

2015 AGM Questions

Question	Answer
Can we have more information on individual director's performance included on the AGM voting form?	Details of our Board evaluation and performance is included in the full version of the Annual Report, which all shareholders are entitled to. However, many elect to receive the much shorter 'Performance Overview' document as the full report runs to some 130 pages. This information is also on our website.
Regarding the marketing strategy for India, what proportion of the profit you make there contributes to earnings per share?	We are very alive to the need to grow and be profitable and, in fact, our Indian business is growing very nicely and is a good business. India is not one of our challenging countries. In fact, we see really good opportunities, but we are going to be very measured in the way that we go about them and the Board has a lot of focus on that.
Firstly, why are we meeting out in the outer suburbs instead of the centre of London or even the centre of some other city? Secondly, when will we be going back to London?	Wembley has given us first class facilities and a location to deliver our AGM for the past few years. However, we are consistently reviewing our options on where is best placed to hold the event for our shareholders and the company.
Has Marks and Spencer surrendered the high street crown?	Unequivocally no.
How and when will M&S improve its performance and total shareholder return, particular in relation to GM?	<p>We continue to focus on the quality and style of our GM ranges. We are on track to deliver GM margin growth of +150 to +200bps with ongoing sourcing initiatives during this gross margin improvement.</p> <p>We have set out our capital allocation policy committing to a progressive dividend policy, broadly twice covered by earnings and returning any surplus cash to shareholders on a regular basis. We will be returning £150m of cash to shareholders through a share buyback programme, but we are not wedded to any particular method of returning capital to shareholders. We will make that decision every time that we come to it, so if it is the right thing to do one year, it will not necessarily be the right way to do it another.</p>
As an M&S customer, I'm delighted by your frequent one or two day 20% off sales, but as an M&S shareholder, I'm alarmed. Is there not a danger that these will lead to situation whereby would-be purchasers simply wait until a sale comes along?	We now have greater confidence in our product and the amount of promotional activity we undertake is significantly less than it has been. However, from time to time there will be exceptions to that. May was an unseasonal month for retail as a whole, which meant the market was more promotional - we responded with

	<p>our own activity to clear seasonal stock more effectively, rather than simply putting it into sale.</p> <p>We always aim to offer great quality and value with our product pricing and we would not artificially inflate this.</p>
Would the board commit to undertaking a calculation of how much they could be set to gain from adopting the Living Wage, and discuss this in the meeting so agreed with Share Action?	<p>We are able to commit to meet with Share Action and continue the debate. We know that we pay very well in the market and have a strong benefits package, which results in high retention and lower turnover than that experienced by many of our competitors.</p> <p>We work hard to build a strong relationship with our people, offering great career opportunities in addition to a strong remuneration package.</p>
Can I ask if you would, in future, be prepared to report international sales and profit contribution geographically in order to assess fully this important part of your strategy?	<p>The answer is I do not think we will any more than we would set out the profits of a particular part of the UK. In fact, the stores, whether in France or the Czech Republic, are served in much the same distribution way as they are in the UK. We are acutely conscious of the need to make profits in our International business and for the performance of that business to improve. What I can tell you is that we have no intention of deploying large amounts of shareholders' capital in the pursuit of profits unless we are pretty sure of the return.</p>
In 2007 and 2008 the profit of this company was £1 billion. On the basis of your turnaround strategy, when do you think that we are going to have that sort of profit?	<p>We have been very clear over a period of years that what we are about is building a long term, sustainable business. Our dotcom platform saw a 38% increase in sales over the last quarter. Last year, our dotcom platform was subject to a great deal of criticism, however we knew that it would take time to bed in and strongly believe that it was the right thing to do for this business over the long term.</p> <p>Likewise, the move away from 100 assorted warehouses around the country to a one million square foot automated warehouse at Castle Donington was also the right long term decision for the business. Did it have an effect on last year's profits? Yes, it did. Do I regret that? No. Do I regret that we could not have implemented it absolutely perfectly? Of course I do. I said at last year's AGM</p>

	<p>that it was wishful thinking to imagine that a project of this complexity could be completed with no issues.</p> <p>We have to build a business for the long term, a business that is sustainable and on which we do not have to perform radical surgery every couple of years.</p>
Do you agree that we would have had nine pence extra dividend if you had not squandered £150 million on a share buyback programme?	The effect of the share buyback is that it reduces the number of shares in issue. The amount of money the Company pays out as a dividend can therefore be applied to fewer shares. If you look at the discounted value of those dividends, it is a larger amount, so there is an economic point in a share buyback; assuming you do not sell your shares, you will own more of the company.
Are we still part of the 1% Club of companies committed to devoting a percentage of post-tax profit to charity?	<p>Yes, we are and we were, in fact, recent re-accredited with the BITC community mark.</p> <p>What sets M&S apart is how much we invest in how much we get our employees involved in this. It is absolutely a fundamental way of how our store staff are involved in their communities and in the work that they do. For example, we raise huge amounts of money for a number of charities, including around £1.3 million for Macmillan, £700,000 for Breakthrough Breast Cancer and about £1.3 million for local charities. Thus, I am glad to say we are absolutely there and we are doing our bit, but with our people as well.</p>
Looking at the Annual Report, there is a huge amount of information on executive remuneration but very little about remuneration on the shop floor. Can we have more basic facts so we can have a rational discussion on the living wage topic?	<p>We publish details of our Board's pay in line with the remuneration reporting regulations, as we are required to, in a very open and transparent manner, which has been recognised externally as being of a very high standard. We also provide details of how the Remuneration Committee takes employee pay into account when determining the Directors' remuneration.</p> <p>Internally, we publish pay and benefits information for all levels of employees; however this would be too extensive to publish externally.</p>
I am a shopper; I like clothes, but I have only bought one item in the past year. Again, it is a question of fit.	We have significantly invested in improving and upgrading quality and fit across Womenswear, whilst maintaining prices for our customers. 30% of our

	<p>Womenswear fabrics have been upgraded in 2014/15. Our development team have undertaken a major project to ensure consistent fit across all our brands. This has resulted in a near 50% reduction in customer complaints relating to fit. We are also offering a wider choice of dress lengths, sleeve options and cuts to suit different silhouettes.</p>
Will M&S commit today to making real strides on implementing the living wage on the ground for all their workers?	<p>We are actively engaged on this issue and have offered to meet with key groups. We will continue to listen and engage on this topic going forwards.</p>
What are you doing about the lack of stock of core merchandise in the most popular sizes?	<p>Availability is key and this issue is a key area of focus for the Board. We are currently upgrading our merchandising systems, following which we will be a much more effective business. Although availability is improving, we understand that there is more to be done. The Food business has already been upgraded and its availability has seen significant improvement.</p>
What are you doing to improve your fashion?	<p>In terms of quality and the product in store, in essence I think what shareholders are telling us is that they can see the strides that we are making with the business; bringing back in-house design, getting back our confidence in fashion, and getting quality and style back into the business.</p> <p>Our Autumn/Winter 14 and Spring/Summer 15 collections were well received by both the fashion press and our customers, who enjoyed our interpretations of key style trends. The fashion press also identified our Autograph suede skirt (£199) as being a highlight of the year.</p> <p>For Autumn/Winter 15, our design team have utilised contemporary shapes and simple silhouettes, with luxurious fabrics and tonal colour palette, to create a confident collection that feels contemporary, yet is accessible for all age groups.</p> <p>M&S is also working with the British Fashion Council in an exclusive partnership to celebrate British fashion, home grown talent and sustainability.</p>
How are you planning to improve ladies fashion in terms of style, size and fit?	<p>We have significantly invested in improving and upgrading quality across Womenswear, whilst maintaining prices for our customers. 30% of our</p>

	<p>Womenswear fabrics have been upgraded in 2014/15. On fit, our development team, which is unique to M&S, has undertaken a major project to ensure consistent fit across all our brands. This has resulted in a near 50% reduction in customer complaints across. We are also offering a wider choice of dress lengths, sleeve options and cuts to suit different silhouettes.</p>
<p>We believe that M&S should have a presence in Aldershot and have had to engage in a petition to save our store there.</p>	<p>We would never redesign our estate to avoid a store that is producing really excellent returns, however over time we do have to reshape it. This is not a question of reducing space, because we are not - we are keeping GM space level and will be opening around 250 new Simply Food stores over the next few years. However, there will be instances where the dynamics of the neighbourhood have changed, which has an effect on people's shopping habits, and our store configuration will need to change as a result. We try very hard to minimise the impact on our staff and local communities when this occurs, but we cannot stay still and retain an absolutely intact store estate over time.</p>
<p>Do the Board intend to implement a shareholder discount in stores? If so, when and how much discount can be expected?</p>	<p>We have addressed this through the introduction of the innovative new Payment Plus Scheme, an initiative which no other company has put in place, as we understand that our shareholders are our most loyal customers. This scheme rewards shareholders for their investment in M&S, offering them to the opportunity to use some or all of their dividend payment to purchase credit on a 'Shareholder Card' at a discount of 10%. This card can then be used in our stores in much the same way as a gift card. The scheme aims to benefit all shareholders who shop with us, and is in addition to the range of vouchers that we send to shareholders in January.</p>