

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

PIG INDUSTRY

SUPPLEMENTARY SUBMISSION FROM SAINSBURY'S

Sainsbury's submission to the Scottish Parliament Rural Affairs & Environment Committee inquiry into the Pig Industry in Scotland

1.0 Introduction

- 1.1 We welcome the opportunity to contribute to the Rural Affairs & Environment Committee's investigation into the Scottish pig industry.
- 1.2 We have been committed to supporting British farming for 140 years, and are proud of our strong relationship with Scottish suppliers. We stock around 1,500 lines (380 of which were launched in the last year) from over 130 Scottish suppliers. £588m worth of Scottish produce are sold every year in our stores throughout the UK (over £48 million of this revenue is generated in our Scottish stores) 37 of our 785 stores are in Scotland, where we serve over 620,000 customers a week and employ over 6,000 people.
- 1.3 We have a buying office based in Darnley (Glasgow) which is wholly responsible for sourcing branded Scottish products.
- 1.4 Sourcing Scottish and the 'export' of the Scottish brand to the rest of the UK is important to us beyond our Scottish stores. For example, Scotland is probably one of our best quality sources of crop potatoes and our connection with the Mey Selections, North Highland range in selected stores across the UK is a popular addition to the lamb and beef options. A significant proportion of the beef we sell across the UK is from Scotland.
- 1.5 Over the years we have launched a range of initiatives to strengthen our working relationship with farmers. While we do not contract directly with pig farmers we are aiming to work with Scottish pig farmers more closely through our Pig Development Group

2.0 Summary

- 2.1 100% of the British pork we sell in our Scottish stores is Scottish and labelled 'Scottish'
- 2.2 Our strong relationships with farmers and suppliers are a key pillar of our business – we work directly with our supplier, Vion on sourcing Scottish pork and are looking to establish a Pig Development Group to enable us to engage directly with those farmers that supply our suppliers.
- 2.3 We are proud to promote Scottish products in our stores, through shelf-edge labelling, banners and 'story board' marketing techniques.

- 2.4 In 2007 we received the Compassion in World Farming award for 'Most Improved Supermarket' and 'Best Volume Retailer' in their Supermarkets and Farm Animal Welfare Survey.
- 2.5 We have doubled our range of higher welfare pork products. The new range of pork is bred outdoor on farms inspected by Freedom Food to strict RSPCA welfare standards.
- 2.6 We will always state the country of origin of our fresh and frozen meat and poultry on our pack. Our policy also requires that we label the country of origin of any meat used in our prepared food.
- 2.7 We will only label meat as Scottish if it is born, bred and slaughtered in Scotland.
- 2.8 Where specific claims, including the use of logos or icons, such as the Saltire, are made in relation to our meat and meat products, procedures including regular traceability challenges must be in place in order to demonstrate their validity.
- 2.9 Discussions in the Committee and elsewhere have illustrated the difficulty to define "Scottish products", and we would suggest that the debate should not be limited to labelling but include aspects such as sustainable consumption and the part pork plays in the wider Scottish (and UK) food policy debate.
- 2.10 A flexible regime will allow for innovation and investment in the supply chain and enable us to continue to strive for better standards and further develop our successful promotion of local produce. For example, we are already committed to working with QMS on improving the marketing of Scottish pork and it is this type of partnership which will produce the best results.
- 2.11 Many of our partners in the food sector, including the pig industry, are operating across the UK. Seeking a Scotland-exclusive response would therefore be impractical and not in customers, processors and farmers interest. Additional regulation or rules which conflict with the other parts of the UK would be detrimental to the economic success of the wider Scottish food sector in both its domestic and its wider UK 'export market'.

3.0 How is demand for a) all pig products and b) Scottish pig products changing?

- 3.1 Customers buy a variety of pork products from us and sales remain relatively unaffected by the recent swine flu health scare. Customers look for a variety of criteria in pork including quality, price, provenance and recipe ideas. Our Scottish customers, in particular, look for Scottish pork and 100% of the British pork we sell in our Scottish stores is Scottish. It is labelled 'Scottish'.
- 3.2 However, in order to meet demand we have to, at times, use other types of pork. This offers a 'halo effect' on pork as a category and encourages customers to 'buy in' to pork and keep customers interested and loyal to pork products – this has a positive demand affect on Scottish pork.
- 3.3 We have tried to stimulate customer demand in store for Scottish pork through promotions and strong marketing programmes and we are working with Quality

Meat Scotland (QMS) in how to better promote pork and would be open to working with Scottish Government-sponsored research projects to further improve the promotion of Scottish pork.

4.0 Can you provide a breakdown of where your pig meat products are sourced from and also mention whether you have any difficulty sourcing Scottish pork

4.1 We source all of our Scottish pork from Vion Hall of Edinburgh. Vion have been involved in a number of production site changes and from last month they centralised more of their business onto the Edinburgh site, which has created a further 30 jobs.

4.2 Vion are unusual in that as a processor they own their own farms. This allows greater transparency in the supply chain and a clearer relationship throughout the chain from farm to retailer.

4.3 Carcass utilisation is important to us and we work with Vion to ensure an outlet for other parts of the carcass – for example in sausages, bacon and ready meals. Last year we launched with them a Scottish organic loin joint, to encourage customers to try joints of pork they would not normally buy.

4.4 There a number of global and industry-wide issues which affect the supply of pork. These include a global increase in animal feed, currency fluctuations and changes between the Pound and the Euro and an overall UK decline in the pig herd. We are working with our suppliers to tackle these issues and late last year we agreed to inject a further estimated £10million back into the UK pig meat supply chain. This is on top of our October 2007 announcement where we proactively increased the price we pay our suppliers for British pig meat - worth an estimated £5 million per annum. These contributions will help to maintain a sustainable British supply chain and support producers who are facing pressure due to increased feed prices. This move attracted support from both the National Pig Association and British Pig Executive.

5.0 Have you got any information on the extent to which customers are willing to pay higher prices for pig products which are produced according to higher welfare standards

5.1 Animal welfare is an important criteria for our customers which is reflected in their buying behaviour – continued interest and loyalty to Scottish pork. As background, in 2007 we were awarded the Compassion in World Farming award for ‘Most Improved Supermarket’ and ‘Best Volume Retailer’ in their Supermarkets and Farm Animal Welfare Survey. It was extremely encouraging to be the only major UK retailer to be awarded 5 stars out of 5 for company commitment to farm animal welfare. We also scored the highest of all large scale retailers in the UK in ensuring the distance travelled by animals for slaughter was the minimum it could be.

5.2 We have continued this approach, announcing earlier this year the doubling of our range of higher welfare pork products. The new range of pork is bred outdoor on farms inspected by Freedom Food to strict RSPCA welfare standards. This move was praised by Compassion in World Farming, who said “Sainsbury’s is again

showing leadership by providing customers with improved access to higher welfare animal products at affordable prices”.

5.3 In addition, we are developing our premium Taste the Difference pork tier and the communication around our pork welfare standards.

5.4 We have taken these actions not only because we take our responsibility with regard to animal welfare extremely seriously, but also because demand has grown for affordable meat raised in better welfare conditions.

6.0 Have you got any information on the extent to which customers specifically seek out Scottish produce?

6.1 We have continuously expanded our range of local food. We now have 1,500 lines and our customers do seek out local Scottish products, particularly around in season produce, and our 100% Scottish and responsibly sourced salmon. However, as we've outlined above there are a number of other criteria that customers use when purchasing products.

7.0 Do you consider it is clear in your shops a) where the pig is farmed (i.e. Scottish or EU), and b) the welfare standards used in the production of the pig?

Country of origin labelling:

7.1 We are clear and transparent with our customers about the origin and welfare standards we adhere to our pig products in store.

7.2 We are proud to sell and promote Scottish products. We have point of sale information, banners, story boards in stores and front of pack labelling identifying Scottish products, making it easier for our customers to choose 'local'. Specifically, on front of pack we have put in place a major programme to add the country of origin to our labelling and where possible the name of the region and the grower.

7.3 We will always state the country of origin of our fresh and frozen meat and poultry on our packs (as an absolute minimum this is stated on the back of pack).

7.4 Our policy also requires that we label the country of origin of any meat used in our prepared food and drink.

7.5 We will only label meat as Scottish if it is born, bred and slaughtered in Scotland.

7.6 Where specific claims, including the use of logos or icons, such as the Saltire, are made in relation to our meat and meat products, procedures including regular traceability challenges must be in place in order to demonstrate their validity. All such claims must be agreed by us.

7.7 Over the last 24 months, we have been reviewing our meat labelling practices across all categories.

- 7.8 We have made much progress in updating and improving the labelling on meat products and over the last 12 months we have redesigned our meat and poultry labels to:
- o standardise colour
 - o remove unnecessary images, clutter and ambiguous information, and to ensure key information is presented clearly and consistently on pack
- 7.9 During this review, we also identified that we could improve the design of our meat and poultry labels to make it easier for our customers to identify different products at point of sale and to find key information, such as country of origin.
- 7.10 In the pork category this label redesign has included the removal of countryside graphics that could lead a customer to think that pork has been produced (and pigs raised) in the UK, when the pork is from elsewhere.

Information on welfare standards:

- 7.11 Our labels are aimed at raising awareness of welfare standards, and the feedback from our customers indicates an increasing interest in the way animals are reared.
- 7.12 In September we will be launching seven new lines of Scottish bacon which will have the new QMS bacon logo.
- 7.13 In addition, we are developing new communication around our pork welfare standards. As outlined above, we have recently launched a new tier of higher welfare Freedom Food approved pork.
- 7.14 On occasions it is not always possible to source 100% British meat, as the volume of supply we require is not always available. In these circumstances, we apply a policy of equivalence of livestock standards.

8.0. Do you have a view on the proposed [Saltire] scheme or any general comments to make on the difficulties associated with labelling produce as definitely Scottish?

- 8.1 We are proud to market 'Scottish' in store and use a range of ways of promoting Scottish products, and use, among other techniques, the Saltire at shelf edge point of sale and on front of pack. This is a voluntary company-led initiative and which we feel works well and helps customers inform customers about the provenance of their products. However, as Committee members highlighted in a recent debate, it is difficult to establish a definition of Scottish products. "Scottish" could refer to the ingredients of a product, or the place of processing and not where the original animal came from.
- 8.2 We believe that "Scottish" should refer to the area where the primary product - such as crops and meat - is grown and reared. That is why for example, we label our Scottish pork or our fresh and smoked salmon with a Saltire. For processed products it should be where the recipe was conceived. This is the important 'value-added' aspect which defines it as Scottish.

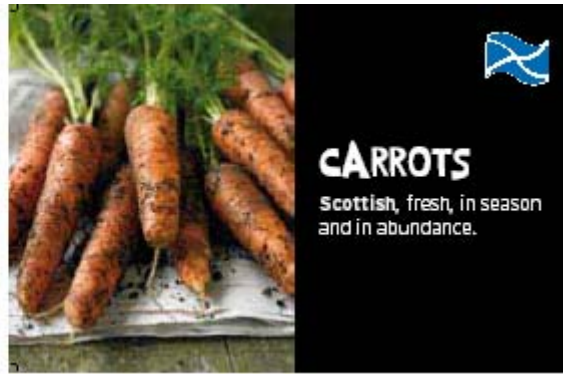
- 8.3 However, 'Scottishness' is not an exclusive criteria which overrides others, and as outlined above customers choose products for a number of reasons, and products need to reflect other qualities as well.
- 8.4 For those reasons we would take a cautious approach to the proposal of a Saltire bonus scheme. Given the strong standards for sourcing Scottish products already in place, a new scheme could be confusing for our customers and have little additional benefit for the Scottish industry.
- 8.5 We also believe that a debate narrowed down to country labelling risks overlooking wider food issues, such as sustainable consumption and production aspects, long-term food supply and our response to environmental changes.
- 8.6 We would also suggest that the debate on "Scottishness" should go beyond Scotland's boundaries and be seen as an 'export' product. For example, 100% of our salmon comes from Scotland which is advertised and sold UK-wide. Initiatives like these allow us to promote Scottish produce in a competitive market across the UK, with benefits for the wider Scottish food industry.

9.0 Do you consider there is potential for voluntary measures to be taken to provide additional or alternative labelling to highlight production methods or country of origin.

- 9.1 The Committee will be aware of the plethora of food law regulating the labelling of fresh and frozen meat. As we have outlined above, we take our approach to labelling very seriously and over the years developed a strong policy to ensure we provide clear and concise information which allows our customers to make informed choices. Our current review, as indicated above, reflects our commitment to offer the product information our customers are looking for, which includes details on local sourcing and welfare standards.
- 9.2 Our labels are already designed to conform with EU or UK regulations. Our company standards are in line or go beyond UK standards on animal welfare, for example. An additional voluntary scheme applicable in Scotland would add a third tier to our labelling policy which would do little to improve clarity of product information, is unnecessary, would add an extra cost burden to us and our Scottish suppliers and could hamper the sale of Scottish produce elsewhere in the UK.
- 9.3 We believe that the popularity of the Scottish products we sell confirms our approach to labelling and enables our customers to choose Scottish produce in our stores across the UK.

10.0. Can you provide information on your policy on shelf decoration/ labelling related to the origin of products.

- 10.1 In June 2006 we started a rolling programme of in-store promotions to showcase Scottish suppliers. We advertise Scottish produce to our customers extensively in our stores, be it through Point of Sale information, labels, Saltires on packs and storyboards around the stores. Two examples of our point of sale:



**J Sainsbury plc
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