Food safety, integrity and animal welfare challenges for M&S protein supply

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M&S
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Some context...the grocery retail market

• Food retail very competitive
• Growth in discounters continues
• Big four struggling to maintain market share and profits are under huge pressure
• Retail food prices under pressure
• Customers seeking value
Other market factors

• Commodity price volatility likely to impact security of supply.
• Increasing pressure from climate disruption, resource utilisation, NGO activity, etc. will make food production more difficult.
• Increased population will drive demand, particularly in emerging markets.
  - China already consumes a third of all the world’s soya and half of world’s metal – huge resource issue in the future.
• ‘Perfect storm’ will make food security for retailers more of an issue.

It’s tough out there...
Who we are

- 900+ UK stores
- 480 international stores (230 Food)
- 32 Countries
- Around 33 million customers purchase from us each week
Who we are

• Established 129 years

• Grown from single market stall to international multi-channel retailer

• Employ 85,000 people

• Split 52% food and 48% general merchandise (clothing, homeware)
Who we are

- Revenue £10.4bn
- Food revenue £5.4bn
- Group profit before tax £483m

- One of the most trusted brands in the UK and beyond...
Our values

- **Inspiration**: We will engage, excite and inspire our customers.
- **In Touch**: We will create a deeper connection with our suppliers, our customers and their communities.
- **Integrity**: We will always strive to do the right thing. We will lead our sector in sustainable consumption & production.
- **Innovation**: We are restless in our aim to improve things for the better.
Integrity

• One of our core values

• Absolutely central to what we do in M&S Foods business

• Covers sourcing standards, audits, food safety, provenance, traceability, sustainability, animal welfare

• Delivered through our Farming for the Future programme, part of Plan A, which is our eco- and ethical- approach to doing business
Key drivers

• Security of supply
  - Right raw materials, right volume, spec

• Brand protection
  - Sourcing with integrity & ethics from the right partners

• Product differentiation and innovation
  - Where appropriate
Raw material sourcing framework

Scope of M&S raw materials

- Prioritise key raw materials, issues & 3E areas
- Measure what matters
- Know your supply chain structure
- Understand risks and target areas
- Innovate: Scientific R&D and design
- Roll out best practice – minimum procurement standards
- Build visibility & trust through pro-active communication

Demonstrate commitment to good raw material sourcing

INDICATOR FARMS

Measure what matters

Understand risks and target areas

Know your supply chain structure

Roll out best practice – minimum procurement standards

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Innovate: Scientific R&D and design

Prioritise key raw materials, issues & 3E areas
Integrity

• Raw materials sourced from M&S Select Farms we know and trust

• These farms must operate to our Codes of Practice and are audited annually to check compliance

• Codes of Practice cover welfare, farm standards, breed selection, feeding, environmental performance, ethical standards, water use, pesticide use, etc.
Food safety

- We also have Codes of Practice and audit covering all aspects of food processing and manufacture to ensure quality, food safety, traceability and sustainability

We trace it, so you can trust it
Welfare

• Committed to delivering leading standards of animal welfare in our supply chains
• Developed a series of Welfare Outcome Measures (WOMs) in conjunction with NGOs and our welfare advisers, FAI
• These are being rolled out and will be monitored and externally reported, with targets set to help drive improvements and support given where necessary
DNA verification
Integrity – DNA testing

• Only major retailer not affected by Horsegate
• Implemented a major DNA verification programme to check:
  - Breed verification
  - Traceability at supplier level (farm and abbatoir)
  - Traceability at retail pack level
  - Traceability at store level
  - Beef authenticity – maturation times, chilling regimes, grade, etc.

• In products like burgers we can identify contributing carcases, individual animal attributes and verify supplying farms
DNA verification

• Not only about traceability

• DNA traceback also helps us to improve products in the future

• Ability to identify animals or production systems that deliver the right product criteria and tailor future procurement around that to differentiate and deliver exceptional quality and consistency
Campylobacter
Campylobacter

• Industry-wide challenge
• Naturally-occurring bacteria
• Can avoid food poisoning by following proper cooking, handling and storage advice
• Hit the headlines when FSA made it a priority to address campylobacter levels in chickens
• FSA set a target of fewer than 1 in 10 birds having the bug by the end of 2015
What we did...

• Worked poultry suppliers to research and test ways of making an impact
• Action required throughout supply chain, from farm to customers’ homes
• Suppliers have adopted different practices/technologies.
Summary

• Integrity core to how we do business
• Supports quality, provenance, customer trust, sustainability
• M&S leading the industry
  - Robust audit programme at farm and processor level focused on food safety, provenance and animal welfare
  - DNA verification
  - Campylobacter plan

• Integrity is a business priority and one of the values that makes M&S food different
Thank you for your time