

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

SALMON FARMING IN SCOTLAND

SUBMISSION FROM MARKS AND SPENCER PLC

Introduction

Marks and Spencer (M&S) is a leading international, multichannel retailer selling a wide range of high-quality food, clothing and home products. We operate in more than 50 countries and employ approximately 85,000 people worldwide.

We opened our first Scottish store in Glasgow in 1919 and now operate more than 70 stores in Scotland, employing around 6,500 people and serving nearly two million Scottish customers each week.

Scotland is a vital source of innovative and high-quality food for M&S and we have a long-standing commitment to sourcing Scottish produce. Over 2,500 M&S products are made from raw materials sourced from Scottish producers and we estimate that we procure approximately £300m worth of products and raw materials from Scottish farmers and suppliers each year.

Scotland is a key supplier of beef, dairy products, seafood and root vegetables, sourced for sale not just throughout stores in the UK, but for export to the EU and around the world.

Our reputation for quality, innovation and sustainability is built on excellent, long-term relationships with businesses in our supply chain. We buy products from more than 40 food suppliers based in Scotland, who between them are buying from some 3,000 farms in Scotland, all of which are audited to M&S Select Farm Standards.

In addition, we are committed to the highest standards of product labelling and marketing, because the integrity of M&S food remains an important part of our relationship with customers. Our product labelling highlights where M&S food is produced, including country of origin information and use of the Saltire on our product labels in Scotland where this is appropriate. This approach helps our customers to make more informed and local choices about the products they choose to purchase either in M&S stores or online.

As a responsible retailer, M&S is also passionately committed to supporting the local communities within which we operate. This means we are committed to sourcing ethically and responsibly and working in close partnership with our suppliers to make sure they promote decent working conditions, high animal welfare standards and improved sustainability across the supply base.

Our responsible sourcing policies are summarised on our Plan A website here:
<https://corporate.marksandspencer.com/plan-a>

Furthermore, M&S has a Seafood Sourcing Policy covering wild caught and farmed fish and shellfish for several years, the latest version of which was published in 2016.

The purpose of the policy is to ensure that all M&S finished products containing fish or shellfish, whether wild-caught or farmed, have been produced using seafood raw materials and ingredients sourced from fisheries and farms that are in line with our requirements, thereby ensuring that the products on our shelves pose no integrity risk to our customers or to the M&S brand.

M&S commitment to Scottish farmed salmon

Farmed salmon is our most important seafood raw material by both volume and value. We use approx. 10,000 tonnes per annum of whole, conventionally farmed salmon, 100% of which is produced in Scotland, which makes us a significant procurer of Scottish farmed salmon.

In 2006, we launched 'Lochmuir' - our Code of Practice for the farming of salmon that is unique to M&S and which we developed with our single conventionally-farmed salmon supplier, Scottish Sea Farms.

Lochmuir has become a signature brand for M&S because it is trusted by customers and is associated with high quality and great taste and we use Lochmuir salmon in all our products containing salmon, excluding organic salmon lines.

The Lochmuir Code of Practice, which is regularly reviewed to ensure that it's challenging in terms of industry best practice, is particularly designed to ensure:

- Feed ingredient traceability and third-party verification of marine ingredient sustainability criteria
- High fish welfare standards
- Visibility of and reduction in medicine and antibiotic use
- Community engagement and support
- People and young people skills training and development
- Continuous innovation
- Through partnership with SSF, an ability for us to respond collectively to challenges, by firstly understanding problems that arise, then developing, investing in and implementing solutions that help us to shape the future of the Lochmuir Code of Practice.

We are proud of Lochmuir salmon because it has become an iconic product and a great success story for M&S. Our customers tell us it's a great eating experience, gaining their trust through its high quality, sustainability credentials, Scottish provenance and UK sourcing.

The high specification and unique-to-the-market salmon product that Lochmuir is also brings tangible health benefits to customers.

We use a single quality salmon raw material across all our products, which means it also has a very high level of food safety and is fully traceable from feed raw materials through hatchery to plate.

By sourcing Scottish salmon, we also help to create jobs in rural communities where employment opportunities can be less readily available.

Industry risks and challenges

However, we are cognisant of current and future risks and challenges to the Scottish salmon farming industry. For example, the Scottish Parliament Information Centre recently commissioned SAMS Marine Laboratory to undertake a review of the environmental impacts of salmon farming in Scotland. The SAMS report focuses on the following key environmental impact areas, all of which are areas of ongoing concern:

- Sealice
- Diseases
- Organic waste
- Eutrophication
- Medicines and chemicals use
- Escapes
- Feed sustainability (especially marine ingredients)
- Predator control
- Wrasse / Lumpsuckers (especially sustainable production and their welfare).

In our Lochmuir Code of Practice, we have endeavoured to mitigate these environmental risks and challenges, where possible. We do this by building in high standards of fish welfare, environmental and other good management practices into the Code of Practice. However, most of the issues are bigger than our supply chain and require solutions at a national level as well as significant investment from the sector itself. The Scottish Aquaculture Innovation Centre (SAIC) is helping on the innovation front.

We are also concerned about how contentious the issues in Scottish salmon farming are and how polarised and vocal the stakeholder debate has become. Negative publicity like we have seen in recent months could undermine consumer confidence in Scottish salmon over the medium term and risks undermining business and investor confidence too. It is our view that the future success of the industry is dependent on a positive public perception, so there may be a role for the Scottish Government acting as a convenor of stakeholders to help develop lasting solutions to secure the future sustainable development of the industry in Scotland.

More broadly, we are concerned about the impacts of climate change and what these may mean for the future of Scottish salmon. Further research is required and all stakeholders need to be thoroughly versed in understanding the potential risks of climate change and working on solutions as part of any roadmap for the future development of salmon farming industry in Scotland.

Furthermore, the weakness of sterling in the past year has helped to drive up the price of Scottish salmon for UK consumers because exports have become more attractive to farmers. We must however be conscious of the industry remaining price competitive so that it satisfies the demand for salmon products from UK customers.

Scottish salmon farming has won numerous awards for its quality and taste and therefore commands a premium price, but it is important that Scottish salmon remains competitively priced to salmon produced in other regions. We are also

concerned about the lack of efficiency of some production sites in Scotland, often driven by their small scale and their inability to expand.

It is already the case that Scottish salmon farming operates in a strict regulatory environment, with very stringent governance and planning processes, which means that compliance can be expensive, time-consuming and at times onerous for farmers. Therefore, we need to ensure there is an appropriate balance found between maintaining strong regulation in Scotland whilst not stifling industry investment and innovation in the salmon aquaculture sector, which might risk the industry falling behind its salmon competitors such as Norway and Chile.

To this end, we wonder whether a review of the planning and farming consent process could be undertaken, to determine the potential to improve efficiencies and costs of production in Scotland, as this might help Scottish salmon farmers to be more globally competitive in the future.

Marks and Spencer
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