



Welcome

Steven Esom
Director Foods,
Marks & Spencer

Steve Esom joined Marks & Spencer as Director of Foods early in 2007. He has had a distinguished career in UK food retailing, latterly as MD of Waitrose. From this unrivalled perspective he sets out his vision for the M&S food business.

I am delighted to have joined the M&S food business, having admired its progress over many years. It is a

privilege to lead such a professional and dedicated management team, and to be working with the established M&S food supply-base. I look forward to meeting many M&S farmers, growers and processors in the months ahead.

Good progress in the food business

This is an ideal opportunity to set out my early thoughts, after my first year in the business. Let's start with where we are today. As we announced recently in our interim results, in the six months to end September 2007, total M&S company sales grew by 6.5%, and profits by 11.5%. Good progress continues to be made in improving the core business, with better than planned progress on adding selling space, on target to hit a 20% increase in four years.

We delivered continued strong sales growth across our M&S food ranges, reflecting the contribution of new space, strong performances in key product areas, realignment of prices on key product lines, and a more targeted promotional stance. We opened 62 Simply Food stores, including 47 at BP petrol station sites. Market share of M&S food increased to 4.3%.

Reflecting the wishes of our food customers organic sales have grown by over 40%, and today some 30% of our product ranges are under the M&S 'Eat Well' logo. During this year we have extended selling space in a number of out of town and city centre stores. Today we operate 267 M&S Simply Food stores, and in the year to date we have opened 5 major retail park operations. To support this continued growth, both in volume and complexity, we are continuing to invest in our supply chain.

So the current situation is positive and, although the UK food market is becoming ever more competitive, I see significant potential for M&S food ranges in both the near and medium-term future. Our fundamental strategic goal remains unaltered: we remain committed to being the first choice for fresh, innovative, high quality, convenient food, and to increasing yet further the speed and scope of innovation in our food ranges.

Our best kept secret

I see one very clear area of added potential for us in the months ahead. We compete in the high quality, high innovation sector of the food market. The M&S food tradition covers many "firsts" over the years - sandwiches and fresh prepared food ranges to name only two. These innovations have given us market-leading positions which have endured over the years. For many of our customers they remain what M&S food is all about. But interest in home cooking for pleasure is growing strongly. Too many of our customers seem unaware that the unique raw materials from which we make these outstanding prepared foods are themselves readily available in-store. Particularly in our M&S fresh meat and dairy ranges I see great potential and, as you will read in the following pages, on our fresh meat ranges we have already begun the campaign to recapture from competitors ground that should be ours.

The campaign has included re-positioning red meat to prime location in store, re-packaging our ranges into quality enhancing formats, and introducing major new lines of innovative and regional cuts. Early reports are encouraging, and let me thank all those in stores, and in the supply base, who are helping to make this happen.

For an important number of our customers, special occasions are when they turn to M&S food in a big way, because they trust us to produce really memorable and festive family meals. There are great chances for us all to impress them with the exceptional quality of our fresh raw material ranges, and so convert them to regular year-round users!

M&S Plan A "truly remarkable". RSPCA award to the "most progressive animal welfare company"



At the RSPCA Good Business Awards in London in October Marks & Spencer picked up the winners award in the large fashion retailer category and became the year's "most progressive company" for adopting a cruelty-free cosmetics policy. Dr Geoff Springel, an RSPCA judge said: "The holistic approach and calibre of M&S' Plan A is truly remarkable."

M&S wins annual CIWF award and raises bar on animal welfare White veal and calves liver banned



M&S is the first major UK retailer to end the sale of imported white veal and calves liver. These products were removed from stores in October 2007, to be replaced from January 2008 by high welfare UK rosé veal. Calves reared for UK rosé veal are fed whole milk, eat a natural diet and are housed in groups on straw bedding in well lit airy barns throughout the rearing period. As the name implies, rosé veal is pink in colour and its high welfare standards are backed by both Compassion in World Farming (CIWF) and the RSPCA.

Phil Lymbery, Chief Executive of CIWF, welcomed the move saying: "This is fantastic news. M&S has once again raised the bar on animal welfare by committing to stock only high-welfare UK-reared rosé veal. And all the bull calves will be provided by one of their own dairy farmer suppliers. This is a great example of how retailers can work with their supplying farmers to continually raise welfare standards."

A thirty year vegetable partnership



William and Martin Haines

The Haines family have been growing vegetables in the Cotswolds for five generations. For the last thirty years they have been in partnership with Marks & Spencer, supplying an ever increasing range of fresh UK grown speciality vegetables. The family work alongside Manor Fresh, a lead vegetable category supplier to M&S.

"The secret of the Haines' enduring success is the strong partnership between the two brothers," explains Diana Rees of Manor Fresh. "William manages the growing and brother Martin manages the packing. This joint management focus gives great results, especially in product quality and innovation."

The Haines brothers produce garden peas for M&S, along with broad beans, handpicked and hand trimmed Brussels sprouts, broccoli, purple sprouting broccoli, baby cabbages, baby cauliflowers and baby courgettes. The business is based at Castle Farm near Chipping Camden in the Vale of Evesham and the land varies from 1000ft above, and down to, sea level. "It is this range of micro-climates that allows crops to be grown late into the autumn," explains M&S Vegetable Agronomist Sam Franklin.

Last year with the help of Manor Fresh technical manager, Chris Goodliff, William and Martin redeveloped their packhouse at Castle farm to reduce the distance produce travelled, as well as to improve storage techniques. This not only took the Haines into production of prepared sprouts during the UK season, but also allowed them to extend the season by a full three weeks to the end of April, so saving carbon costly imports - a major Plan A advance.

A similar Plan A innovation has occurred with sugar snap peas. These are usually grown in Peru, Guatemala and Kenya and air-freighted to the UK all year round.

The product is popular with M&S customers with annual sales growth exceeding 15%. This summer the close partnership between William and Martin, Sam Franklin of M&S and Manor Fresh really proved its worth. With seed produced by Manor Fresh, William's skilled plant husbandry and technical support from Sam, a full three weeks was knocked off the imported sugar snap season, and 30 tonnes of air freight carbon emissions was saved. "Next season," says Sam, "we are aiming together to more than double that saving." Martin Haines sums up: "Our philosophy here at Castle Farm is that by working with mother nature, and adapting sensitively to our special soils and micro-climates, we can extend our crop seasons without resorting to greenhouses". With the fifth generation of the Haines family now closely involved in the business there is plenty of future potential for this natural approach."

Yellowhammer friendly lettuce



Yellowhammer

Long-serving M&S partner, Piccaver Farms in South Lincolnshire, are adjacent to the Wash, an important area for wild birds. Over the last decade the business has carefully integrated its salad production areas with established non-cropped areas to provide havens for wildlife. Re-creating the natural East Anglian reed bed landscape 8 miles of

hedgerow, 20 miles of grass margins and 4 hectares of natural woodland and water are retained for wildlife.

"Bird numbers surveyed by a qualified ornithologist are the best way to measure progress with wildlife conservation," explains Phillip Hubbard, production director at Piccaver. "Yellowhammer numbers, for example, have increased by over 20% - a fantastic result". M&S Agronomist, Simon Coupe, comments: "This conservation project is right on target for Plan A, and shows what can be done with skill and commitment. For M&S customers it is a splendid offer - locally grown fresh high quality salads, and the bonus of knowing that wildlife are benefiting into the bargain."

Hampshire orchards produce unique M&S apple



Peter Barwick

The Lord Selbourne Estate is one of the UK's leading apple growers. It has been a partner with Marks & Spencer for over thirty years. Their site position creates cool autumns, with the late harvested product of high and consistent quality, with excellent storage potential. They are renowned for Cox apple quality, frequently winning the East Malling/M&S Award for eating quality at the prestigious Kent National Fruit show.

Andrew Mellonie is Agronomist for fruit at M&S. "Because of this quality reputation, we often rely on the Lord Selbourne Estate to finish the Cox season in our stores on a high note," he explains. "They have recently invested £1million in state-of-the-art controlled atmosphere storage, upgrading the packing facility and adding chilled dispatch areas."

Alongside these packing improvements Blackmore estates (part of the Lord Selbourne Estate) have an extensive tree replacement programme with new planting of Cox, Gala, and Braeburn apples on the, recently introduced, intensive table-top trellis growing technique.

"The Lord Selbourne Estate is renowned for innovation," continues Andrew, "which complements the M&S reputation for bringing new and exclusive varieties first to the market. 12 years ago we saw an outstanding new British russet apple variety on the estate. This year that apple, Norfolk Royal Russet, has been exclusively available at M&S stores in the British Limited Edition Range."

Peter Barwick manages the Blackmore Estate orchards. "Our close working relationship with M&S has prospered because we share the same views about quality, care for the final product and the search for innovation. And clearly M&S customers share those views too!"



Drilling grass margins

M&S breakthrough in pesticide reduction

List of banned pesticides increases

In summer 2007 David Gregory, Technical Director M&S, announced the prohibition of 10 pesticides, with a further 9 to be excluded by April 2009, to give industry partners time to make alternative arrangements. "This means that by spring 09 M&S will have banned a total of 79 pesticides, by far the most comprehensive reduction scheme of any UK retailer," explained David.



Raw Materials

From fish to forest we want to make sure our key raw materials come from the most sustainable sources possible.



Healthy Eating

We aim to continue to set to set good food standards, helping customers and employees across the country love a healthier lifestyle

The move supports Marks & Spencer Plan A commitment to source raw materials with minimum impact on the environment, and to protect the health of humans and wildlife.

The prohibited list includes:

- Vinclozolin - a fungicide used on grapes and legumes banned to avoid potential hazard for workers.
- Simazine - banned as a residual herbicide because of danger to aquatic life.
- Sulphuric acid - used for the desiccation of UK potato haulm, banned due to its impact on wildlife.



David Gregory



Elizabeth Salter of Chem Trust, the body set up by WWF and Greenpeace to protect humans and wildlife from chemicals, said: "M&S deserve praise for this trail-blazing and enlightened phasing out of potentially harmful chemicals. Some of these pesticides have hormone disrupting properties and can undermine the well-being of humans and wildlife."



David Gregory also announced the formation of an Expert Group of Pesticide Reduction Specialists. The group will provide solutions to M&S growers around the world to further reduce pesticides in the foods they supply.

M&S Pesticide Reduction Network Launched



Pesticide experts

September 2007 saw the inaugural meeting of a new concept in the M&S programme for pesticide reduction. The purpose was to agree work projects which will meet the crucial points 50-52 of Plan A - providing solutions to continually reduce pesticide use and eliminate entirely the use of M&S Amber List pesticides.

Emmett Lunney is the key technologist concerned. He explains: "The M&S Pesticide Reduction Network brings together for the first time an expert group of fresh produce suppliers, pesticide manufacturers, the Food Standards Agency, bio-control companies, and NGOs."

Expert advice posted on M&S Plan A Supplier Exchange

At the launch the twelve experts each outlined their particular skill-set and resources and the day continued with breakout sessions looking in greater detail at how practical approaches in the field were yielding results. These were:

- Eliminating post harvest pesticide applications
- Replacing Amber list pesticides with less hazardous alternatives
- Increasing the use of bio-control

Suppliers were invited to submit detailed project plans by end October, showing how they aimed to generate a faster reduction of pesticide residues. "M&S will be awarding starter funding of £5000 for each of the best three projects that emerge as a result of this first M&S Pesticide Network event," says Emmett.

The presentations listed can be found on the M&S Supplier Exchange:

Chris Bishop, Writtle College: Introduction
 Rob Jacobson, RJC Ltd: Solutions in salad crops
 Louise Labuschagne, Real IPM: Making IPM work
 Peter Gresty, Agritec: Organic case studies
 Nicola Spence, CSL: Helping reduce residues
 Jerry Cross and Angela Berrie, East Malling: Reducing residues in apples/soft fruit
 Roma Gwynn: The rationale - Putting research into practice
 Don Edgecomb, Agraquest: Natural solutions for pest management
 Georgina Kemp, Exosect: Technology in fruit crops
 Owen Jones, Agriscience: Using pheromones to manage pests
 Richard Perkins, WWF: Measuring pesticide application toxicity

M&S on track to using 100% renewable energy in all buildings

A core Plan A commitment is for Marks & Spencer to use 100% renewable energy in all its buildings - head office, distribution depots and, of course, stores. Potential energy from M&S supplying farmers and growers is planned to make a major contribution, witness the wind farm recently installed by pig meat supplier Grant Mackie in Aberdeenshire. In the next weeks, three more similar M&S farm initiatives will be announced.



German farm visit

Renewable energy from farm waste

Anaerobic digestion (AD) is a well-proven technique, which produces energy efficiently from waste. This simple process is forecast to play a significant role in supplying the M&S requirement, especially since it is well suited to on-farm production. "There is a great logic in M&S farmers disposing of their waste efficiently and providing this important energy 'crop,'" says Mervyn Bowden, M&S Energy Manager. "We estimate we need around 50 AD plants to supply total M&S needs."

To spread the word, produce technologist Hugh Mowat joined livestock technologist Rob Cumine as they accompanied a team of UK farmers on a tour of well-established AD plants on German farms. "AD is not new," explains Hugh. "It is a simple fermentation process that generates methane gas from waste material."

Rob takes up the story: "In Germany there are already over 3000 AD units. So Germany seemed a sensible place to take this group of farmers who are thinking of setting up their own AD plants here in the UK."

The UK marketplace for AD is about to change as government is expected to double the subsidy available to producers by 2009. "In addition to this," points out Mervyn Bowden, "M&S is offering a 5 year fixed price deal."

Hugh Mowat sums up: "For farmers and growers with a ready source of waste, and with space to build an AD plant, the time might just be right to add electricity to their portfolio of crops!"

For more information please call Mervyn Bowden on 07785 977458

Meeting the fresh meat challenge

The traditional market leadership of the M&S fresh prepared food ranges is well known. But the raw materials that supply those ranges are also available to customers in stores, especially that increasing number of customers looking to create their own dishes at home. The M&S market share of fresh meat sales, for example, is barely half that of the leading sector competitor, Waitrose.



Steven Esom talks with suppliers

Steven Esom recognised this as an early opportunity. "Logically our share should be level across our food ranges so I have set the challenge to up our game on fresh meat across the business - from suppliers to store sales teams. The results are already very encouraging and offer a template for a similar approach in other protein areas. The key is co-ordination and for everybody involved to focus on doing simple things really well."

Packaging for a longer product life

"Product life on fresh meat is always a customer concern," explains Rob Cumine, "Shoppers use meat colour to judge likely freshness. Appetite appeal of the pack is also key."



Meat packs in new livery

New 'skin packing' technology eliminates these problems.

"The product not only looks better," Rob continues, "it tastes better too as the original flavour and succulence are preserved, right up the customer's plate."

The efficiency of the new skin pack technology is such that product shelf life can be extended. "Working together with our dedicated meat suppliers we have succeeded in offering store product-life that covers two weekends," says Rob. "With higher value cuts being consumed towards the weekend this is an important plus point."

Simultaneously, new product presentations have been added to the range. Among them is a fore-rib of beef joint especially dry-aged for extra flavour. This comes from supplier Kettle, in County Fermanagh in Northern Ireland. "Regionality is important to customers of fresh meat," explains Rob. "The Welsh Black beef we have just introduced into our flagship London stores in Marble Arch, Kensington and Kings Road brings interest to our meat displays and thus extra sales."

Rob sums up: "It has been a great effort from suppliers and I am sure they are as excited as we are at the early results."

Making it happen in store

Taking the message through to stores, and ultimately to the customer, is the task that faces the M&S Retail Development Team. Head of Retail Development for Protein is Carla Craddock. "The first task we identified for the fresh meat re-launch was to encourage ownership and accountability right through the store teams nationally."



Nana Oppen looks after meat in the Marble Arch store

"Secondly, we needed engagement," Carla continues. "Not only must store teams understand the elements of the new range and the re-launch plan, they must also be sufficiently excited about it to be able pass on that enthusiasm to customers. To meet these targets we set up major events in two locations, London and Scotland."



Carla Craddock

Fresh meat re-launch and training in store

Over a thousand store colleagues had the chance to take the campaign messages on board and hear from the supporting experts about products, packaging and changes to store layout. A DVD, specially commissioned for the launch, followed the trail that M&S meat takes from farmers' fields, through processing and packaging, until it reaches the store. The messages were taken back to stores and Carla reports, "Such was the level of interest in the food teams that in store pre-launch

briefings typically became two and half hour sessions rather than the scheduled thirty minutes."

Teach-in with Moo the Cow

In live action at each event, Robbie Galloway, long time supplier of Scotch beef and lamb to M&S, demonstrated to store teams what makes its beef so special. The store staff were keen for information, and particularly enthusiastic about Moo the Cow, a life size cut-out beef animal marked to show clearly where each consumer cut is located on the carcass.

Meat gets pride of place

A central plank of the re-launch is the repositioning of fresh meat in store. "We have now given meat the prominence it deserves," explains Carla. "As customers enter the food department they are greeted by fresh produce. Now, fresh meat has been relocated alongside produce. All raw ingredients are now presented in pride of place. With the help of suppliers and the category team, on day one of the launch we visited 200 major stores to ensure that this new planogram was working well."

The launch was supported by new décor at the point of sale, and special recipe cards helped store staff advisors explain to customers how best to use each cut. To complete the picture, alongside the thirty new meat lines in all stores, the top 50 stores launched the M&S Speciality Butchers Range.

"There is now huge activity and excitement around the meat displays in stores," continues Carla. "On day three we had a conference call with the top 50 stores to check progress. The feedback was brilliant. The biggest compliments were on product quality. In that first few days we had planned a 20% sales uplift but we hit over 28%. A really great start!"

In the past one of the major problems with fresh meat that store staff reported was poor availability. The re-launch focus addressed this problem and out-of-stock incidence has reduced by some 85% - another good outcome of the re-launch.

Carla sums up: "The key to success was co-operation across the supply-chain and across the business - I call it everybody holding hands. Store staff have got great confidence now in the product and are really behind it. And we have a tried and tested template that will make the next protein launches even stronger."

What made the fresh meat launch special?

Technologist Sue Bell looks after all protein ranges for M&S, and colleague Malcolm Copland heads up the commercial function. Here they review some of the lessons learned from the success of the fresh meat re-launch.

- Product knowledge at store level is the absolute key to success. On fresh meat, store staff can now engage with customers with confidence, answer their questions and provide real help.
- The DVD of the meat supply chain from field to fork is an excellent way to impart complex information. We will follow this example across protein ranges. The re-launch events were key in bringing a complex story clearly to store staff, and re-building their confidence.
- All this information, and especially Moo the Cow, will be posted on the stores web-site.
- The involvement of the entire supply-chain was crucial. We will ensure that this happens in future before major launches. Farmers are keen to be involved in store activity, and we will encourage this.

- The fresh meat re-launch was based on several key components being brought together - better product quality, improved packaging, longer product life and significantly better availability in store. The new décor and re-positioning were key factors. These separate elements being co-ordinated into one major programme brought together the whole supply chain and store staff. It is this joint focus that achieves results.
- The resulting in-store enthusiasm and engagement clearly spreads to customers - and we must capture this effect in future launches.



Sue Bell with prime livestock



Malcolm Copland and "Moo the Cow"

Bright future for young Welsh farmers



Wales Rural Affairs Minister welcomed back on the farm

2007 saw a group of sixteen young Welsh farmers agree an eight month contract to supply 250 lambs a week to Marks & Spencer. They met shortly afterwards with the Wales Rural Affairs Minister, Elin Jones, on the farm of one of the members of the group, 35 year old Geraint Williams. In a strange co-incidence the 114 acre farm at Tynllyn, Llanwnnen, had been the childhood home of the Minister, until her parents sold it to Geraint six years ago. The Minister's father, John Jones, still walks through the fields and lends a hand with the work.

Under the deal with M&S, the farmers are guaranteed a price that is well above current livestock returns. Further premia are available for those farmers who meet specific specifications on weight as well as social,

environmental, and animal welfare targets. The lambs are slaughtered and processed locally in Wales, and are the only lamb on sale in the 17 M&S stores in Wales.

The Princes Trust has been inspired by the enterprising efforts of the young farmers in the group to arrange work placements for disadvantaged young people in partnership with Coleg Sir Gar. "These placements mean that not only can the farmers help other young people on their way to a career in farming, but also that they have the chance to enthuse the next generation of agricultural workers with their collaborative spirit and entrepreneurship," said the Minister.

Packs in store proudly bear the Welsh Dragon as well as the Three Feathers to signify the support of the Prince of Wales. Rob Cumine confirms that this aspect of the initiative was an added attraction for Marks & Spencer. "It fits perfectly with the Plan A Fair Partner social dimension," says Rob.

He sums up: "What we liked about this group of young farmers was their absolute commitment to supplying the best lamb possible. If we get the product right then that is half the battle. The second half is paying the farmers a fair price - and the M&S Lamb Pledge sees to that. If we can encourage others to follow in these guys footsteps, and offer young farmers some sort of incentive to stay and get involved in agriculture, that would be an excellent development."



Fish News Flashes

The last flying lobster

Dressed and prepared lobster dishes are a long-standing and popular Christmas delicacy at M&S. To meet this demand currently thousands of lobsters are flown live every week to be processed in the UK. But this Christmas will see the last live lobster flying in for M&S.

Newly developed technology is now being put in place to process and freeze M&S lobsters at source, allowing them to be shipped by sea. Not only does this new process give a more tender and succulent quality, it has very significant environmental carbon reducing benefits - a double advantage.

Healthy Lochmuir salmon farmed to order

For the first time, one specially grown protein source is being supplied to the whole M&S Food Group. Lochmuir salmon is unique to M&S, with superior eating qualities when benchmarked against other Scottish farmed salmon. "It is the healthiest salmon you can buy," confirms Andrew Mallison, M&S fish expert. "Just one portion provides all your weekly needs of Omega 3."

The leading standards of environmental management have been recognized by the Marine Conservation Society and M&S is on course to be accredited under the new whole life cycle Freedom Foods standard.

"To grow this special salmon to order we have developed a completely new and committed collaborative approach with our farmers and processors - a first for the UK farmed fish industry," sums up Andrew.



M&S Fish Specialist Andrew Mallison

M&S suppliers pledge ethical employment

The first M&S Ethical Trading Conference was held shortly after the launch of Plan A by Chief Executive Stuart Rose in 2006. A second event was held in October this year, with 140 delegates attending, representing over 100 major M&S suppliers. "The venue was packed and a long waiting list demonstrates how popular and effective this practical shared approach is," noted Louise Nicholls, head of Responsible Sourcing for M&S.

Stressing the importance that Marks & Spencer ascribe to this fundamental foundation stone of the Plan A approach, Stuart Rose opened the programme. Suppliers joined with outside experts and the M&S team, in giving their current experience of personnel and labour issues, and delegates joined in detailed discussion of progress in individual plants. "This confidential spreading of good practice across the M&S supply-base is key to our constant improvement in how people are treated," explained Louise O'Neill, Supplier Exchange Manager for M&S. "The Supplier Exchange continuously updates progress from around the supply chain for colleagues to note and comment on. And of course it records the highlights of all our major ethical trading meetings."

Managing temporary labour- who wants to work?

A key conference session saw a panel explore the current situation with temporary labour in the UK. Chaired by Louise Nicholls, members included Paul Whitehouse, Chair of the Gangmasters Licensing Authority, Philip Hudson, Chief Horticulturalist of the NFU, and David Sharpe from HOPS Labour Solutions. Supplier input came from G's marketing and Pennine Foods.

There was a clear consensus that labour would be in short supply next year as new regulations under the Seasonal Agricultural Workers

Scheme take effect. Suppliers made it clear that they were already beginning to upgrade their labour practices to be seen as 'better potential employers than their neighbours'. In this way they plan to combat likely shortages, and upgrade the standard of applicant. One supplier summed up the feeling of the meeting as being a consensus to ensure that agency workers and fulltime workers be treated identically.

The multi-cultural workforce

Addressing the challenges of a multi-cultural work force, David Andersen of the Commission on Integration and Cohesion reviewed their 2007 report on the integration of migrants into the UK. Examples of good practice were listed, and correct actions highlighted in each case. Ranjit Singh, CEO of the 2 Sisters Food Group, a major poultry supplier to M&S, explained his experiences of managing a multi-cultural work force, highlighting the key issues involved and pointing to possible solutions.

M&S supplier exchange

The work programmes outlined in the conference presentations fall under the strategic heading of 'Fair Partner' in M&S Plan A. One major key to success in achieving Plan A goals is to share information and best practice across M&S and its supply base. Louise O'Neill explained how it works: "The M&S Supplier Exchange aims to bring all Plan A stakeholders into direct contact with each other. It is arranged under the five pillars of Plan A. Within the pillars there are now over 100 separate work programmes in waste, fair partner, raw materials, healthy eating and climate change. The Exchange allows each of us easy access to this complex material, and the ability to learn from other current experience as well as to contribute ourselves. It is this two-way exchange that is crucial, so please - play your part."

For access to the exchange please e-mail
SupplierExchangeFeedback@marks-and-spencer.com



Fair Partner

By trading fairly we want to improve the lives of hundreds of thousands of people in our supply chain on our local communities



Stuart Rose opens the conference

Moving forward

Several information sources can be accessed for checking the credentials of agency workers and labour providers. The GLA asked particularly that they register to receive all of their updates by logging on to <http://www.gla.gov.uk/enquiry.asp>

They also asked for as much labour information to be shared as possible. GLA are publishing a new guide on how to be a responsible labour provider which will be available in November 2007. The GLA website shows more details.

Louise Nicholls and Hazel Cully from the Marks & Spencer Ethical Trading Team then reviewed further documentary support that is available to M&S suppliers on the private M&S website SETTI. The core document is the current Grower Workbook. Just issued, it aims to help M&S growers meet both UK law and the ETI base code. It contains a straightforward self-completion checklist, and a self-help guide. And, alongside the Grower Workbook, there is also an M&S guide to being a responsible employer. For suppliers sourcing from third countries, a cultural data-base is available and individual country briefs cover principal supply regions.

Hazel Cully looks ahead: "The 2008 M&S Ethical Trading Conference is already at the planning stage. To accommodate all those suppliers wishing to attend we will move to a larger location. Suppliers have told us that they find the networking very valuable, so next year's agenda will include even more time for interaction between delegates."

If you would like access to any of the information mentioned please e-mail hazel.culley@marks-and-spencer.com.

A long view on protein



Ian Bentley

Ian Bentley spent time in the M&S commercial team during the mid-nineties. In 2007 he returned to head up the commercial function for meat and the whole protein group. Here he surveys changes over that decade, and looks ahead to the challenges and opportunities to come.

Looking back twelve years or so, how would you sum up the market-place in those days?

This was in the immediate aftermath of BSE. Many in the industry were even questioning its chances of survival. The industry was in crisis. Mistrust in the supply chain, and everywhere very adversarial relationships. Quality was very variable, and we were

only just beginning to think about provenance and traceability. Select Farms was soon to start and, when it did, the new direct links between farmers and their retail customer was really a mould-breaking step.

And how about today?

Above all we see that the farmer has won the support of the majority of our customers. They are really interested in how their food is grown: provenance, breed, welfare, the environment - all these resonate with customers. When we launched M&S Aberdeen Angus beef, some fifteen years ago, it was hard to source. Today we sell it right across the spectrum of M&S beef presentations and in some it even outsells our standard beef.

What do you see as the influences driving change today?

I detect a continually growing consumer interest in food quality and with the way in which the raw materials are produced. That interest will go on growing and is a big opportunity for all of us.

Secondly, the streamlining of our protein supply-chains is already well launched. We are building shared transparent supply-chains, dedicated to producing exactly what the M&S customer wants.

Thirdly, and most importantly, at the heart of the M&S vision going forward is the power of modern animal genetics, breeding and husbandry. Animal science today identifies those traits which ensure tenderness, or flavour and, for the first time, we can replicate them consistently. We have done it on our M&S Oakham chicken, and with M&S Lochmuir salmon. We are well down the track with M&S Muir Den pork. Our first tailor-made M&S ewes are on farms at home and in New Zealand, ready for the next season. M&S beef bulls will not be far behind! And this more direct relationship between farmer, processor and retailer is now being cemented by our open M&S Pledge system giving the farmer a clear formal commitment. It is altogether a sea-change away from the industry of fifteen years ago.

It sounds very straightforward - what do you see as the challenges?

Our biggest challenge is raw material utilisation within the business. The process of creating consumer packs of meat is the exact reverse of most production processes. When you make a cake you get hold of the separate ingredients, combine them, and hey presto the customer has the cake. With meat the reverse is true: you begin with a complete carcass, and then disassemble it until you have the steak the customer wants. So our challenge is to re-examine all our separate supply chains within the business, so that each of them which use beef can offer our customers the same unique M&S quality whether as a pie, a curry or a burger. We are doing it now with Lochmuir salmon, and you will have seen our Oakham chicken pies in store. But it is a big and complex task.

Finally, looking ahead five years, what changes do you see?

I think our customers will want more and more UK produced food. Regionality will become even more important. Now national governments within the UK regions are established, Welsh lamb in Welsh stores becomes even more inevitable. Regional supply to regional stores will become more straightforward as logistics and product tracing technology advance. And these shorter supply chains will help us meet our Plan A targets. Saving packaging and improving pack efficiencies will also be a major factor.



Sheep on the Brecon Beacons

Plan A - progress in the food group

- M&S Pledges are now established in milk, lamb and organic beef sectors. 
- M&S standards have been established for gang master labour. These labour standards were adopted by M&S Ethical Labour Conference in October.
- Confidential worker hotlines direct to M&S are being trialled in three different production sectors.
- 30 M&S farmers visited Germany in November to view on-farm Anaerobic Digestion plants in action. 
- At Mack vegetables M&S have sourced the first melons grown commercially in the UK. Apricot trees have also been planted, and will replace imports from Southern Europe.
- New varieties of asparagus planted at the Chinn family farm in Gloucestershire have extended the UK season by a further six weeks, saving air freight from South America.
- Three major M&S stores have been converted to achieve maximum 'green-ness', a refurbishment in Bournemouth, and new builds in Pollock and Gallashiels. 
- 'Healthier' Lochmuir salmon has replaced traditional standard salmon in all M&S presentations.
- Artificial colourings have been removed from 95% of M&S foods - helping to reduce the risk of hyperactivity in vulnerable children. The ban will be 100% effective by the year end. 
- Saturated fat levels have been reduced by as much as 82% in over 500 everyday products, following the removal of hydrogenated fat from all M&S foods in 2006.
- Packaging reduction continues - skin wrap fresh meat packs save significant packaging material. Suppliers report up to 30% reduction in packaging used during processing. 
- Hain Celestial, an M&S sandwich supplier, has reduced packaging waste by 90%.

Breaking the mould - the M&S approach to quality livestock production

"Our food customers expect the highest standards from M&S. Peak freshness, outstanding flavour and succulence, matched by the best animal welfare and environmental care from farm to store". This is how Rob Cumine, who looks after agriculture for M&S, explains the revolutionary approach to rearing and processing unique M&S livestock ranges.

"Above all we need transparency and consistency," continues Rob. "All this starts with the best genetics, genetics that will guarantee tenderness leanness, and strong healthy animals with naturally high welfare levels. Once the raw material is targeted in this way we must make sure that animal diets and husbandry are optimal, and that animal health and management are very carefully monitored on a daily basis."

Committed partnerships

"The programme demands long-term committed partnerships - between four and eight years on beef, dairy, and sheep before the new genetic and management inputs have the chance to really express themselves. But once they begin to kick in, we see customer satisfaction levels rocket and that is the key goal," adds Rob.

The Oakham path to success

This revolutionary approach is based closely on M&S poultry, pigs and farmed fish. The success of M&S Oakham chicken from its launch three years ago was a milestone - a unique product in a commodity sector exactly tailored to customers' requirements. The result has been steady market-share growth and a secure growing business for supply chain partners. Oakham chicken is now a base raw material across all M&S chicken ranges, including manufactured products. This gives greatly enhanced raw material usage and important supply chain benefits, as well as offering an M&S chicken pie customer the same guarantees of taste, succulence and welfare as they experience on whole chicken. Similarly, Lochmuir salmon are selected and raised to be unique to M&S.

M&S farmer pledges

"As this revolutionary strategy spreads across our extensive livestock supply-base, M&S farmers are becoming committed to producing these unique animals," Rob Cumine explains. "Our customers expect to find the resultant product ranges in all our stores every day of every week. To achieve this difficult goal requires a joint commitment from the farmer on the one hand, and from M&S on the other. Such long-term commitments are entirely new in



Rob Cumine & Ursula Taylor with Brecon farmer David Vaughan

the livestock industry. We call them the M&S Farmer Pledges. The M&S Milk Pledge is now in its third year and has proved sufficiently robust to help us trade with our 74 M&S dairy farmers through a volatile milk pricing period over the last twelve months. A similar pledge operates for M&S lamb producers - both in the UK and in New Zealand. All our specialist lamb farmers are signed up, and that core is expanding rapidly. And the M&S Beef Pledge is up and running in the organic beef sector.

How the M&S Lamb Pledge works

The M&S Lamb Pledge is made up of two components, a price schedule and an agreement with the M&S dedicated processor. The price schedule starts from a basic calculation drawn from the average of the previous 3 years, adjusted to an independent measure reflecting the performance of the top quartile of lamb producers. The weighted result becomes the guaranteed Grid basic price. A performance bonus pool is established every season and includes environmental and welfare awards.

Benchmarking

A further advantage is the sharing of production data between co-operating farms. This has been developed by M&S and Farmfirst, who manage the M&S Omega 3 milk dairy farmer pool. Monitoring on these farms provides data covering of milk yield, cow health, and Plan A performance. The farmer is able to compare his individual results with those of his peers. Says Ursula Taylor, Dawn Meats, who looks after Brecknock and Saltmarsh lamb supply for M&S as well as Welsh Black beef, "This new approach took a lot of effort from all of us to get off the ground, but I am sure it is the right way to go."

What do the M&S producers think?

As the partnership and pledge approach spreads from M&S dairy to lamb producers, we asked for their views

James Hook produces Oakham chicken for M&S on his family farm in Oxfordshire. He has recently begun to breed nucleus sheep stock for the new M&S lamb programme. James says, "My experience with Oakham chicken has shown me the benefit to farmers and the whole supply chain from adopting this disciplined and focused approach. It's about trust on both sides."



M&S farmer suppliers Rob Pratt and James Hook

Rob Pratt produces M&S nucleus sheep stock in the South of England. "Our progeny this year have performed excellently promising the potential of easy care, high yielding lambs. We benefit from the New Zealand genetics, coupled with the addition of hardy native breeds giving the M&S hybrid sheep particular thriveability."

Baydon Wilson farms sheep in New Zealand, and his company, Rissington, are the breeder partners on sheep for M&S. "The combination of tailor-made genetics and the confidence given by the M&S Lamb Pledge are attracting some of the leading sheep farmers in both the UK and NZ to the new M&S lamb programme. Next spring we aim to have some 100,000 ewes across 50 farms in England, Wales, and Northern Ireland all producing lamb for M&S from identical, bespoke, genetic material."



M&S farmer suppliers Mike Bennett and Bayden Wilson

Mike Bennett runs Farmfirst who manage the Omega 3 dairy farmer pool for M&S. "On my dairy farm in the old days, it was frustrating. You felt things could be done better, could be more transparent, but that always seemed just out of reach. Now we are truly on the brink of a second agricultural revolution in livestock production. For the first time, we can marry bespoke genetics that guarantee final quality, very detailed and transparent management systems, and support the process with a committed and transparent commercial partnership. Each of the pieces is falling into place. In livestock production we now have the tools to consistently produce exactly what the customer wants. So now in a sense the buck goes back to M&S - tell us what she wants and we will deliver!"