

MARKS & SPENCER

M&S MODERN SLAVERY STATEMENT 2015/16

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Marks and Spencer Group plc and other relevant group companies¹ (M&S) during year ending 2 April 2016 to prevent modern slavery and human trafficking in its business and supply chains.



**M&S IS A GLOBAL
MULTICHANNEL
RETAILER**

**82,904 EMPLOYEES AND
914 UK STORES AND 468
INTERNATIONAL STORES**

**OPERATING
IN 59
TERRITORIES**

**3,000
PRODUCT SUPPLIERS**

**20,000
FARMS**

**100,000
SMALLHOLDERS**

**OVER
1,000
NON-MERCHANDISE
GOODS AND SERVICES**
– EQUIPMENT FOR NEW STORES
TO CLEANING, SECURITY AND CATERING

Introduction

We know that slavery, servitude, forced labour and human trafficking (**Modern Slavery**) is a global and growing issue given the rapid rise in global migration, existing in every region in the world and in every type of economy, whether industrialised, developing or in transition. No sector or industry can be considered immune or untainted. M&S has a zero tolerance approach to Modern Slavery of any kind within our operations and supply chain. We all have a responsibility to be alert to the risks, however small, in our business and in the wider supply chain. Staff are expected to report concerns, using the appropriate reporting channels, and management are expected to act upon them.

Our business and supply chains

M&S is one of the UK's leading retailers, selling own brand food, clothing and home products in 1330 stores and online both in the UK and internationally. The M&S Group has an annual turnover £10.4 billion. Plan A, our ethical and environmental programme, underpins everything we do, from sourcing responsibly and reducing waste to helping the communities in which we operate. Our product supply chains are extensive and global, numbering thousands of suppliers over more than 70 countries.

Policies and contractual controls

M&S internal policies include our Human Rights policy and our Code of Ethics where we confirm that we will not tolerate or condone abuse of human rights within any part of our business or supply chains and will take seriously any allegations that human rights are not properly respected. We also operate a Whistleblowing Policy, aimed principally at our employees but also available to others working in our supply chains which encourages staff to report any wrongdoing which extends to human rights violations like Modern Slavery. All reports will be fully investigated and appropriate remedial actions taken.

We have a long-standing approach to Modern Slavery in our product supply chains, reflected in our policies and controls on ethical trading. Policies are developed by subject matter experts, and signed off at Director-level.

All suppliers are required to comply with our Global Sourcing Principles, and with business-area specific ethical policies, which require them to:

- participate in ethical trading audits assessments;
- Provide employees with good working conditions, fair treatment and reasonable rates of pay; and
- Respect workers' human rights and comply fully with all applicable laws.

The above policies also require that:

- All work must be voluntary, and not done under any threat of penalties or sanctions
- Workers must not pay any deposits for work, and employers – whether labour users or recruiters – must not keep original copies of identity documents.
- Indentured labour is prohibited, and workers must be free to leave work at any time, with all salary owed to be paid.

The Global Sourcing Principles have applied to product suppliers since 1998, and as of May 2016, have been extended to all suppliers – including goods not for resale. As of May 2016, we have also strengthened the Global Sourcing Principles on forced labour, and agency labour, by adding a new statement prohibiting the payment of direct or indirect recruitment fees to secure a job, and requiring suppliers to have adequate due diligence in place to ensure this does not happen. In the year ahead we will look to understand in more detail how to prevent the payment of fees. Within the M&S Food, we have had a Responsible Labour user policy in place since 2008, and require any food supplier using third party recruiters to be carrying out regular audits of their labour providers.

¹ This statement sets out the steps taken by Marks and Spencer Group plc, Marks and Spencer plc and Marks & Spencer Simply Foods Limited all of which fall within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

This year M&S has amended its standard supplier contractual terms to include obligations on suppliers to: comply with the Modern Slavery Act, conduct regular Modern Slavery risk assessments within their own supply chains, implement appropriate controls to prevent Modern Slavery, and notify M&S immediately if they become aware of any Modern Slavery within their supply chains. Suppliers which breach these obligations will face appropriate actions which could include termination of contracts.

We place importance on the provision of effective remedy wherever human rights abuses occur through company-based grievance mechanisms. We have outlined our approach to handling complaints/concerns on our [website](#) and in our [inaugural Human Rights Report](#). In the year ahead, we will review how our grievance mechanisms can be strengthened.

Due Diligence and audits of suppliers and supply chain

We understand that our biggest exposure to Modern Slavery is in our product supply chains, where we have undertaken activity over last decade to minimise the risk of Modern Slavery. Within these areas, new suppliers and factories/sites are subject to due diligence checks in the form of ethical/compliance audits conducted by or on behalf of M&S. Such audits are also regularly conducted for existing suppliers and factories/sites.

These audits assess compliance with [the Global Sourcing Principles](#) and are, amongst other things, intended to identify any Modern Slavery practices. If issues are identified, appropriate investigative and remedial actions will be taken.

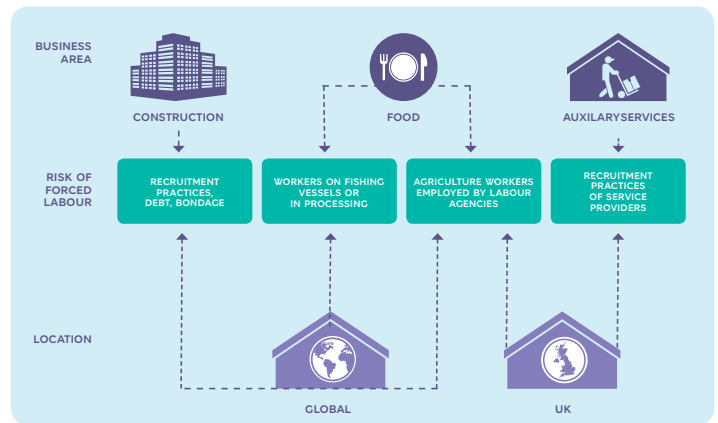
During 2015/16, ethical audits identified 14 non-compliances under the heading 'employment is freely chosen', this included absence of a clear policy on forced labour, reports from workers that toilet breaks were restricted, deposit payments for protective equipment, and retention of passports of workers. All instances have been followed up, for example, by working with experts on the ground to undertake more detailed visits, and to identify remedial actions.

Recognising the limitations of 'mainstream' ethical audits to identify Modern Slavery issues, and based on information received through our Human rights risk assessment process, we have also begun to undertake a number of additional due diligence audits with leading forced labour experts. To date, such audits have been carried out in Vietnam, Indonesia, Malaysia, and the Philippines.

Assessment of Modern Slavery risk within our supply chain

In the past year we have increased our focus on Modern Slavery within our wider business operations, and the supply chains of our goods not for resale, including the formation of internal governance structure on Modern Slavery and Human Rights at both operational and leadership levels; Human Rights Practitioner Committee and our Human Rights Director Steering Group.

We have mapped our supply chains to assess particular industry/sector and geographical risk. These assessments cover the entire scope of our business, encompassing Retail Operations, Property, Logistics, HR, IT and International, as well as product supply chains.



Example of potential incidence of forced labour

We have worked with external experts to undertake a detailed risk analysis of our sourcing countries and product areas so we have a clear idea of where the biggest risks lie and where our actions can have a positive impact. Further detail on how we carry out our human rights risk assessment is included in our [Human Rights report](#).

In terms of understanding our greatest risk, there are well known reported instances in the food industry of forced or trafficked labour, ranging from Eastern European workers in the UK meat and poultry processing industry to enslaved migrant workers several tiers down the shrimp supply chain in Thailand. Our human rights risk assessment process has also highlighted the possibility that in service industries, particularly construction and procurements of goods not for resale there could be potential for workers to be put at risk of forced labour. In the clothing industry India arguably represents the biggest risk, because the apparel industry encompasses many different sectors such as cotton, ginning and spinning mills and manufacturing sites. Turkey also has increased in risk given the significant number of foreign migrants.

This has enabled us to prioritise our supply chain due diligence on Modern Slavery, which has included working with leading experts on visits to second and third tier sites in our supply chains in Indonesia, Vietnam, Malaysia and the Philippines and working with GLA to carry out due diligence assessments of non-food suppliers.

Modern Slavery training

We have used training to upskill our product suppliers on the implementation of relevant policies, in our regular supplier workshops.

We have trained our key staff in Modern Slavery and human rights using an expert 3rd party consultancy and then used that consultancy to support each business area in mapping, risk assessment and developing mitigation response.

We have developed Ethical Trade training, which covers Modern Slavery, which is now being rolled out across the business starting in Foods and all food employees will be trained by the end of 2016/17.

Further steps to prevent Modern Slavery in our supply chains

The Directors of each business area (Retail Operations, Property, Logistics, HR, IT and International, Foods, Clothing & Home) are responsible for compliance in their respective departments and for their supplier relationships. Given the complexity and changing nature of this issue we have formalised internal governance of Modern Slavery and Human Rights at both operational and senior leadership levels.

In addition:

- Our CEO has written to suppliers servicing all areas of our business to raise awareness of the Modern Slavery Act and Human Rights. This letter affirms our zero tolerance approach to human rights abuses; updates our Global Sourcing Principles to address human rights; encourages suppliers to establish their own risk assessment processes; and informs them that we will be periodically checking compliance with our standards.
- Ongoing Supplier Engagement and awareness raising (using Surveys, newsletter, supplier workshops)
- Listening to our stakeholders, we have increased our transparency on human rights and Modern Slavery. In May 2016, we published for the first time an online list of our first tier [food and clothing sites](#), and began disclosing additional information on our [approach to auditing](#). We will also be using our forthcoming human rights report to outline where we see our biggest supply chain risks on [Modern Slavery, and wider Human Rights](#).
- Recognising the extremely complex nature of Modern Slavery, we continue to emphasise the importance of collaboration with others. In the past year, we have been involved in several supply chain collaborations, including cross industry involvement through the Consumer Goods Forum, Ethical Trading Initiative, Freedom Fund, Stronger Together in the UK, Project Issara in Thailand, Tamil Nadu and retailer collaborations in Spain and Italy. We have worked closely with the Ethical Trading Initiative (of which we have been members since 1999), including participating in their 2015 research into corporate responses on Modern Slavery. Within the Consumer Goods Forum, we have been a key contributor to the development of their focus on Modern Slavery. We have a long-standing relationship with the Gangmasters Licensing Authority (GLA), who regulate the supply of temporary labour into the Food and Farming industry. We are currently working with the GLA to undertake a small number of due diligence assessments in non-food sectors. Governments, both in the UK and internationally, have an important role to play in tackling Modern Slavery. We have participated in government consultations on the Modern Slavery Act, and on the future of the GLA, and will continue to remain engaged with Government on this issue.
- We have run bespoke Modern Slavery training for M&S Food suppliers. In addition, all UK M&S Food suppliers employing migrant workers are required to have attended Stronger Together workshops, and to have cascaded the training within their supply bases. Over 200 attendees from the M&S supply base have attended, taken part in this training to date. In Turkey we have run supplier workshops on Modern Slavery for 1st and 2nd tier suppliers given the current risks of Syrian refugee exploitation in the informal garment industry. 160 attendees participated from 51 suppliers.

Assessment of effectiveness in preventing Modern Slavery

We understand that Modern Slavery risk is not static, and will continue our leading approach to mitigating this risk in the year ahead.

In order to assess the effectiveness of the measures taken by M&S we will be reviewing the following key performance indicators and reporting on them in future Modern Slavery Statements:

- staff training levels;
- actions taken to strengthen supply chain auditing and verification;
- steps taken to upskill our high risk suppliers, and assessing their ability to detect and mitigate modern slavery risk in supply chains; and
- investigations undertaken into reports of Modern Slavery and remedial actions taken in response.

This statement was approved by the Boards of Marks and Spencer Group plc, Marks and Spencer plc and Marks & Spencer Simply Food Limited.

Signed



Steve Rowe
CEO, Marks and Spencer Group plc
June 2016