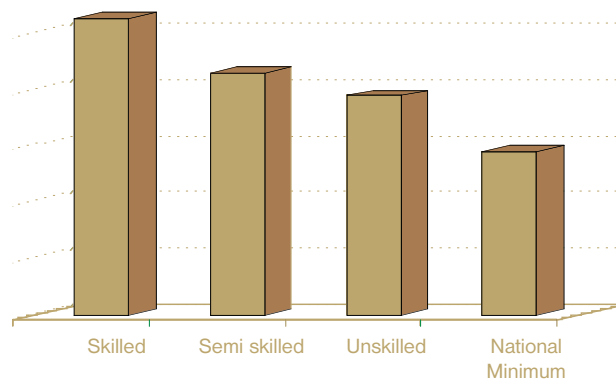
3663 workforce by contract type



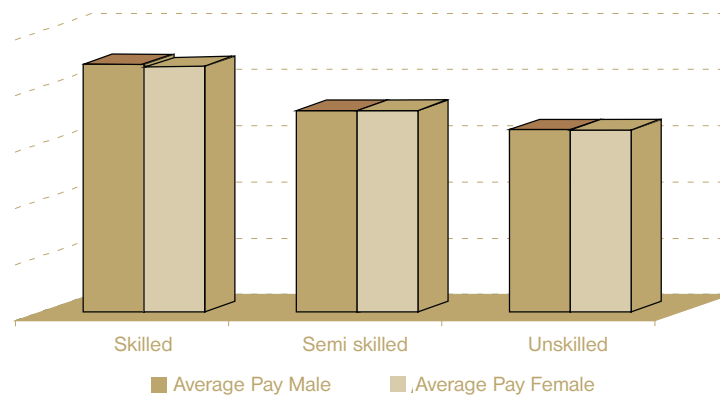
Workforce leavers by age gender



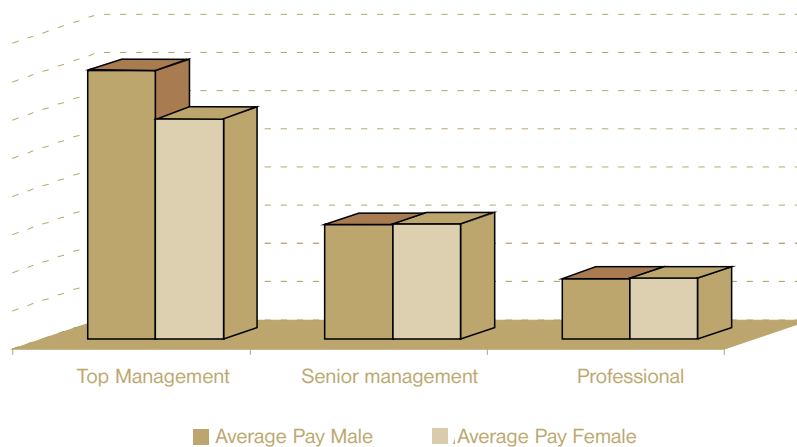
Standard entry wage compared to national minimum



Comparison of male & female average pay



Comparison of male & female average pay



Employee engagement

3663 actively listens to its employees and has a number of initiatives in place to encourage feedback and involvement in the business.

Should an employee want to get their views direct to the most senior decision making level within the company, this can be done in a number of ways:-

Direct access to board members

E-mail addresses and contact phone numbers for all members of management are accessible via our Microsoft outlook system, there is an open communication culture and board members can be contacted by individuals at any time.

Board 'depot tours'

The board held a day of interactive briefings in every site across the company, with sessions starting as early as 5.30am to catch the early shift before starting and ending about 10pm to include the night workers coming on. There was opportunity for questions of any nature to be presented to the board representative, for immediate response. A log of the questions and answers raised was shared across all sites on completion of the 'tour'.

Line management cascade

The traditional process of feedback through the line reporting structure remains a valuable and trusted method of communication, which has been enhanced by the launch of a more robust appraisal and personal development plan programme. This will mean that each individual will have structured time with their supervisor or manager for the process of two way feedback, as well as adhoc opportunities always being available.

National consultation forum

This is the most structured of our processes to ensure two way communication is in place from employees direct to the operating boards. The event is held annually, and the role of our voluntary 'communication champions' is utilised to gather questions and issues from the business which will receive a verbal and written response from the board.

The communication champions then play a vital role in cascading this feedback back into the business.

OFI scheme (opportunities for improvement)

This is a structured process whereby 'ballot boxes' are positioned within several locations at each site to encourage any suggestions for doing things differently.

The suggestions are written on the OFI forms and posted into the box. All ideas are collated and logged, and all will receive a response back to the individual generating the OFI, even in cases where the idea might not have been viable to adopt.

Safety management team meetings

These meetings are held quarterly and provide a forum for employees to discuss key safety & environmental management issues, and to gain engagement in the implementation of health & safety activities.

Employee listening groups

Listening groups are held within the business on a periodic basis, either in response to exploring a specific subject, or as part of an ongoing communication process. These groups are used to generate qualitative feedback, and explore issues in greater depth than a survey might allow.



Internal people survey

This survey has run for many years and achieves excellent participation rates, with a response rate of 84%. It has also now been developed into an on-line tool, for more speedy production of the results and improved analytical tools. The robust sample size allows for results to be acted upon at departmental as well as site level, and action plans are generated around any issues identified.

Employees are asked to rate a range of 34 questions on a 1-5 scale of how much they agree. Our best scores are in the categories of sustainability, customer focus and communication. The greatest improvements over last years scores are around the company being committed to the environment and contributing to the local community, along with looking for better ways to satisfy our customers and our employees understanding how their roles contribute to the success of 3663.

External engagement survey

This externally run survey, through its independent nature is used to support the feedback from the internal survey whilst also allowing us to benchmark our performance against over 200,000 employees from other industries across the UK.

The survey is run by 'Best Companies' in conjunction with the publisher 'The Sunday Times'. We were delighted to have increased our rating substantially from last year, and achieved a 'Best Companies' ones to watch accreditation for employee engagement, and a listing in the Sunday Times Top 20 Best Big Companies to work for 2009.

The survey indicated improvement in each of the 8 measured engagement factors with the most significant growth being in the category of Leadership. Our green credentials also shone through, scoring the highest of all the entered companies in the question related to 'doing our bit to protect the environment'

Strength in numbers, together as one

In addition to the ongoing methods to involve and engage our employees, this year, in response to the economic climate we also launched a 're-engagement' campaign. The Campaign, known locally as SINTAO, had a combative theme, and was positioned as 3663 fighting back against the economic climate. The key elements of the campaign were the strap line, Strength in Numbers, Together as One, inspiring unity, pride and passion; supported with a structured 8 point plan, that drilled down to each individuals contribution to the 'fight back' response.

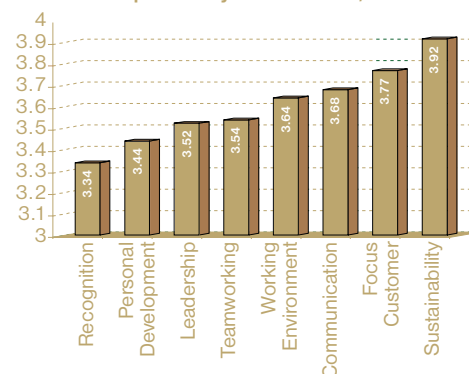
Engaging employees behind sustainability

Our employees are critical to driving the implementation of environmental initiatives across the business, and our network of in excess of 65 voluntary 'Sustainability Coordinators' are pivotal in this respect. These co-ordinators communicate sustainability issues throughout the workplace as well as collating any employee ideas for further improvements.

There is considerable support and training provided to these co-ordinators when entering the role, and then on an ongoing basis. Regional sustainability workshops are held each year to bring the knowledge of all the co-ordinators up to date on the environmental management systems and any changes in legislation. There are also voluntary roles of Regional Environmental Coordinators who are provided with additional training and will be involved in conducting environmental audits 3663 sites.

Each year, since 1995 we have held a Sustainability Conference, originally called the 'Environmental Champion Forum'. This event is used to further develop the environmental management system, reward and recognise best practise and highlight the significant achievements made within the business. There are internal awards presented across a range of criteria and top level external speakers go towards maintaining the high level status of the event.

People survey results 2008/09



Best Companies Survey

- 5% improvement on last year for "I would strongly recommend working for this organisation to others"
- 5% improvement on last years score for the leadership category
- 4% higher than the average score for all big companies in the well being category



Employee Engagement Factors

Leadership	My Company
My Manager	My Team
Personal Growth	Fair Deal
Well Being	Giving Something Back

People policies

3663's strong emphasis on sustainability is evident in its people policies. Policies aimed to facilitate flexible working where appropriate, such as home-based or part-time working, are in place to help work / life balance and minimise employee travel time and mileage. We have also launched the pilot of a season ticket loan, to encourage the use of public transport. There has been a review of high mileage company car users who are now required to undertake a risk assessment with a primary view of ensuring employee health and safety and a secondary environmental benefit if the mileage can be reduced.

A full review of our structure to support remote working and minimise travel is planned for the next year. This will look into the use and flexibility of our current solutions such as video and conference call functionality as well as considering new media such as webinars.

Employee benefits

The range of benefits for 3663 employees includes a pension scheme, tax saving childcare vouchers, health care schemes and also discounts for many family-oriented activities such as theme parks, theatre tickets and gym membership. Regular communication of these benefits helps us to maintain our participation rates within the business.

Reward and recognition

At 3663 we have a policy of 'looking out for things being done well'. There is a culture that supports spontaneous recognition, which can be both formal and informal in nature, and the management structure within the depots are empowered to take action that is appropriate for their teams. The more formal or structured process includes an 'employee of the month' scheme, where each site nominates an individual who has 'gone the extra mile'. The nominated individuals are then named in the monthly company magazine to share their success with their peers.

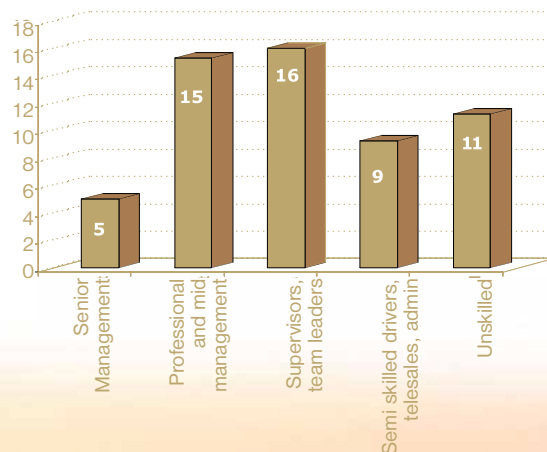
In addition to the ongoing monthly awards, there is opportunity for a number of individuals from each central department or depot, to be sent, with a partner, on an amazing visit to South Africa, to have dinner with Brian Joffe, the chairman of the parent company, Bidvest Global Limited. This once in a lifetime visit which includes a tour of the most stunning of South Africa's landmarks, is highly sought after honour, and a much valued acknowledgement of contribution an individual has made within the company.

Learning and development

Encouragement to continually develop knowledge, skills and competence is provided to employees through several processes: Involvement in business projects, formal training, annual appraisals, study for professional qualifications, voluntary roles such as Sustainability Coordinators or Communication Champions, and in the creation of personal development plans. The business also has its own dedicated sales development academy where bespoke training tools are put together to support the field sales teams in achieving their business goals. In addition to the above, some further specific training has been developed, which has included:-

- A programme aimed at skills development for free trade sales based on a satellite navigation themed journey through every aspect of our business.
- A leadership development course for middle and senior managers to broaden leadership skills and assist with longer term manpower planning.
- A warehouse management development programme
- National accounts sales and customer service training.

Average training hours per employee group



We have also tried some new approaches to the way we train, with the production of 'how to' guides which can reduce travelling and time out of the business, as well as facilitate independence and ownership for self development.

We have continued our focused approach on maximising the benefit gained from our training spend, and have maintained over a **£500,000** spend this year and provided over **60,000** hours of training. Within the training hours quoted 2,876 hours have been focused on aspects concerning human rights including diversity training. 6.9% of employees have received this training.

Health and safety

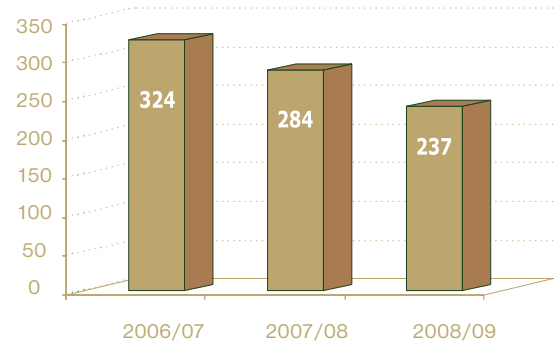
3663 has a comprehensive Health and Safety Management system, and reportable injuries as defined under RIDDOR which result in absence from work for more than 3 days, (not including the day of injury) are recorded. All other 'non reportable' injuries are also recorded, but we do not note the number of lost days from these. Lost days are recorded from the day after the accident, regardless of whether this day would be a scheduled work day or not. We are very pleased to report another year on year substantial 16.5% decrease in the number of these reportable accidents. We can also confirm that we have had no work related fatalities.

Health and safety management

3663 continues to make good progress towards the implementation of an externally accredited Occupational Health and Safety Management System – BS OHSAS 18001 which will significantly reduce risk exposure. The risk assessment procedures have been fully revised with the inclusion of an advanced scoring mechanism, the database of safe systems of work has been extended and a new comprehensive Health and Safety Manual has been issued to all locations. The implementation plan includes a detailed external certification audit of the management system, which will be completed by SGS.

An internal health and safety auditing programme is under development with the training of an internal team of qualified auditors. This will ensure that all key processes are in position prior to a second certification audit. We hope that by the next report, we will have attained a corporate BS 18001 certified Safety Management System within all locations.

Accidents resulting in 3 + lost days



Our customers

Customer surveys

Putting customers first is at the heart of the 3663 philosophy, and to do this we regularly engage with current, lapsed and potential customers to understand their needs and to see how we are measuring up in both meeting and exceeding them. Our customer survey score this year has improved on the previous two years, with an average of 4.21 (rated out of 5) across all questions.

This tool provides an essential insight into the true views of our customers, and of the 21 questions asked in this annual survey, 90% have increased on last years result, with only one showing a small decline. 'Products available at time of order' averaged a 3.97 score down from 4.03 in 2008.

This year, we have made some changes to our operating structure, with the creation of combined business units from clusters of depots in close geographic proximity. This has been aimed at reducing duplication of effort and improved buying along with more consistent stock availability and more efficient customer delivery.

Our customers say...

- *"Service is brilliant, very helpful"*
customer in Durham
- *"It is always good, consistently"*
customer in Abingdon
- *"I have always been happy with 3663 and the drivers are very friendly"*
customer in London
- *"3663 staff are always very helpful and friendly and treat me as a valued customer and not just a number"*
customer in Nottingham

The bedding in of this new structure may have caused some temporary disruption, which could have been reflected in the product availability score.

The changes are now complete and we can look forward to an improvement in this area in the coming year.

The people aspects of our customer survey continue to score consistently well, with our telesales staff and drivers being valued most highly. It is very encouraging to see that even in the toughest of climates, our customers still feel valued, and are confident that should any problems arise, our customer service staff and drivers are able to solve them.

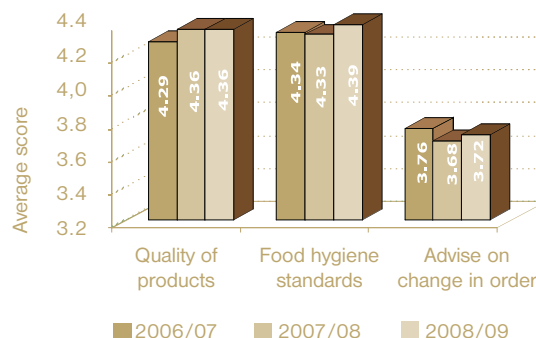
All the customer survey feedback is interrogated thoroughly, to identify any areas for improvement. Action plans are then generated at depot and department level to address any issues or opportunities highlighted.

Direct customer feedback

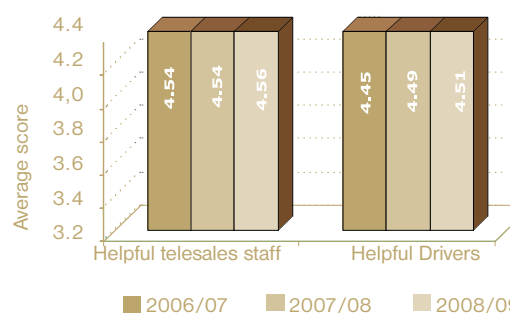
In addition to our annual survey, we also undertake specific research projects periodically, where we appoint a specialist external agency to interview current, lapsed and potential customers across a variety of subjects. This qualitative approach provides us with in depth customer views across a wide audience level, from site chefs to multi site national account operations directors.

We also gain a huge amount of feedback from our frequent and daily interaction with our current customers, via our drivers, telesales, field sales, customer service and advice centre teams.

Customer survey



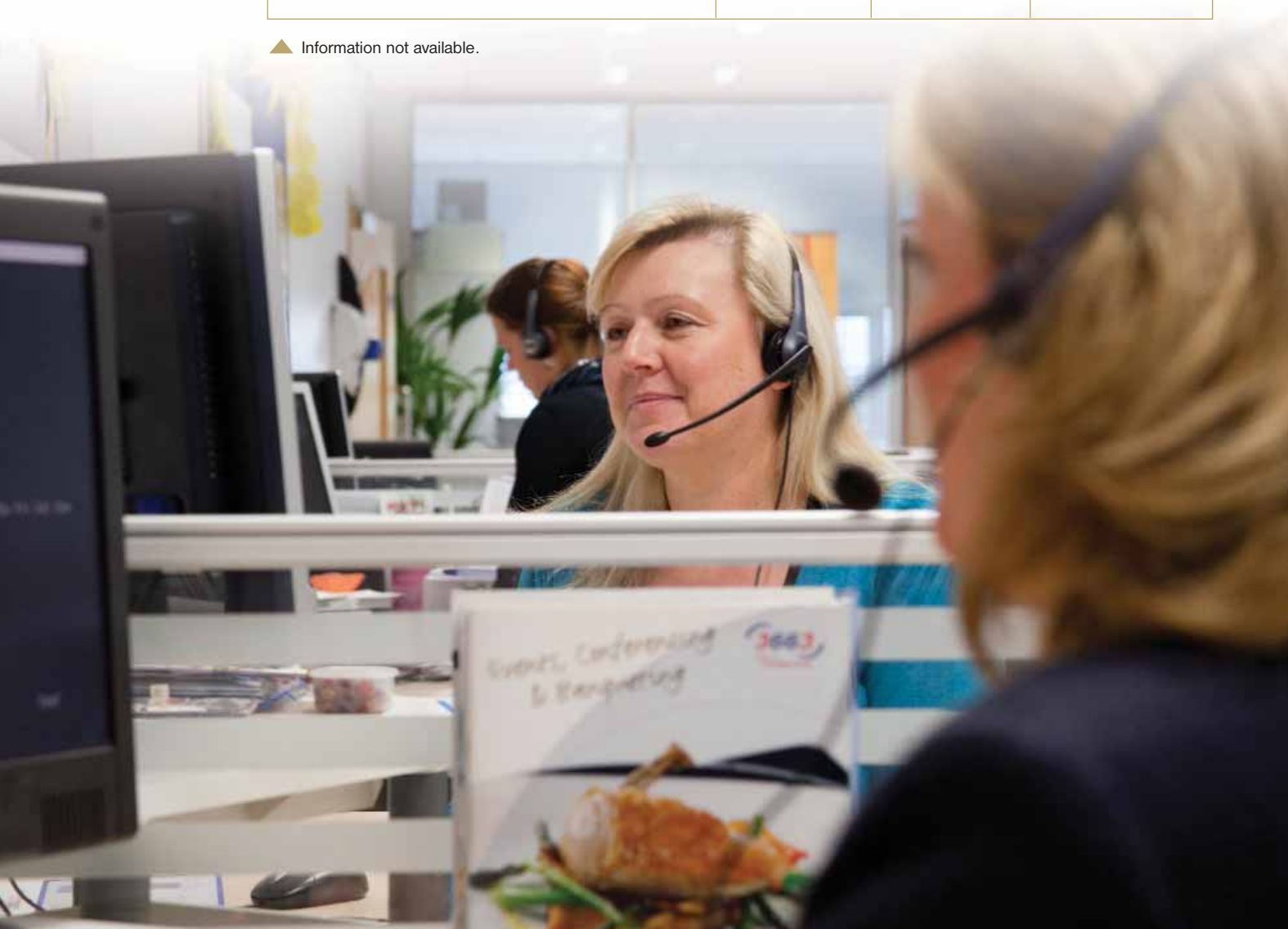
Customer survey



Our People

Key Performance Indicators Our People	2006/07	2007/08	2008/09
Number of employees	6,209	5,951	5,471
Percentage of female employees at management grades	36.40%	32.40%	36.9%
Total training spend	£636,100	£594,158	£547,966
Average training hours per employee	10.09	14.38	11.23
Employee absence	2.9%	4.01%	3.92%
Employee turnover	25.7%	20.86%	20.60%
Employee engagement (internal measure)	▲	58.60%	57.10%
Employee engagement (external measure) target 659.9	664.4	642.9	658.3
Customer satisfaction	4.16	4.16	4.21
Customer complaints per million cases sold	117	95	101
Accidents leading to over 3 lost working days	324	282	228
Work-related fatalities	0	0	0
Blameworthy road traffic accidents / 100000km	10.9	10.0	10.6

▲ Information not available.



2010 Objectives Our People	Commitments
Improve employee engagement and satisfaction scores	Define a clear company vision and communicate throughout the business along with redefined values and ethics policy
	Implement people promises in line with the key drivers of engagement, putting monitoring processes in place
	Implement a streamlined appraisal and personal development plan process and monitor use and impact
	Undertake correlation work on internal & external employee surveys with both productivity and profitability.
	Identify the weakest areas of 8 key engagement drivers through surveys and put improvement plans in place
	Create robust tools for inclusive and 2 way communication including an intranet
	Review the employee consultation process with communication champions to increase the value of the role and opportunity to contribute
	Continue to develop the role of sustainability co-ordinator, to focus on innovation and cascade of the sustainability message across the business
	Promote more actively the employee benefits package and research benefits which could support our sustainability agenda further
	Include sustainability and continuous improvement as competencies in recruitment and development
Reduce employee absence	Continue to implement the new Attendance Management Policy and provide absence monitoring reports
	Implement and embed new performance management processes
Reduce health & safety risk exposure	Put processes in place to aim for the externally accredited Occupational Health and Safety Management System – BS OHSAS 18001
Maintain levels of training per employee	Implement Diversity training for leaders and senior managers. Continue this training for other line managers
Improve customer satisfaction results	Cascade best practise in areas where customer focus excels Understand in more detail the factors that influence customer complaints



Our certification

3663's Environmental Management System was first certified to ISO 14001 in 2003, since when continual environmental improvements have maintained this standard. We have audited a greater number of sites than is mandatory with around 50% of the business checked annually to confirm our continued compliance.

Transportation

Transport is the biggest user of energy within 3663 operations. Cutting carbon emissions in industry is essential to contribute to the government's overall target of an 80% reduction by 2050.

Biofuel

Since 2006, 3663 has been increasing the proportion of bio-fuel used in the fleet. 3663 began by using a standard bio-fuel product, but in 2007, concerned by the "food versus fuel" debate associated with using virgin palm oil, (which includes the destruction of rainforests, and diverting agricultural land away from food production) we pioneered trials to use recycled waste vegetable oil as a more sustainable bio-fuel. Working with partners Arrow for the collection and processing of the waste oil and Convert2Green for conversion of the oil into useable bio-diesel, this successful initiative was extended across the company.

The waste oil is collected from existing suppliers and customers, keeping the initiative within the 3663 supply chain. Whilst we still utilise a standard bio-diesel mix, the scheme to recycle bio-fuel from waste cooking oil currently supplies over 700 trucks in the fleet.

We have increased the quantity of bio-diesel produced from waste cooking oil this year by 40% to an end of year total of 2.8 million litres, which equates to a saving of around 6300 tonnes of CO2 compared with standard diesel.

3663 were proud to host a visit by Alison McInnes, member of Scottish Parliament and Liberal Democrat Transport spokesperson, who came to see first hand, the waste oil recycling scheme in action.

Alison was impressed by the virtuous circle we have in place within our supply chain.

Alison McInnes Member of Scottish Parliament and Liberal Democrat Transport spokesperson said

"The work 3663 and Convert2Green are doing to lessen the environmental impact of their fleet is a shining example of best practice. Rather than taking away from food production, the process they use is entirely self renewing. Having seen the benefits of such a process, I would like to see it replicated as far and wide as possible."

Standard bio-fuel purchased during the year from sources other than waste cooking oil have exceeded the governments' requirement under the 'Renewable Transport Fuels Obligation' legislation, averaging in excess of 4%

We have made considerable progress in establishing our recycling process, and we are now looking to have our performance verified externally according to the ISO 14064 standard. We hope to provide further details of our improvements in this area in our next report.

Telematics

We have recently installed telematics to 32% (over 340) of our fleet which will further improve our levels of customer service. The benefits of the telematics system include:

- Automatic route updates to provide customers with a constant update on delivery time.
- Notification of any deviation from routes, unscheduled stops or missed drops, giving us the ability to manage and minimise these occurrences.
- Vehicle tracking, giving us the ability to locate the nearest vehicle if emergency deliveries are required.
- Produces KPI reports including idling time, speeding occasions, harsh braking and CO2 emissions for us to reduce environmental impact.
- Produces traffic reports and can forward plan alternative routes.
- Creates Geofences – locations around a customer drop where vehicles can stop without being issued a penalty charge notice.
- Route planning to create shortest journeys, reduce mileage and driver stress
- Image capture, which may be useful for evidence in case of accidents.

It is early days in the implementation of this software, and we hope to provide details of a impact achieved through this initiative in the next report.



Our Environment

Vehicle refrigeration

To allow us to meet customer's needs for multi temperature food delivery via a 'one stop shop' we have investigated the most environmentally friendly way to configure the vehicles refrigeration systems. Vehicles are now fitted with two or three individually-controlled longitudinal lanes or a partition system which can be used to divide the unit into at least 18 different configurations. We have also invested in environmentally friendly transport refrigeration units for the fleet and have purchased 1023 units including the Frigoblock FK25 and Govet Mach 75. Both these type of transport refrigeration unit negate the need for an additional auxiliary diesel engine to power the refrigeration system because they are powered by the truck engine itself.

The new refrigeration units reduce noise, particulate matter (PM) and NOX emissions, along with a reduction in carbon emissions associated with refrigeration. These all electric units are powered from the efficient truck engines that conform to Euro emission levels. They are specifically designed to reduce energy consumption and utilise many energy saving features.

The refrigeration systems themselves are amongst the most powerful on the market, helping us guarantee our product quality and temperature integrity. We have estimated that the running of the units only increases the vehicle engines fuel consumption 12% and 6% respectively, with total fuel consumption reducing as the need for the additional auxiliary diesel engine has been removed.

As an added benefit, these refrigeration units require less maintenance than standard units resulting in additional savings to support the capital invested.

We estimate that the annual fuel reduction attributable to the new refrigeration units has provided a saving of approximately **123,000 litres** of diesel per week.

This equates annually to 6.4 million litres of diesel and reduced emissions of approximately 16,800 tonnes of CO₂

Reducing road miles

We work closely with our customers on an on going basis to ensure our deliveries and route planning are as efficient as possible, and reduce the hours our customers need to set aside for the checking in of deliveries. We measure our road miles as a ratio to the number of items delivered, and though this year has been challenging, we have managed to maintain a 0.51km travelled per item rate, even though we have seen increased customer numbers with smaller drop sizes. The total quantity of fuel used this year has decreased by 2.5%, equating to an estimated reduction in carbon emissions of 1,715 tonnes.

Projected annual CO₂
saving from improved
refrigeration units
16,800 tonnes



Warehouse build specifications

We update our environmental specifications on an ongoing basis to ensure that for any new build or site maintenance we can include environmental features and deliver as much resource and energy efficiency as possible.

A new site at Paddock Wood in Kent which was constructed this year and opened in August 2009 has the following sustainable attributes:-

- High efficiency lighting fitted with movement detectors which switch on only when staff are working below.
- Roof lights which will provide 60% of daylight within the warehouse with sensors that will switch lights off completely when sufficient daylight is available.
- Solar power panels to pre-heat hot water for office requirements.
- Photovoltaic panels to provide some of the electricity for battery charging.
- Sun pipes which will bring daylight (without heat) into the top floor offices.
- Acoustic screening
- Rainwater harvesting for use in office toilets and vehicle wash facilities.
- 13% of electricity generated from on-site renewables.
- All grid electricity is supplied from renewable sources (biomass, hydropower, landfill gas, solar wave and tidal power).

In addition 20,000 tonnes of existing, on-site concrete material has been used in the sub-base below the floor and car park, and the car park was surfaced with recycled aggregates.

Greener warehouse refrigeration

We have implemented ammonia based refrigeration in our newest sites and none of the major refrigeration systems used at the depots contain CFCs.

New refrigeration plants have heat recovery components to capture the waste heat that is a by-product of the refrigeration system. It is then used to heat the glycol mats that prevent the ground under the floors from freezing. We have heat recovery units installed in seven depots.



Rainwater harvesting

Rainwater harvesting is currently in place in 3 depots and is included in the design specification of all new depots. Rainwater is harvested from the roof drainage and subsequently used to wash the vehicle fleet. This significantly reduces the need to draw on mains treated drinking water. A further 3 depots are equipped with water recycling facilities to assist with vehicle washing. It is estimated that as a result of rainwater harvesting and recycling we have reduced our mains water consumption by **6.9 million** litres this year.

Energy efficiency

Though our use of gas is minimal, we have seen a **12%** reduction this year, along side a **4.4%** reduction in our electricity consumption. Some of these reductions will be accounted for by depot closures that have occurred in the later part of the trading period. We hope to maintain our energy consumption in line with our customer demand for future years. We estimate our reduction in electricity to equate to a 248 tonne reduction in carbon emissions.

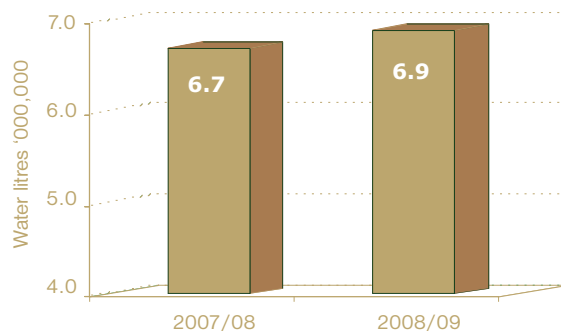
This year we have changed the supplier for our grid electricity, and now **96.7%** (up from 0.7% last year) comes from renewable sources, which can include biomass, hydropower, landfill gas, solar wave and tidal power.

Waste management

3663 have recycling policies that are in effect across every depot and office site. We now have robust methods for collection of data on our recycling of both cardboard and plastic via a period return document. This enables us to capture the data centrally and monitor trends. From this information we can show how we have successfully recycled 1271 tonnes of cardboard and plastic, across all sites this year. Whilst this figure is a reduction on last year, the total volume of packaging we have handled this year will also have reduced in line with our customers reduced drop sizes.

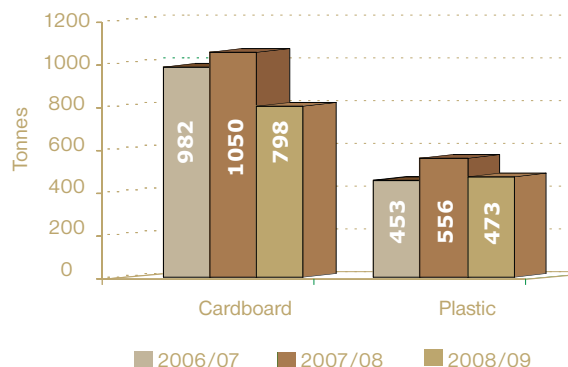
Over a third of our depots have machines installed to bale cardboard and plastic pallet wrap, and we also recycle many other materials where data is not universally recorded such as aluminium cans, postage stamps, printer cartridges and paper. The local adoption of our sustainability policy is clearly evident in this area with many schemes in place, such as the 'one cup a day' idea where employees use one cup for their water from the water cooler per day, to the donating of possible waste food to local zoos as animal feed, reducing the waste sent to landfill.

Quantity of water harvested and recycled



96.7% of our electricity is now from renewable sources

Recycled cardboard and plastic



Printing and marketing collateral

We require all our print partners to meet the following standards:-

- UKAS Quality Endorsed Company ISO 9001
- UKAS Environmental Management ISO 14001
- PEFC Programme for the Endorsement of Forest Certification FSC Forest Stewardship Council

Paper used for brochures and pricelists is FSC accredited so will be a mix of 50% recycled and 50% from sustainably managed forests and will be chlorine free. We no longer use spot UV or gloss laminate, and have replaced this with recyclable silk laminate to ensure that all of our brochures are now fully recyclable. In addition, the ink used is now a combination of vegetable and water based inks rather than mineral oil based products.

In addition to improving the sustainability of our print, we have also focused on reducing the quantity of printed material produced. By increasing our use of on-line media and de-duplicating mailing lists, we have succeeded in making savings in excess of the equivalent of 17 million A4 pieces of paper a year from this activity. We have also reduced the amount of paper used within the business by over 1.5 million sheets in the 5 month period ending May 2009, compared to the same period last year.

Packaging

We are committed to the tracking of packaging material used in our business in order to understand the packaging we are entering into the food distribution chain and minimising our packaging waste. We have been working on a long term basis to reduce the weight of our outer case packaging on our own label products which we have now stabilised at an average of 231.6g per case which is approximately 5.7% less than that measured across total products sold by or distributed by 3663.

Our objective will now be to maintain this packaging weight, as our experience tells that further reductions would be likely to render the packaging too weak and lead to potential increases in stock damage.

We have also been increasing the amount of recyclable packaging across our own brand range, and now 97% of all outer packaging and 75% of primary packaging carries the eco labelling symbol.

Footnote

CO2 emission factors are taken from 2 sources:- 12009 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting 2Based on Renewable Fuels Agency default values, used where factors are not available in 1.

Electricity - 0.54055 kg CO2 per kWh1
 Gas - 0.18358 kg CO2 per kWh1
 Diesel - 0.26391 kg CO2 per litre1
 LPG - 1.4951 kg CO2 per litre1
 Petrol - 2.3035 kg CO2 per litre1
 95/5% Diesel - 1.773 kg CO2 per litre2, for the 5% bio-diesel proportion
 Bio-diesel derived from waste cooking oil - 0.419 kg CO2 per litre2

Packaging regulations

We also monitor our packaging to meet our obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations. 3663 are a full member of the compliance scheme run by Veolia Environmental Services. For the calendar year 2008, our producer obligation was over 23,000 tonnes which through the Veolia scheme has been discharged by the purchase of the required PRNs (packaging recovery notes) to indicate that materials to that level have been recycled.

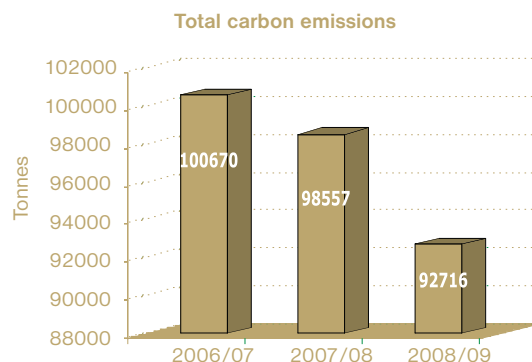
For own brand products the suppliers have to comply additionally with the Essential Requirements which state that the minimum amount of packaging should be used to ensure that the product reaches the final customer in a good condition.

Carbon emissions

Whilst previously included as part of the Bidvest parent company submission, this year 3663 have submitted directly to the Carbon Disclosure Project.

It is understood this year's submission will be publicly available from January 2010. A summary of the emissions is provided in the KPI table.

These figures indicate we have seen a reduction in our carbon emissions of 6% in the last year.



Key Performance Indicators, Our Environment	2006/07	2007/08	2008/09
CO2 emissions direct tonnes (scope 1)	64053	59825	55728
CO2 emissions indirect tonnes (scope 2)	36617	38732	36988
Total diesel usage (litres '000,000)	24.3	24.1	23.5
Percentage of diesel used which contains biodiesel	57%	61%	77%
Km travelled per item ('000)	0.50	0.50	0.51
Diesel litres per item delivered	0.14	0.14	0.14
Total mains water consumption (litres'000,000) ¹	▲	94.1	111.7
Vehicle wash water recycled (litres '000,000) ²	▲	3.4	3.6
Vehicle wash water harvested (litres '000,000) ²	▲	3.3	3.3
Total electricity usage (KWh '000,000) ³	▲	71.6	68.4
Total gas usage (Kwh '000,000)	1.5	3.5	3.1
Electricity -renewable sources (KWh '000,000)	▲	0.5	66.7
Average packaging weight own brand products gms	▲	233	231.6
Percentage of own label primary packaging with eco labels	60.4	66.4	75
Percentage of own label secondary packaging with eco labels	95.8	96.2	97
Cardboard recycling (tonnes)	981	1050	798
Plastic Recycling (tonnes)	452	556	473

▲ Information not available.

1 Estimated water consumption accounts for around 30% of the total, those estimates based on sites of similar size where metering is present

2 Calculations based on guidelines from the manufacturer of our rainwater harvesting equipment and the frequency of our vehicle washing.

3 Estimated electricity consumption accounts for less than 5% of the total, those estimates based on sites of similar size where metering is present

Scope 1: direct emissions are those from activities owned or controlled by the company that release emissions straight into the atmosphere

Scope 2: indirect emissions are those being released into the atmosphere associated with the company's consumption of purchased electricity,

Our Environment

2010 Objectives Our Environment	Commitments
Maintain the quantity of recycled bio-diesel produced	Create campaigns to target specific customer and supplier groups for waste oil collection
Increase the proportion of bio-diesel to total diesel used.	Increase the bio-diesel mix from 30% to 50%
Reduce Km travelled per item	Work with customers and investigate the potential use of back haul or consolidated deliveries to reduce miles travelled
Improve energy efficiency where possible	Implement environmentally improved building specifications where investment available. Share best practise from sites making efficiencies in energy use.
Monitor the quantity of waste being sent to landfill	Put processes in place to collect waste information in order to be able to set future reduction targets
Maintain the quantity of energy obtained from renewable sources at over 90%	Maintain use of alternative and renewable energy sources, including solar & wind power.
Increase the ratio of recycled paper purchased to virgin paper	Look into utilising recycled paper as the first choice for all printing and stationary requirements
Reduce energy consumption by office copiers, printers and fax machines	Look at replacing existing single devices with multi functional devices as they come up for renewal.
Continue reduction in weight of own brand packaging where feasible	Look into opportunities to switch from re-sealable tubs to plastic bags, and from pre-printed bleached white boxes to brown cardboard boxes with white labels, which will also reduce the amount of ink required



Our suppliers

3663 has an ethical trading policy where all suppliers are expected to apply the principles of the ethical trading initiative base code which are as follows:

- employment is freely chosen
- freedom of association and the right to collective bargaining is respected
- working conditions are safe and hygienic
- child labour shall not be used
- living wages are paid
- working hours are not excessive
- no discrimination is practiced
- regular employment is provided
- no harsh or inhumane treatment is allowed

Supplier environmental performance improvement scheme

Since 2004, 3663 have been working with our own brand suppliers to provide support and guidance to help them improve their environmental performance and support them in the reduction of their environmental impacts.

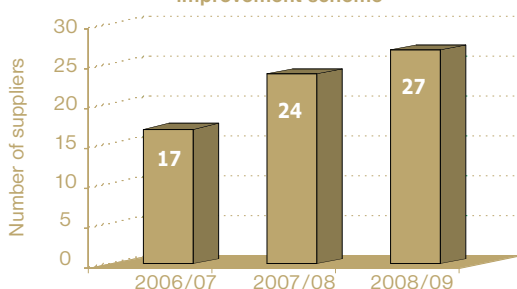
A 'Supplier Environmental Performance Questionnaire' is issued annually to these suppliers and this allows us to monitor environmental improvements within our supply chain and assess where progress is needed. This year, 63% of suppliers completed the questionnaire, an increase of 8% on last year. Support to achieve these improvements is then offered through the Supplier Environmental Performance Improvement (SEPI) Scheme.

Participation in the scheme is voluntary, and appears to most benefit the small to medium sized businesses (fewer than 250 employees) that perhaps have least awareness of environmental legislation and the process for managing their environmental risk.

Suppliers enrolled in the SEPI scheme score higher on average than other own label suppliers in the legal compliance section of the questionnaire, with an average score of 92% versus 83%. This provides an indication that the scheme is helping these suppliers with their awareness and activity for legal compliance, and as such, is supporting the sustainability of our supply chain.

It is also encouraging that over half the suppliers that have a graded level through the scheme have made progress to improve this level since their joining of the scheme. 27 own brand suppliers have now registered over the life time of the scheme which takes us well on our way to creating an environmentally aware private label supplier network, supported by ISO 14001 or EMAS.

Supplier environmental performance improvement scheme



Positive steps - own label product reformulation



3663 launched the 'Positive Steps' campaign in 2005 as a healthier eating campaign and ongoing initiative to meet the changing consumer demands for healthy options. The programme started ahead of legislative requirements and initially over 300 own label products were reformulated to reduce salt levels without compromising taste or quality. The work contributed to the FSA's campaign to encourage consumers to reduce salt intake, linked to blood pressure and heart disease. Currently over 73% of all 3663 "Chef's Smart Choice" range meet the 2010 FSA salt targets, with the remainder progressing towards the target for reformulation by the 2010 deadline. We have seen some great successes in our salt reduction programme, where lines were reformulated these average reductions were achieved:- 15% in sausages, 18% in bacon, 33% in ready meals and 25% in desserts. In addition, we have several lines that meet the even more stringent 'target nutrient school' (TNS) standards.



Our Products

Following new European regulations on health and nutrition in July 2007 we had to revise our definitions for the 'positive steps' products, which has been expanded to consider levels of sugar and fat as well as salt. In addition to the Government requirements we have begun to address other issues of concern to our customers such as hydrogenated fats, artificial colours and monosodium glutamate.

We are 80% complete in our programme to remove hydrogenated fats, and have completed the programme to remove all artificial colours (as identified by the F S A 'Southampton' report) from the 17 affected lines. Further to this, we have also removed monosodium glutamate from all but one line, which is currently in development.

All Positive Steps Products are:-

- fat free, low fat or reduced fat and in addition will be either:
- sugar free, low sugar or reduced sugar - or:
- sodium free, low sodium or reduced sodium

You can also be sure that there will be no more than moderate levels of the third nutrient (sugar or sodium)

We have seen a great deal of increased demand from our customers for detailed product information, from nutritional content to product sourcing and origin. We can now offer customers detailed micronutrient information on all our own label lines including vitamin levels, additives and allergens.

Healthy products

In addition to modifying our own label products, we work with our supply partners on an ongoing basis to bring their products to market, and focus on ranges that have a nutritional benefit or are free from artificial flavourings, colours, preservatives and HVOs.

We also stock a range of products specifically developed to meet the school food standards.

We maintain our extensive ranges of fresh chicken, meat and fish cuts, along with our broad range of fresh fruit and vegetables, providing natural ingredients for customers to prepare fresh healthy food to meet the needs of all consumer groups.

In addition we carry many nutritious and healthy frozen lines such as non coated fish, meat, chicken and quick frozen vegetables.

Local sourcing

In 2005, our local sourcing campaign was launched to satisfy the growing customer and consumer demand for provenance and locally sourced products. Ten local product regions were identified with regional authorities and food groups. Local supply routes were set up to provide local producers with easier access to the foodservice sector through our regional depots.

Locally sourced products



The journey towards nationwide coverage has continued with local ranges now in place across Wales, North Wales, East Anglia, Scotland, South West and Yorkshire.

We currently have half of these local regions established supplying more than 559 locally sourced products from 82 local suppliers. Great care is taken to be flexible and supportive with local suppliers, respecting their independence and concerns, the need for a reasonable return and prompt payment.

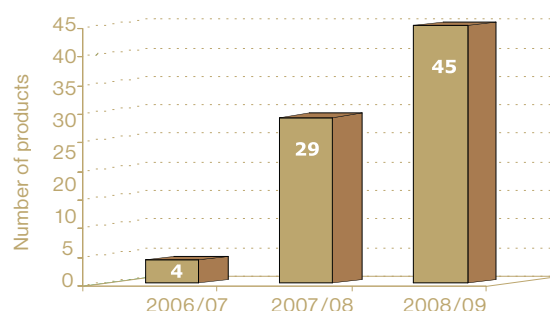
Accredited and assured food ranges

Ethical and fair trade products



3663 sells a range of over 40 Fair Trade or sustainably developed products including 'One Water', where all profits go to build water pumps in Southern Africa.

Ethical products stocked



Our Products

Marine Stewardship Council's for fish

3663 have been certified to the Marine Stewardship Council's (MSC) Chain of Custody standard and now offer a range of over 39 fish products bearing the prestigious MSC eco-label. The range of sustainable fish will continue to be developed on an ongoing basis.



Red Tractor Farm Assured

3663 are able to supply a range of British Red Tractor Assured products including, lamb, beef, pork, cheese and potato products.



Non food lines

Where possible we also look for sustainable credentials in our non food lines and supply a range including recycled hand towels, recycled toilet tissue, recyclable disposable cups and food packaging and compostable food containers in the 'Bio ware' range.

Energy saving design and layout of kitchens, coupled with energy efficient catering equipment can help customers who need to reduce operational costs. 3663 offer models of cookers, dishwashers and refrigerators that deliver significant reductions in water and energy consumption.



Our Products

Customer complaints

Customer health and safety is paramount to 3663. Dedicated quality assurance and HACCP trained employees rigorously ensure food quality and safety standards are met. Key customers conduct periodic food quality audits. Customer complaints are monitored and corrective actions instigated with suppliers where necessary.

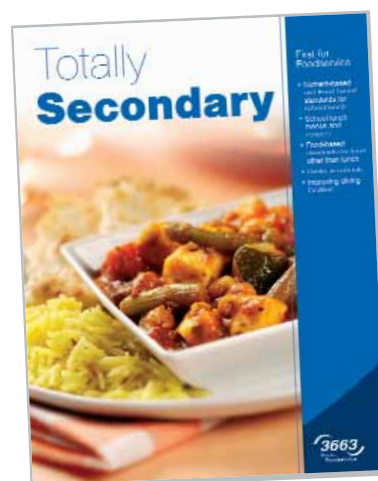
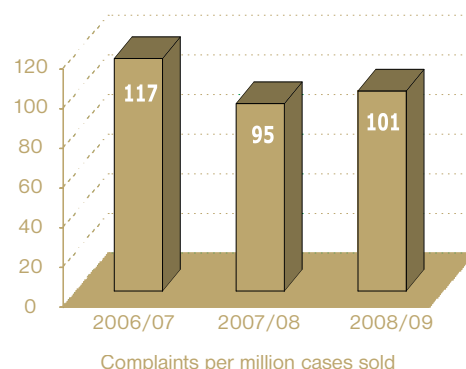
Customer support

Our advice centre provides customers and consumers with practical help over a broad range of topics from recycling of waste cooking oil to special dietary requirements. The advice centre is an immediate resource that is used by hundreds of customers and consumers on a daily basis. In 2008, we produced a number of new fact sheets, the latest of which added by the centre in response to customer need is on saturated fat and covers the health issues of consuming too much saturated fat and what to look for on food labelling. Further detailed guidelines have also been produced for school caterers on how to meet the government's food-based standards for lunch and break-times which we have supported with a comprehensive list of around 3000 products which meet these standards. In addition, we have compiled a balanced 3 week 'scratch cook' menu plan which takes the nutritional guess work out for our customers. September 2009 brings further legislation for Secondary Schools and we have created two brochures to help school caterers make the most of the school meal opportunity and meet the key nutritional guidelines

Within the healthcare industry healthier eating involves providing improved nutrition.

To support this sector we have produced a detailed brochure called "Catering with Care" which addresses the broad range of issues within food production and service across a wide range of therapeutic and cultural dietary needs.

Customer product complaints



Our Products



Training and education

Education sessions and workshops have been run in the healthcare sector to provide chefs and catering managers with practical support on feeding, dietary requirements and malnutrition.

Menu planning

3663 have supported many customers in developing new and 'auditing' of existing menus utilising complex menu planning software that holds nutritional attributes. These have included menus to meet government standards for education and 'credit crunch' menus for pubs.

Development chefs

3663 have a team of talented chefs that work closely with different customer groups from independent pubs to National restaurant chains and provide a service that can include product sourcing, full menu selection, dish presentation, menu presentation, specifications & training, dish costings, margin calculations, kitchen equipment recommendations and kitchen planning.

Marketing tools

3663 have worked with many customers to provide marketing support, from menu design, dish positioning and promotions, to merchandising, food presentation and service.

Communication

We utilise our positive steps logo and our 'foot step' symbols to highlight our positive steps products within our brochures and pricelists. We have a policy of providing clear and honest labelling on our packaging with easy to understand nutritional information.

To support the Food Standards Agency initiative for caterers to add calorie information for dishes on their menus, we now have calorie content per 100g published on all our own brand lines.

Key Performance Indicators Our Products	2006/07	2007/08	2008/09
S E P I Scheme	17	24	27
Reformulation of own brand products*	69	229	348
Local suppliers	61	83	82
Locally sourced products	474	560	559
Ethical Food Products, Fair Trade	4	29	45

*cumulative product modifications within the specified time period



Our Products

2010 Objectives Our Products	Commitments
Complete the reformulation of own label product levels of fat, salt and sugar.	Communicate the reformulation work to the Food Standards Agency for publication on the FSA website
Complete the removal of designated additives and colours from own label product ranges	Look at sales data of reformulated products to check consumption in addition to supply levels
	Communicate the reformulation work in brochures and pricelists
Extend the range of local suppliers and local products with an ultimate aim of UK coverage	Produce regional product brochures and communicate to customers
Extend the range of healthier, innovative and nutritious products from other suppliers	Communicate the ranges in brochures and pricelists
Extend the range of accredited and assured foods to meet customer demand	Communicate the ranges in brochures and pricelists
Extend the range of sustainable non food lines where possible	Communicate the ranges in brochures and pricelists



Our 2009 Awards



The Sunday Times
Top 20 Big Companies
to Work for



Grocer Gold
Best Green
Wholesaler of
the Year



Motor Transport
Awards "Urban
Delivery
Operation of the
year



GRI Index

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SHORT FORM
ASSURANCE STATEMENT

SGS UNITED KINGDOM LTD'S SHORT FORM REPORT ON THE 3663 FIRST FOR FOODSERVICE SUSTAINABILITY REPORT 2008 / 2009

SGS United Kingdom Ltd was commissioned by 3663 First for Foodservice (3663) to conduct an independent assurance of the Sustainability Report 2008 / 2009, which comprised an evaluation of the text, and data in accompanying tables for content veracity and application of Global Reporting Initiative Guidelines (2006). The assurance included interviews and review of documents and records at 3663 facilities in High Wycombe, Nottingham and Bristol.

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the 3663 First for Foodservice Sustainability Report 2008 / 2009 verified is reliable and provides a fair and balanced representation of their sustainability activities in the reporting period.

In our opinion, the 3663 First for Foodservice Sustainability Report 2008 / 2009 meets the content and quality requirements of the Global Reporting Initiative G3 Version 3.0 Application Level C+ and our full Assurance Statement includes comments on the application of GRI Principles.

The full Assurance Statement is available at www.3663.co.uk

Signed:
For and on behalf of SGS United Kingdom Ltd



Jim Weaver
UK Systems and Services Certification Business Manager
21 October 2009

www.sgs.com



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Report Feedback

We hope this report will be of interest to our customers, employees, suppliers, business partners, communities, our industry and relevant government bodies.

If there are any areas of content or presentation that you think could be improved upon, we would openly welcome your feedback. Please contact us via lidziahill@3663.co.uk quoting 'Sustainability Report Feedback' in the subject line.