

M&S STAKEHOLDER TRANSPARENCY STUDY

Highlights Report

Prepared by GlobeScan – May 2015



M&S



MESSAGE FROM M&S

Dear Colleagues,

On behalf of Marks & Spencer (M&S) and GlobeScan, I would like to thank all the research participants for contributing time and insight to the M&S Stakeholder Transparency Study.

Last year, M&S launched a set of new Plan A Commitments building toward our long-term goal of being a truly sustainable retailer. One of our pillar commitments is “Transparency and Traceability” and we had committed to consult consumers and stakeholders to identify what information they consider to be important about where and how M&S products are produced.

The M&S Stakeholder Transparency Study aims to fulfil the stakeholder consultation part of our commitment. This study is vital to us – it provides us the necessary intelligence that will help us improve the information we make available, which is what we have committed to do by 2020.

We believe it is equally important to be transparent in running this study. That is why we are pleased to share this Highlights Report, which summarises key research insights and implications for M&S. We will continue the conversation on transparency with a joint M&S-GlobeScan webinar in Autumn 2015 and we have also made the full report and the online survey data tables available publicly (see page 9).

I hope you will find this Highlights Report useful. Please feel free to get in touch if you have any further comments or questions.

Sincerely,

Mike Barry

Director of Plan A
Marks & Spencer



5 Key Insights

1. Transparency is more than data: “how” information is shared matters as much as “what” information is shared; providing context around data and targets is critical and expected from stakeholders.
2. Benefits of transparency outweigh risks. Despite a strong business case, companies’ transparency performance is lagging expectations.
3. M&S is cited among companies with a good level of transparency. Plan A is seen as a strong platform to drive transparency and supply chain issues require greater focus.
4. Expectations for transparency on M&S supply chain and consumption issues are set to increase over the next five years. Experts advocate a new approach to supplier and consumer transparency.
5. Stakeholders strongly favour dialogue and collaboration: transparency should be integrated – it is ultimately a means to drive action and help solve issues.

OVERVIEW

OBJECTIVES OF THE STUDY

- Understand and assess expectations stakeholders have around transparency at M&S
- Identify and prioritise the most important transparency issues for M&S
- Identify opportunities to improve communications and engagement around transparency

APPROACH & METHODOLOGY

GlobeScan used a dual methodology:



In-depth interviews* with a selected group of experts to get qualitative views on trends and implications



Online survey** with global stakeholders to obtain hard quantitative data

*Conducted between 12th January and 13th February 2015

**Conducted between 12th January and 2nd February 2015

PARTICIPANTS PROFILE



In-depth interviews: GlobeScan consulted $n=14$ experts working in academia (2), NGOs / think tanks (7), corporations and consultancies (5).



Online survey: GlobeScan consulted $n=172$ stakeholders from various types of organisations and multiple geographies.

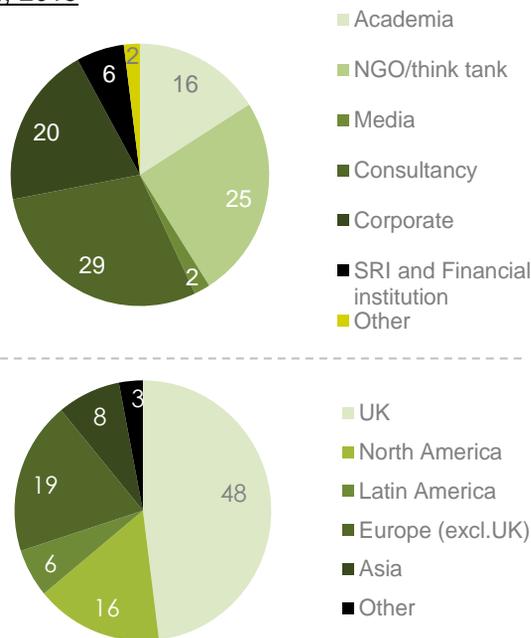
In-depth Interviews Participants, 2015

(listed in alphabetical order)

Participants included:

- Dr. Nelmara Arbex, GRI Chief Advisor in Innovation in Reporting and independent consultant
- Dan Crossley, Executive Director, Food Ethics Council
- John Elkington, Founding Partner and Executive Chairman, Volans
- Prof. David Grayson CBE, Director: the Doughty Centre for Corporate Responsibility, Cranfield School of Management
- Karin Kreider, Executive Director, ISEAL Alliance
- Bob Langert, former VP, Corporate Social Responsibility, McDonald's Corporation
- Katie McCoy, Head, Forests Program, CDP
- Dara O'Rourke, Co-founder of GoodGuide, Associate Professor, University of California, Berkeley
- Prof. Dale Southerton, Director, Sustainable Consumption Institute, University of Manchester
- Lena Staafgard, Programme Director, Better Cotton Initiative
- Peter Van Veen, Director, Business Integrity Programme, Transparency International UK
- Tensie Whelan, President, Rainforest Alliance
- Andrew Winston, CEO, Winston Eco-Strategies; author of *The Big Pivot* and *Green to Gold*

Online Survey Demographics, Total Sample (Online Survey), 2015



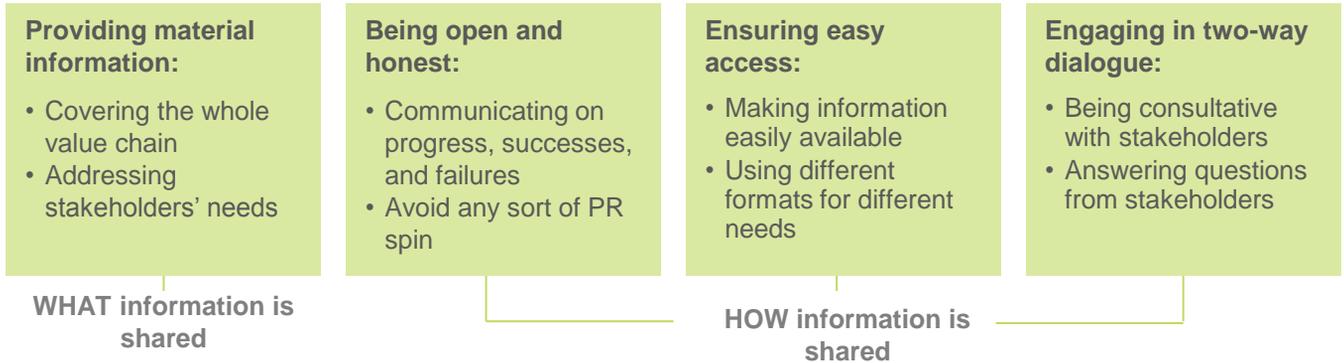
Online survey questions: Before we start the survey, we would like you to please confirm which sector best represents you and your organisation. Please select your country of residence.

NOTE: All figures in this Highlights Report are percentages, unless otherwise specified.

DEFINING TRANSPARENCY

“HOW” INFORMATION IS SHARED MATTERS AS MUCH AS “WHAT” IS SHARED

Transparency is more than data: when asked to define transparency, stakeholders focus as much on the type of data they expect companies to share (i.e., material information) as on the way they expect this data to be made available to them (i.e., in an open, honest, accessible, and engaging manner).



CONTEXT AROUND DATA AND TARGETS IS CRITICAL AND EXPECTED

Data on performance, together with associated targets, is the bedrock of transparency. However, stakeholders increasingly find targets to be “restrictive” and want to see more than just data.

Stakeholders expect companies to put their data and targets into context by answering the following questions:

- What are the issues at stake – what are the risks and opportunities facing the business?
- What is the strategy in place to address these issues?
- How are decisions being made internally?
- How does all the above ultimately relate to what the company stands for?



In-depth interview and online survey question: In your opinion, what does it mean for a company to be transparent?

THE STATE OF TRANSPARENCY TODAY

BENEFITS OF TRANSPARENCY OUTWEIGH RISKS

Stakeholders believe transparency creates more benefits to companies than risks. In today's wired world, failing to be transparent is considered to be riskier than being transparent.

Top 3 Benefits of Transparency:

- Builds trust
- Enables a better understanding / management of business performance
- Enhances reputation / brand loyalty

Top 3 Risks of Transparency:

- Vulnerability / exposure to criticism
- Loss of competitive advantage
- Loss of business or reputational value

Nearly
1/3 more
benefits than
risks
were cited by
stakeholders

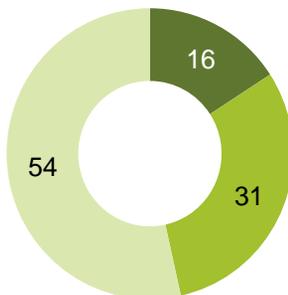
“The age of control is over. In the long term there are more risks in not being open.”
(In-depth interview respondent)

“For me the main risk of transparency is the lack of it.”
(Online survey respondent)

In-depth interview and online survey questions: In your view, what are the main benefits of transparency for companies?
What are the main risks of transparency for companies?

COMPANIES' PERFORMANCE IS LAGGING EXPECTATIONS

Transparency Performance of Large Established Companies Today, Total Sample (Online Survey), 2015



■ Transparent ■ Neutral ■ Not transparent

Transparent = those rating (5+6+7) on 7-point scale; Neutral = those rating (4); Not transparent = those rating (1+2+3)

Online survey question: How would you rate the state of transparency of large established companies these days?

More than half of online survey respondents (54%) believe companies are not transparent today.

The top three reasons given by stakeholders for companies' lagging performance are:

- Companies only make limited / selective disclosure across areas of business risks
- There is insufficient transparency from companies on their supply chains
- Companies do not yet have an internal mind-set compatible with transparency

M&S TRANSPARENCY PERFORMANCE AND ISSUES

M&S IS CITED AMONG COMPANIES WITH A GOOD LEVEL OF TRANSPARENCY

A core set of companies is perceived to be doing a good job at being transparent.

Some of the key reasons why these companies are viewed to present a good level of transparency include:

- **Branded communications platforms** that effectively articulate goals and strategies such as Unilever's Sustainable Living Plan or M&S' Plan A
- **Active stakeholder engagement** on transparency issues, starting from the top (CEO)
- Availability of information on the **supply chain**, with Patagonia's Footprint Chronicles or Nike's supply chain disclosure efforts viewed as best practice

Top 10 Companies with Best Transparency Performance, Unprompted, Total Sample (Online Survey), In Alphabetical Order, 2015



Online survey question: Can you name one or more companies that you think are doing a good job being transparent? That is, in providing information or making information available to relevant stakeholders?

SUPPLY CHAIN ISSUES ARE A KEY AREA OF FOCUS FOR TRANSPARENCY EFFORTS

Advanced analysis helped prioritise transparency efforts required on general business issues and issues specific to M&S' retail categories – food, clothing, and home/beauty. While Plan A is seen as a strong platform driving transparency at M&S, supply chain issues (workers' rights, supplier standards) emerge as key areas where enhanced transparency is expected by stakeholders.

M&S Transparency Issues, Sub Sample (Online Survey), 2015

	GENERAL BUSINESS	FOOD	CLOTHING	HOME / BEAUTY
AREAS WHERE TRANSPARENCY CAN BE LEVERAGED (STRENGTHS)	<ul style="list-style-type: none"> • Vision / values (Plan A) • Stores' impact • Policies and standards 	<ul style="list-style-type: none"> • Systemic issues (food safety, sustainable food, climate change) 	<ul style="list-style-type: none"> • Child labour • Supplier standards 	<ul style="list-style-type: none"> • Ingredients • Animal testing
AREAS WHERE TRANSPARENCY NEEDS TO BE IMPROVED	<ul style="list-style-type: none"> • Distribution operations' impact on environment • Employee treatment 	<ul style="list-style-type: none"> • Workers' rights • Supplier standards • Water • Fair pricing • Local sourcing 	<ul style="list-style-type: none"> • Workers' rights • Toxicity / chemicals 	<ul style="list-style-type: none"> • Workers' rights • Supplier standards
OTHER AREAS TO MONITOR	<ul style="list-style-type: none"> • Paying taxes • Lobbying 	<ul style="list-style-type: none"> • GMOs 	<ul style="list-style-type: none"> • Environmental pollution • Fair pricing • Water 	<ul style="list-style-type: none"> • Environmental pollution • Water

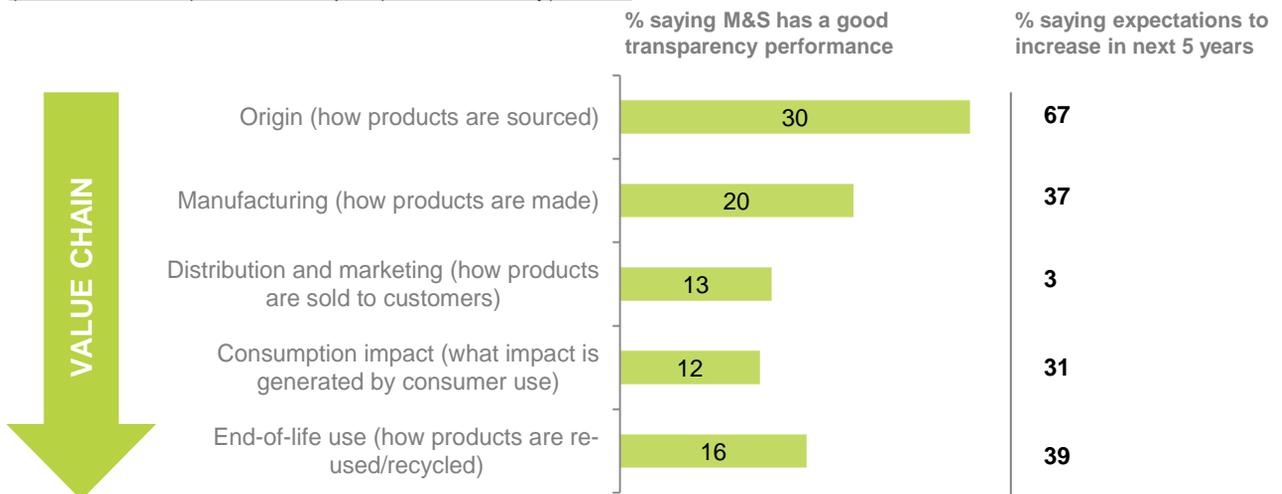
Online survey questions: Now, please rank how important it is for M&S to share information with its stakeholders on the following range of issues relevant to its [category name] category. Please consider the top 5 most important issues you have just selected and rate how M&S performs when it comes to sharing information with its stakeholders on these specific issues.

FUTURE TRANSPARENCY TRENDS FOR M&S

EXPECTATIONS OF TRANSPARENCY ON BOTH ENDS OF THE M&S VALUE CHAIN ARE SET TO INCREASE IN THE NEXT FIVE YEARS

M&S is viewed to be more transparent on its products' origin than on any other stage of its value chain. Stakeholders' expectations of transparency on supply chain and consumption issues are set to strongly increase: 67% of online respondents think expectations of transparency on how M&S' products are sourced will increase in the next five years, followed by transparency on end-of-life use (39%), manufacturing (37%), and consumption impact (31%).

M&S Value Chain Transparency, Performance (Top 2 Boxes) vs Importance in Next Five Years (Total Mentions), Total Sample (Online Survey), 2015



Online survey question: Please rate how M&S performs when it comes to sharing information with its stakeholders about the following stages of its value chain. Q2x4. For which of these stages of the M&S value chain do you think expectations for transparency will increase, or increase the most, over the next five years?

All ratings based on 7-point scales

A DIFFERENT APPROACH TO SUPPLIERS AND CONSUMERS IS ADVOCATED

Suppliers: Toward “reciprocal transparency”

Some experts encourage companies to be as transparent with their suppliers as they expect suppliers to be transparent with them. This reciprocal transparency is viewed to be critical in building two-way trust, and ultimately, more effective sustainable supply chains.

Consumers: From education to choice editing

While consumers expect companies to be transparent, some experts believe that consumer transparency cannot effectively drive behaviour change. Companies, and particularly retailers, are instead expected to act as curators of consumption through choice editing.

M&S COMMUNICATIONS AND ENGAGEMENT OPPORTUNITIES

M&S-OWNED COMMUNICATIONS CHANNELS ARE PREFERRED

M&S-owned communications channels are preferred by stakeholders. More than half of online survey respondents prefer receiving information via the M&S website (53%), followed by the M&S Plan A Report (52%), information inside stores (41%), and the M&S Annual report or strategic report (35%).

M&S Sources of Information (Total Mentions), Total Sample (Online Survey), 2015



Online survey question: Through which of the following channels would you prefer receiving information on M&S in the future?

STAKEHOLDERS FAVOUR DIALOGUE AND COLLABORATION

While transparency is important, two-way dialogue and collaboration to solve issues and drive tangible progress is of uppermost importance to stakeholders (e.g., cross-sector initiatives, etc.).

This means that transparency cannot be dealt with in isolation; transparency has to be integrated in a wider stakeholder engagement approach.

“Companies deliver a small amount individually – there is a need for coalitions of companies to provide change in favour of more business practices.”

(In-depth interview respondent)

“Move from one way information 'push' to more real time dialogue.”

(Online survey respondent)

WAY FORWARD

NEXT STEPS AT M&S

The M&S Stakeholder Transparency Study provided M&S with the necessary insights to drive improvements and help integrate transparency into the overall Plan A strategy and priorities.

To this date, the Plan A team has already:

- Improved the structure of the forthcoming Plan A Report 2015 and begun to refresh the Plan A website to make it easier for stakeholders to find the information that most interests them more quickly
- Launched a [Plan A 2020 Innovation Challenges](#) website which invites people in retail, business, and academia to help solve real live challenges facing M&S on its journey to sustainable business
- Published details of how Plan A product attributes are identified and measured
- Commenced a review of the business to identify opportunities for improved transparency

M&S is committed to improve customer engagement over the next two years and explore new and innovative ways to make data more engaging.

CONTINUING THE DIALOGUE

- To know more about next steps at M&S, please contact the Plan A team:
PlanA@marks-and-spencer.com
- To enquire about the study (methodology or findings), please contact:
Perrine Bouhana
Associate Director
GlobeScan
Email: Perrine.Bouhana@GlobeScan.com
- To download the full report and online survey data tables, please visit the M&S website (transparency page) by clicking [here](#).

Upcoming Webinar:

Autumn 2015

Transparency at M&S: Progress Update

Chris Coulter, CEO of GlobeScan, will be joined by Mike Barry, Director of Plan A at Marks & Spencer, to review the transparency initiatives implemented at M&S and discuss the opportunities and challenges in addressing the issues raised by the M&S Stakeholder Transparency Study.

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ABOUT M&S AND PLAN A:

Marks & Spencer is a global, multi-channel retailer of mainly own-brand high quality, great value food, clothing and home products. There are over 1,300 M&S stores worldwide and it employs nearly 86,000 people.

Plan A is M&S's way to help protect the planet – by sourcing responsibly, reducing waste and helping communities – and enabling it to fulfil its core purpose by Enhancing lives, Every day. M&S launched Plan A in January 2007, setting out 100 commitments to achieve in 5 years. M&S has now introduced Plan A 2020 which comprises 100 new, revised and existing commitments.

www.corporate.marksandspencer.com/plan-a

ABOUT GLOBESCAN:

Since 1987, GlobeScan has helped clients measure and build value-generating relationships with their stakeholders.

Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organizations.

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