

BY APPOINTMENT TO HRH THE PRINCE OF WALES,
DISTILLER AND SUPPLIER OF SINGLE MALT SCOTCH WHISKY,
D. JOHNSTON & CO., (LAPHROAIG) ISLE OF ISLAY.



LAPHROAIG®
SINGLE ISLAY MALT
SCOTCH WHISKY

Laphroaig Distillery,
Port Ellen,
Isle of Islay,
Argyll,
PA42 7DU

Tel: (01496) 302418
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www.laphroaig.com

Consultation on Alcohol Misuse (CRE 1021)
CSU, Spur U5b Saughton House
Broomhouse Drive
Edinburgh EH11 3XD

19th August 2008

Dear Sirs,

We are responding the Scottish Government's consultation paper entitled "*Changing Scotland's relationship with alcohol: a discussion paper on our strategic approach*".

Introduction to D. Johnston & Co and Scotch Whisky

Owned by US-based Beam Global Spirits & Wine, we are the producers of Laphroaig Single Islay Malt Whisky, Islay's best-selling whisky. In 2007 we sold more than £20 million worth of whisky around the world. Over 70% of our production is exported.

As well as operating as a distilling and maturation facility, we also operate a visitor's centre, an integral part of the Islay tourism infrastructure. Last year we conducted over 8,000 distillery tours.

The wider Scotch whisky industry exports are worth in excess of £2.8 billion pa., and account for over 12% of Scotland's exports.

Our Comments on the Proposals Made in the Consultation Paper

Firstly, we are encouraged by the statement in the paper's introduction that the Scottish Government is "not anti-alcohol", but anti-alcohol misuse. As producers of "Uisge Beatha", we also concur that the consumption of alcohol can be a pleasurable and sociable activity.



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Staff from our facility tour the world promoting the benefits of Laphroaig and the intrinsic charms of its source of production - Scotland. It would be unhelpful if the outcome of the consultation resulted in Government policies that failed to draw a distinction in tackling alcohol misuse and resulted in demonising drink and by extension the country and indigenous alcoholic drinks industry.

However, we do recognize the dangers of misuse and abuse of alcohol, and our parent company invests significant time and resources in social responsibility work and initiatives to tackle these harms. These actions are undertaken within the framework of our global Social Responsibility Principles (see www.beamglobal.com/cs/social_responsibility) and our **drink smart®** consumer website (www.drinks mart.com).

Whilst we understand that our trade association (*The Scotch Whisky Association*) will be responding to the full set of proposals contained in the consultation paper, we have restricted our comments to specific proposals with potential to affect the direct operations of our facility.

That regulations should be made under the Licensing (Scotland) Act 2005 to:

- Put an end to off-sales premises supplying alcohol free of charge on the purchase of one or more product, or of any product, whether alcohol or not.

Comment

Adult visitors to our distillery are offered a “dram” at the end of the tour, after which they may visit the on-site shop and purchase products. We are concerned that this wording could be interpreted by implementing authorities in a way to lead to us being unable to provide tastings to visitors.

- Put an end to off-sales premises supplying alcohol at a reduced price on the purchase of one or more of the product, or of any other product, whether alcohol or not.

Comment

Whilst we do not offer discounted alcohol or undertake price-related promotions we are concerned that this proposal could also be interpreted to restrict visitor tastings.



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- We invite views on whether we should raise the minimum age for off-sales purchases to 21 in Scotland.

Comment

Although the target consumer for Laphroaig is 35-45 year old males, we find it illogical that a person licensed to sell or supply alcohol can be under 21, but would be unable to purchase the products they sell. Further, sales staff at a distillery gift shop can also be under 21, and whilst legally responsible for meeting all the regulatory requirements relating to the sale of alcohol, could themselves be unable to purchase.

Lastly, we presume that staff shops supplying our own personnel would also be prohibited from supplying products to any employee under 21?

Social Responsibility Fee

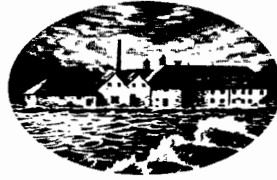
- What criteria should be used to determine the types of premises (or specific premises) that should be subject to a fee (e.g. late opening premises, or premises in a particular area) or conversely what criteria should be used to consider exemptions from the fee.
- How should the fee be determined? (e.g. based on rateable values, alcohol sales turnover).
- Should a fee be applied to Occasional Licences as well as Premises Licenses?
- Should a similar fee be applied to other premises licensed under separate legislation? If so, what types of premises should be subject to a fee?
- Are there any other comments you would like to make on the operation of a social responsibility fee?

Comment

We do not consider it appropriate that Distillery Visitors' Centres should be subject to a social responsibility fee. We are an important link in the tourism chain and operate controlled and restricted tours at specific times. Further, it would be clearly inappropriate to levy any fee based upon the alcohol sales turnover of our facility when the amount of visitor's sales is comparatively miniscule.



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We invite views on whether regulations should be made, under the Licensing (Scotland) Act 2005, to extend existing regulations to:

- Prevent the display on licensed premises of promotional materials relating to alcohol in a way to be visible to persons outside the premises.
- Prevent the use on licensed premises of any special display designed to promote sales of alcohol for consumption off the premises.
- Prevent on licensed premises any other promotional activity to induce the sale of alcohol for consumption off the premises.

Comment

We are concerned that these proposals could result in unintended consequences for distillery visitors' centres. A sign placed outside our facility advertising tours, a name sign placed on a wall, or product placed in a window might all be interpreted as being covered by these extended regulations. We also question whether the action of allowing a visitor to taste small samples of various products before making a purchase decision would be deemed as "any other promotional activity to induce the sale of alcohol off the premises"?

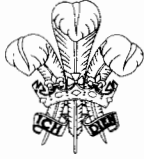
We invite views on:

- The desirability of creating separate checkouts for alcohol sales to help emphasise that alcohol is not an ordinary commodity;
- The particular criteria that should be applied in determining which types of premises should be subject to any arrangements; and
- Whether there should be a requirement for alcohol checkout staff to be at least 18 years old.

Comment

Separate tills at our distillery visitor's centre, where alcohol is sold alongside clothing, books and other miscellaneous items is not feasible. Consumers at our facility are by nature of the fact that we are a distillery totally focused on whisky as the primary reason for their presence in the first place.

Should such a measure be implemented we ask that distillery visitor centres be exempted. Lastly, we have no concerns with sales ("checkout") staff being at least 18 years of age.



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Conclusion

We have been led to believe that the Scottish Government recognizes both the economic and social contribution the Scotch Whisky industry makes to Scotland. We hope that any eventual regulatory outcomes from this consultation process will be evidence-based, focused on measures to tackle alcohol misuse and not demonise the product and by implication our industry.

Yours faithfully,

John Campbell