

## 2014 AGM Questions

Question	Answer
If the Christmas campaign was so successful, why was it necessary to introduce unprecedented massive discounting in an effort to boost sales?	Our General Merchandise business did not achieve our expectations in the year. We know we have more to do, but we are also aware that we are on a journey. We have spent the last three years investing in this business to make it a stronger business for the long term. Outside of quarter by quarter performance, this is a stronger business today with stronger infrastructure and stronger people.
Why do none of the Non-Executive Directors have any clothing or textiles experience?	We have a very well balanced Board with a huge amount of consumer experience, and, in the executives, we have a lot of textile experience as well. We keep a detailed matrix of the range of skills we need on the Board. This is kept under constant review.
Why is the Twiggy collection only available online, especially as it targets the more mature female who does not necessarily have internet access?	The Twiggy Collection is available to all of our customers online. The older customers are very digitally savvy, and a very large percentage of our online customers are in the older category. Equally, in store, we have well over 2,000 iPads – so that customers in store can also order for delivery the next day. Although it is not in store, everybody who wants to get the Twiggy range can get it, either delivered in store or to their home.
Can we introduce a minimum spend of £30 or less, and a time span of minimum 1 month on shareholder vouchers and credit card vouchers?	We review the shareholder vouchers each year and have found the Spend and Save offer to be very popular with high rates of redemption. Alongside this, we also have a 10% voucher with no minimum spend threshold.
Why are there not as many larger lingerie sizes in store compared to smaller sizes?	I have looked at our sizing in stores, and we do have a huge number. Within our lingerie range, we have approximately 44 different sizes. However, if our customers tell us it needs reviewing then we will review it.
What is being done to improve the performance of GM?	This year we did not meet our expectations, and no bonuses were paid as a result of it. In a business and as a Board, you have to do the things that you think are right for the business to build it for the long term, even if sometimes, that is somewhat inconvenient. A lot of what has been done over the last three years has been complex.

	Two examples would be the website and the distribution reconfiguration. On their own, each of them is the biggest project of its sort in Europe. To land both of those at once is almost unprecedented in UK retailing, and that is what we are doing. We are creating a much stronger business and we will see it through.
I am a retired employee. Why can't my wife and I have two separate staff discount cards?	In recent years your staff discount card has been extended to be used to shop online as well as in store. However, for logistical reasons we only make one card available. We will continue to keep this under review.
It is reported that 82,000 people will not receive a bonus this year. Is this not a failure of leadership?	<p>Nobody in the business got a bonus this year because we did not meet our financial targets. Shareholders and commentators expect bonuses to be paid when outstanding performance is delivered, and we have been very candid that we did not meet the expectations that we set ourselves. Therefore, the Remuneration Committee, chaired by Steve Holiday, made the decision that bonuses would not be paid. This is not necessarily a question of failure, but supports the idea that bonuses are paid for outstanding performance against expectations.</p> <p>Mr Bolland has also asked for each of the last four years, not to be considered for a salary rise and he has not had one.</p>
Can you tell me how many chief executives who earn more than £100,000 have left M&S in the last three years?	No Chief Executive has left the Board in the last three years. The executive team has been consistent throughout the year. What is reported in the newspapers is not always consistent with the underlying facts.
Was there an issue in one of our stores earlier this year on religious grounds?	We have made it very clear we have a policy that is entirely respectful of everybody's particular tastes, and it is a very rare event when we get things wrong.
What were the reasons that the Remuneration Committee complied with the request of the executive directors to not receive a pay rise?	The executive directors asked that they should have no increase in salary to show solidarity at a time when staff were not getting bonuses. I think that is a responsible way of behaving, which I hope you would applaud.
What is the view on Jan Heere's departure?	Jan has done an excellent job. He has been with us for three years, leaves behind an extremely strong team, one of which has been promoted into his role. I am glad to say that we have very strong bench-strength. In the past three

	years as Chairman, I have seen the skill base of this company increase quite significantly in a number of areas, one of which is the International business.
What is your policy on accommodating the religious beliefs of employees?	We try to accommodate people's differing beliefs across the various roles within the business.
Why does the Board feel it is necessary to reintroduce 'innovation' as a core value when it should already be at the heart of the business?	Innovation has always been one of the core values of M&S. We have tried to encapsulate our core values in four key words, one of which is innovation. M&S is at its best when it is innovating: when it is on the front foot, doing the things that it is great at. There are lots of things in our GM business, all sorts of different innovations that have to be at the heart of this business. And, if we start to forget, which we won't, there is a portrait of Simon Marks in the boardroom to remind us.
What is M&S doing to improve Shop Your Way signage in stores?	<p>Shop Your Way is such an important part of our business, and over 55% of our online business is Shop Your Way.</p> <p>One of the reasons why Laura has her increased responsibility is that working together with stores and online; all our channels will be properly focused on the customer.</p>
Are you closing stores that are not profitable and, where appropriate, converting them into food only? If not, why not?	<p>A key part of looking at the business for the long term is what the property portfolio looks like. Our job as a Board is to look beyond the present to where we might be in the future, and we frequently debate how our store portfolio is structured.</p> <p>We plan to open 150 Simply Food stores over the next period of time. We are fortunate, in a sense, to be able to reconfigure our store estate to focus on Food or General Merchandise in different ways. Stores that do not perform are always reviewed.</p>
Diabetes is a growing problem in the UK. Why does M&S food have such high levels of carbohydrate?	We are the leaders in healthy-eating food, and healthy eating is one of the core principles underlying Plan A. Healthy eating is a huge problem in the UK and in many other parts of the world, and we will play our part in trying to shape healthier habits over the course of time. This is an industry issue as well – but we will be at the forefront.

Will M&S become an accredited Living Wage employer?	M&S will go on being a great employer and paying at the top end, and being at the forefront of employee engagement. We will do our very best to make sure that we get the very best staff, which means that we have to reward them appropriately.
As the Board recognises the importance of a Living Wage through its commitment to implement it in its supply chain abroad, will you extend your commitment to the Living Wage to your employees here in this country?	I cannot make commitments that I cannot promise to live up to. That would not be the M&S way. We can promise to pay at the top end, which is what we do, and we will continue to do that, as well as the other benefits that we give to employees. We do that because they give great service and we want the very best. I cannot promise the particular commitment you request, but I can promise that M&S will be amongst the very best employers in the UK.
Are we witnessing a loss of leadership on the part of Marks & Spencer due to the continuous decline in sales of clothing and increasing domination by the likes of Next and Primark?	The team has confidence in its ability to deliver on our plans, and we hope that what you have seen today at our AGM gives you an equal confidence in the improvements in quality and style that are the hallmarks of M&S.
Can you explain the reason why there is no M&S store in Israel, and are you intending to open one?	We plan to open about 250 stores over the next three years in our International business. We have set out where our priority markets are located. One of the issues with M&S over the past is that we have perhaps been too spread. This Board has to focus on the areas where we think we can grow best in the immediate term.  For the time being, I think you will find that our focus is on the countries in which we are, not necessarily in the countries in which we are not.
Please can you explain the recent management reshuffle, the implications of it and, in particular, whether we are about to see a lady CEO for the first time in M&S history?	There were two particular changes made. Laura has taken on additional responsibility for all channels, working with Sacha, and the reason for that is very clear: you have to have one face on the customer. We have to be modern retailers – multichannel retailers.  The other one, with Patrick taking on the International responsibility, is to give a very common view of the M&S brand across the whole of our International network.

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	John Dixon, who runs our GM business, has operational performance of all of the P&L account, and the same is true of Steve Rowe in Food. We have a very talented group of executives. Alan Stewart has taken on the additional responsibility of property, which is part of our strategic landscape going forward.
Please can you elaborate on the recent computer glitch that happened in January and, in particular, the impact on M&S profit and revenues and the future success of online trading?	Our new website launched at the end of February, so I think any glitch in January cannot be attributed to our new website. Our Castle Donington e-commerce distribution centre has been rapidly building up. The distribution centre is a 1 million sq. ft automated warehouse, which is equivalent to 11 Wembley pitches, and the idea that you build a facility like that with no glitch is highly unlikely. Any problems that arise are dealt with. Very soon, 100% of our e-commerce will be handled out of Castle Donington.
Can you tell us about your operations in China?	We continue to build up our operation in Shanghai. We have made it clear that we are going to open two more flagship stores in different cities, and going to seek partners in China. We are there for the very long term and it will be a step by step process.
Why does M&S make it difficult and discourage staff from joining join a union?	Employees are free to do as they wish. However, we have a wonderful Business Involvement group, with more than 3,500 elected members who serve the interests of our staff.
Why do you not employ more staff?	We need the right people on the floor. The work that we are doing to get the long-term and youth unemployed into our business and into the workforce is extraordinary. This is something that Marc Bolland has been personally involved in.
Do those responsible for marketing realise that the ever-growing number of snap sales, special offers and more and more discount days, which rapidly appear to be replacing regular, down-to-earth, reasonable pricing, is sapping the confidence of our customers who seek good-quality, fashionable merchandise?	The business is very focused on margin levels and fully recognises the brand impact of excessive promotions.
When and how will this board stop apologising for underperformance and rectify it, after three years of falling or flagging clothing sales?	We have made clear the changes being implemented within the business, making it a stronger, more capable company than it was. There is work to do

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	and we have a very clear plan. We need to deliver on our investment, and we intend to do that.
Do you have plans for a comprehensive Food website, where one can make comparisons with prices?	<p>Selling food online is something that has been considered. However, we will do it only when we think it is a profitable business for M&amp;S, which, on the current basis, it is not. However, it is kept under review because things may change.</p> <p>What makes M&amp;S different in food is its specialness and innovation. It is not just a comparison about branded products. Branded products are a very small part of our food offer.</p>