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Global Sourcing Principles

For many years Marks & Spencer has worked to ensure that our suppliers' employees, producing our products, are provided with good working conditions. This drive supports our core brand value of integrity – our customers expect high standards and trust us to work ethically.

In addition, we understand that when people are treated with respect, work in decent conditions and earn fair rates of pay, both they and their companies benefit from increased commitment and productivity. Ultimately, our customers benefit too, from better quality, better value products and peace of mind.

We achieve these objectives by developing agreed standards with our suppliers, supported by regular site visits and a policy of continual improvement. Strict sanctions are applied when standards are not met, or where there is no commitment to improve standards.

Increasing global expansion and international competition bring new challenges. We are a major retailer, selling a diverse range of exclusive own-brand products in more than fifty countries. Marks & Spencer products are now manufactured around the world.

Because our suppliers often have their own complex supply chains, it would be impossible for us to monitor or control the working conditions of each individual who contributes to what ultimately becomes a Marks & Spencer product. We will not under any circumstances accept production from non-approved factories or goods supplied from sites that differ from our contracts system for each specific contract. However, we are determined to do everything we can to bring fair sourcing principles to all stages of our supply chain. We have therefore published our Global Sourcing Principles (also referred to as the 'Principles') to set out our beliefs and standards and guide our suppliers. A copy of the Principles is attached to this letter.

These principles set out what is required and expected from our contracted suppliers – i.e. those with whom we have a direct contract for goods or services – to ensure their facilities meet acceptable standards, and are continually improving. We take appropriate measures to promote and enforce compliance with these principles by our contracted suppliers and expect them to do the same within their supply chain. Suppliers of branded goods and are franchise partners are expected to have noted the requirements and to have established similar arrangements.

At Marks & Spencer, we take great care selecting the companies who supply us directly with products and services. Our Global Sourcing Principles establish the standards for suppliers working with us.

As our business relationship develops, we expect suppliers to raise their standards and improve working conditions, taking account of internationally recognised codes of practice. We have adopted several elements of international codes as well as the Ethical Trading Initiative (ETI) Base Code into the Principles.

Supplier's responsibility

We have a clear set of standards appropriate to the industries and countries manufacturing our products. It is the supplier's responsibility to achieve and maintain these standards and to enforce these standards with their own supply chain.

Transparency

In today's increasingly transparent world there is a greater need than ever to make these standards and management systems part of our suppliers' everyday business and for them to be able to demonstrate they are doing so. In this spirit M&S is committed to working with our suppliers in an open, constructive and transparent manner and we request our suppliers do the same.

Workforce and Human Rights

The people working for our suppliers are to be treated with respect, and their health, safety and basic human rights must be protected and promoted. Each supplier must strive to comply with all relevant local and national laws and regulations and its obligations in the Principles particularly with regard to:

- HR Management Systems and Processes
- Labour Standards and Human Rights
- No Discrimination and Equal Opportunities
- Decent Working Conditions
- Health and Safety
- Terms of Employment
- Working Hours and Wages
- Avoidance of Modern Slavery and Forced Labour

Production sites and labelling

Suppliers must agree with us in advance the production site or sites to be used for each order: no subcontracting of our orders from these agreed locations is allowed.

All products sold by Marks & Spencer must be labelled with their country of origin.

Regular assessment

All product production sites are visited and assessed regularly by our suppliers and by our own people. Together we strive for continual improvement.

Environmental responsibility

At the very least, suppliers must meet all relevant local and national regulations. In addition, we expect them to meet all the relevant Marks & Spencer standards relating to the environment.

Extending these principles throughout the supply chain

We expect our suppliers to adopt similar principles in dealing with their own suppliers.

Our commitment to suppliers

M&S acknowledge that it has responsibilities to its suppliers. The final section of the Global Sourcing Principles sets out some of the key commitments M&S gives to its suppliers.

Suppliers must apply these principles at all times, and must also be able to demonstrate that they are doing so. We will work with suppliers to support any necessary improvements but we will also take action, which may involve cancelling contracts and ceasing to trade, if suppliers are not prepared to make appropriate changes.

Marks and Spencer Global Sourcing Principles

I, the undersigned, hereby acknowledge receipt of copies of the revised Global Sourcing Principles (GSP).

By signing, we understand our legal obligation to comply with GSP as part of our terms and conditions of trade with Marks and Spencer plc.

(Insert signature)

.....

(insert name and position held)

for and on behalf of

(Insert company name)

Date:.....

GLOBAL SOURCING PRINCIPLES

General

This table sets out the standards that we expect our suppliers to comply with and the processes and systems that we expect them to implement in order to promote respect for human rights, sustainability and decent working conditions. Each supplier must strive to comply at a minimum with the following standards, and apply the following processes. They do not preclude adopting higher standards or more stringent processes.

In compiling these standards we have made extensive reference to commonly accepted collaborative codes, including the Ethical Trading Initiative Base Code, the Global Social Compliance Programme Reference Code, and the UN Guiding Principles on Business and Human Rights. In doing so, we aim to align our requirements with international standards and to promote comparability between the standards of different buying companies, thus reducing excessive compliance burden on suppliers.

Management systems and processes	
Compliance with national law	In addition to these principles, suppliers must comply with all relevant local and national laws and regulations. Unless there is conflict between national law and any supplier obligation in these Principles, the supplier must adhere to the standard that promotes the higher level of protection for workers, communities and other rights holders.
Human resource policies	Suppliers must adopt and implement human resources policies and procedures appropriate to their size and workforce, which are consistent with the requirements of national law and these principles.
Information about employment & employee relationship	Work performed must be on the basis of a recognised employment relationship established in compliance with national legislation and practice and international labour standards. Suppliers must ensure all workers on their sites are provided with written and understandable information about their employment conditions, including wages, hours, and holidays, before they enter into employment; and about details of their wages for the pay period concerned each time that they are paid.
Temporary workers rights	Temporary labour arrangements must not be used to avoid obligations to workers under labour or social security laws and regulations arising from the regular employment relationship. For example: excessive use of fixed-term contracts, labour-only contracting, sub-contracting, home-working or apprenticeship schemes.
Worker consultation	Suppliers must develop processes for communicating and consulting with workers and their democratically elected representatives to share information on the business and to gather feedback. Where relevant a gender committee should be considered to ensure women's health and rights are considered and their voice heard by management.

	Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively, without prior authorisation from suppliers' management, according to national law. Suppliers must not interfere with, obstruct or prevent such legitimate activities.
	Where the right to freedom of association and collective bargaining is restricted or prohibited under law, suppliers must not hinder workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. Suppliers must not seek to influence or control these mechanisms.
	Suppliers must adopt an open attitude towards worker representation and the activities of trade unions.
	Suppliers must not discriminate against or otherwise penalise worker representatives or trade union members because of their membership of, or affiliation with, a trade union, or their legitimate trade union activity, in accordance with international labour standards.
	Suppliers must give worker representatives access to the workplace in order to carry out their representative functions, in accordance with national law and international labour standards.
Forced labour	All work must be conducted on a voluntary basis, and not under threat of any penalty or sanctions.
	Suppliers must ensure that workers are not required to make deposits/financial guarantees/payments to employers, labour providers or agencies to obtain work, and must not retain original copies of identity documents (such as passports, identity cards, etc.)
	Bonded/indentured labour is prohibited. Suppliers must respect the right of workers to terminate their employment after reasonable notice and to receive all owed salary. Suppliers must respect the right of workers to leave the workplace after their shift.
	There must be no forced, bonded or involuntary prison labour.
Child labour	Suppliers must not employ workers who are younger than: i) the legal minimum age for employment applicable to the supplier; or ii) the age of completion of compulsory education; (whichever is higher). In any event, a supplier must not employ a person under the age of 15 in any circumstances.
	Suppliers must not recruit child labour nor exploit children in any way. If children are found working directly or indirectly for the supplier, the supplier must implement a remediation plan that puts the best interests of the child first, and enables the child to access appropriate education.
	Suppliers must not employ young workers under 18 years of age to work at night, or in conditions which compromise their health, their safety or their moral integrity, and/or which harm their physical, mental, spiritual, moral or social development.

	All work of persons under the age of 18 must be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.
Discrimination and Equal Opportunities	Suppliers must treat all workers with respect and dignity.
	Suppliers must base the employment relationship on the principle of equal opportunity and fair treatment. They must not engage in, support or tolerate discrimination in any area of employment.
	Suppliers must not discriminate against any worker based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, and termination.
	Suppliers must not require a pregnancy test or discriminate against pregnant workers except where required by applicable laws or regulations or prudent for workplace safety. In addition, suppliers must not require workers or potential workers to undergo medical tests that could be used in a discriminatory way except where required by applicable laws or regulations or prudent for workplace or food safety.
	Suppliers should have an equal opportunity employment policy that promotes gender equity in employment practices, and states maternity leave provision and support for child care where appropriate.
Harassment and abuse	Suppliers must commit to a workplace free of harassment. Suppliers must prohibit and must not tolerate all forms of physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse, corporal punishment, mental coercion, physical coercion or other forms of intimidation. Suppliers must not place unreasonable restrictions on entering or exiting the company facilities.
	Suppliers must prohibit harassment and unlawful discrimination in the workplace.
	Suppliers should provide training on non-discrimination and harassment where possible.
Disciplinary procedures	Suppliers must establish written disciplinary procedures and must explain them in clear and understandable terms to their workers. All disciplinary actions and performance management actions must be recorded and explained to workers. Workers must have the right to trade union or other appropriate representation at disciplinary action which may lead to significant disciplinary penalties or dismissal.
Workplace grievances	Suppliers must provide a grievance mechanism for workers (and their organisations, where they exist) to raise workplace concerns. This grievance mechanism must involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism must also allow for anonymous complaints to be raised and addressed. The existence and scope of this mechanism must be clearly

	communicated to all workers and their representatives, and all workers must have equal access.
Healthy and safe working conditions	Suppliers must provide safe and clean conditions for all workers on site in all work and residential facilities and must establish and must follow a clear set of procedures regulating occupational health and safety.
	Suppliers must take adequate steps to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising the causes of hazards inherent in the working environment. Appropriate and effective personal protective equipment must be provided as needed.
	Suppliers must provide all workers with access to clean toilet facilities which respect worker dignity and to drinkable water and, if applicable, sanitary facilities for food preparation and storage.
	Suppliers must provide regular and recorded health and safety training to workers and management, and such training must be repeated for all new or reassigned workers and management.
	Suppliers must assign the responsibility for health and safety to a senior management representative and must carry out regular risk assessments.
	Suppliers must provide adequate safeguards against fire, and must ensure the strength, stability and safety of buildings and equipment, including residential facilities where provided. All sites must have an effective fire safety management system in place. This must include but not limited to: <ul style="list-style-type: none"> - Responsibility of general manager for overall fire safety - Ongoing risk assessments - Training for fire safety personnel - Appropriate and reliable equipment - Clear and safe evacuation systems - Regular fire drills for all shifts and all types of workers (site must keep a list of trained personnel) All systems must be reviewed on a frequent basis.
	Suppliers must provide access to adequate medical assistance and facilities.
Worker accommodation	Suppliers must ensure that residential facilities for workers, where provided, are clean and safe and meet the needs of workers. Workers' accommodation arrangements must not restrict workers' freedom of movement or of association. Suppliers must provide accommodation in a manner consistent with the principles of non-discrimination and equal opportunity.

Wages and benefits	Suppliers must pay workers a fair wage and benefits and have a transparent process to ensure that workers fully understand the wages that they receive. Suppliers must compensate all their workers by providing wages, overtime pay, all legally required benefits and paid leave which respectively meet or exceed the national legal minimum wage, and all applicable laws and regulations. (If industry benchmark standards and/or collective agreements are in place, provided they are higher than the minimum wage, these must be followed). Wages should be paid regularly and on-time. Suppliers should work towards paying workers a fair living wage.
	Suppliers must not make any deduction from wages as a disciplinary measure. Suppliers must not make any deductions from wages which are unauthorised and not provided for by national law. Workers must be fully informed of any deductions made to their pay. All deductions must be recorded.
	Suppliers must ensure that men and women receive equal pay and conditions for the same jobs.
Working hours	<p>Suppliers must ensure that working hours comply with national laws or benchmark industry standards or relevant international standards, whichever affords greater protection to ensure the health, safety and welfare of workers. Working hours, excluding overtime, must not exceed 48 hours per week. The total hours worked (including overtime) in any week must not regularly exceed 60 hours in a single week.</p> <p>Working hours may exceed 60 hours in a single week only in exceptional circumstances where any of the following are met: this is allowed by national law; this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce; appropriate safeguards are taken to protect the workers' health and safety; and the employer can demonstrate that exceptional circumstances apply such as seasonal work, accidents or emergencies.</p> <p>All overtime must be voluntary and must not be requested on a regular basis.</p>
	Suppliers must ensure that all workers receive on average two days off in fourteen, as well as annual holidays.
Agency/ Indirectly Employed Workers	<p>Suppliers should have due diligence processes in place to ensure that workers on their site do not pay any form of recruitment fees to any agents to gain employment.</p> <p>Suppliers are responsible for the rights of all workers on their site whether they are directly employed or employed or engaged through a labour provider, agent or a contractor.</p> <p>Suppliers must have a process to ensure that they have a record of all workers working at their site including those engaged through an agency, labour provider or contractor within three days of beginning employment or being on site.</p> <p>Suppliers must meet any local laws relating to the use of agency / labour provider workers including to workers at their own suppliers and sub-contractors, and to workers supplied by agencies, for example by including</p>

	<p>these standards in contractual or procedural agreements with third party employers.</p> <p>Suppliers must have a clear written agreement with their labour provider to ensure that the welfare of workers is safeguarded (including their health and safety, payment and benefits terms, accommodation, non-discrimination), and must monitor adherence to this agreement.</p>
Right to work	Suppliers must have a process that enables them to ensure that all workers working on their premises are documented and have a right to work legally.
Factory Closure/ Reorganisation/ Restructuring	Prior to implementing any restructuring / reorganisation or closure involving dismissal of workers, suppliers must implement a process involving reviewing viable alternatives and setting out a retrenchment plan to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect consultation with workers and their organisations. The suppliers will comply with all legal and contractual requirements. Workers must be paid all owed salary and paid for their notice period.
Sub contracting	Sub-contracting to other suppliers, sites, or units is not permitted without pre-authorized permission from M&S.
Bribery and corruption	<p>Suppliers must not offer/ give to, or receive from, Marks & Spencer staff or agents or contractors working on our behalf, any gift or other benefit that could be considered a bribe. Marks & Spencer employees are, in turn, required to refuse to accept, and not offer, any gift or service that could be construed as a bribe.</p> <p>Suppliers must uphold fair business standards in advertising, sales, and competition.</p>
Engagement	<p>Suppliers must accurately record and disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices.</p> <p>Suppliers are expected to engage with the M&S ethical trading programme and be open to audits, visits and training programmes, including worker interviews.</p>
Environment	At the very least, suppliers must comply with all local and national environmental regulations and completed a supply chain risk assessment to understand their impact on the environment. In addition, they must meet all relevant Marks & Spencer standards relating to the environment.
Land rights	We expect all suppliers to adhere to the practice of Free and Prior informed consent for land rights and suppliers must conform to local, national and international standards of land tenure when working in communities. Where applicable this may include evidence of a due diligence process within communities to understand where established rights to property and land lie.

Supply chain monitoring	It is our supplier’s responsibility to enforce these standards with their own supply chain. As part of their supply chain risk assessment they must be aware of more vulnerable groups like women, smallholders and homeworkers, and subcontracting and have adequate monitoring in place to ensure the rights of these groups are upheld.
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Our commitments to suppliers

Setting expectations	We work with suppliers to set standards and expectations appropriate to their industry, country and business.
Due diligence	We undertake due diligence assessments of human rights and sustainability impacts of our business and set ambitious targets to mitigate our negative impacts and improve performance.
Guidance	We will provide guidance to suppliers to help them understand our requirements and to implement policies and procedures to enable them to comply with our standards.
Support	We provide suppliers with practical support, advice and assistance so that they develop their own policies and processes to enable them to implement high standards.
Dialogue	We will provide agreed dialogue mechanisms to maintain open communication with suppliers and to receive feedback about our own standards and behavior where appropriate.
Grievances and complaints	We will provide a process so that all complaints from suppliers about our standards and behavior are dealt with fairly and transparently.
Purchasing practices	We will keep our buying practices under review and ensure that our behavior supports suppliers in complying with our standards.
Allegations	M&S will investigate all allegations about suppliers in a thorough and diligent manner with clear communications to all parties involved.
Assessment	We ensure that all production sites are visited and assessed regularly and that we provide advice and feedback on improvements. We will facilitate assessment methods that focus on underlying issues. We may commission third parties to audit and inspect production sites.
Termination	Should suppliers consistently fail to live up to these standards, and be unwilling to institute improvements or prepared to make appropriate changes, we will take action, which may involve cancelling contracts and ceasing to trade.
Stakeholder engagement	We will regularly consult stakeholders to understand their perspectives on the impacts of our supply chain, and we will, where appropriate, involve stakeholders in our programmes and projects to improve working conditions and respect for human rights.