

2016 AGM Questions

Question	Answer
M&S shares are down and profitability is down. Whilst M&S have good quality clothing it is too expensive and there aren't enough customer assistants on the shop floor. What are the management going to do to change it?	Customers will see more competitive prices across 30% of the range by the end of the year to ensure our price points are sharper and that our products are no more expensive than our key competitors. In one part of the business we have performed exceptionally well, and in another part of the business, we have not performed as well as we should have done. The cash flow in this business is strong and the fact that we have included an additional dividend this year is a reflection of that.
I am unable to see separately the womenswear performance and figures in the annual report. Where can I find this information?	The information presented in the annual report is not disaggregated below the level of clothing & home and food. The reason we do not publish it separately is because you could start segmenting our business into so many different things. Breaking down things into parts is not necessarily in the long-term interests of the business. We have to be judged on our Clothing and Home Business or our Food business in totality.
Are you listening to your own staff on what customers want and are you responding quickly enough?	We have been having hundreds of thousands of conversations with our customers and with our store assistants. They are the people who really understand what our customers want. We are not going on myths of what our customers may or may not want. We are going to listen to them to really understand what they want.
What steps are M&S taking towards promoting plant based and alternative proteins, as well as encouraging consumers to adopt more sustainable diets? Would the board be willing to meet with ShareAction to explore this further?	Healthy eating is part of our plans for growth and we have a number of interesting innovations that we are exploring at the moment, including plant-based solutions. Our Food and Plan A team would be happy to meet to discuss further.
I would like to thank M&S for your environmental impact with regard to community energy fund support.	Thank you for the positive feedback. It really means a lot to us and it is much appreciated.
Last week we had the results and an error was then rectified quite soon afterwards - why did our auditors not pick this up?	The trading statements, as opposed to the preliminary results and the half-year statement, are not checked by the auditors. This was our mistake and the thing that is crucial when mistakes are made is that you learn lessons. We have a Board meeting next week and we will learn what those lessons are.

Can I thank you for supporting the MacMillan Charity.	It is a fantastic charity and has been at the heart of what we have done for many years. The Sparks programme has raised over £1 million in the period Sparks has been going. The amount of money raised is fantastic and we know it resonates with our customers and with our people.
Please would you consider a change of venue in the future or, failing that, some kind of shuttle service for those who cannot manage the walk?	We cannot promise that we will change venue but we will look into the shuttle service. We have provided this previously and it is not something we have shut our minds to.
Why do we need a separate M&S credit card and Sparks card in order to earn points? And why do you have to bombard us with e-mails on Sparks offers?	We are exploring ways to bring our credit card and sparks scheme closer together, however, they are different schemes. Our credit cards are offered by M&S Bank. The M&S credit card offers customers M&S reward points on credit card spending. Sparks recognises more than just spend and goes beyond generic discounts to reward members with personalised, lifestyle enhancing benefits. In the nine months since we have launched it, about four and a half million people have joined the scheme, and as their spending habits evolve and we see more of that, we will make sure that we send the right emails.
Could you comment on the recent article in the FT on lack of judgement and in particular the share buyback scheme?	We committed to share buyback at the beginning of the year as part of our commitment to delivering returns to our shareholders. The share buyback did increase shareholder value, however the shareholder accretion would have been greater if the buyback had been done at a lower price. We have listened to our shareholders, including private shareholders, and we have now switched to a special dividend in light of the share price and our shareholders can now choose if they want to reinvest it in purchasing more shares.
When can we have our £800m back and why are we still making contributions to the pension scheme?	The £824.1m benefit surplus is an actuarial valuation based on requirements of the International Financial Reporting standards, these numbers can vary greatly year on year dependent on factors such as corporate bond yields. In February we announced the results of the triennial actuarial valuation which showed a small surplus of £204m. We have a good relationship with the pension trustees and have shared principles about taking a long term view of funding and together we are working to continually de-risk the investment strategy with a prudent view to maintaining a scheme surplus, which also benefits the

	business with a consistent, long term cash contribution enabling us to manage cash flow.
How quickly will an M&S return to Aldershot given that my nearest franchise store is 3 miles away?	We have no current plans to open a store in the short term but Aldershot is one of the places we are looking to open a new store. We recognise it is a gap in the market for us but we want to make sure we get the right property. We want to make sure we get the right units with the right accessibility for our customers.
How and when will M&S improve its performance and total shareholder return, particularly in relation to Clothing and our competitors?	Over the last five years, the share prices of major food retailers have fallen by, respectively, 62%, 42% and 33%. This has been, as these share prices demonstrate, one of the most difficult times in retail. We accept our performance needs to improve, but the comparison needs to be balanced. We have set out the first phase of our plan to address the recovery and growth in our Clothing & Home business, as well as growing our food opportunity and a review of our cost base. Within Clothing & Home, we have improved availability, sharpened our price points and reshaped the structure of our Womenswear team. We have a lot more to do and will address the root causes of our issues throughout the year.
At the AGM 2013 you told us that you were implementing a revolutionary change to turn around the company. What has gone so wrong that the share price has tumbled to around c.£3 compared with c.£4 offered by one Sir Philip Green in 2004?	Our business is immeasurably stronger than it was. Essential work has been done to build our infrastructure and capabilities, particularly in support of the online and digital elements. We are a more capable company with significantly improved digital design and sourcing skills in Clothing & Home and industry leading performance and outstanding innovation in Food.
What strategic changes will be made to resolve declining Clothing sales?	We have set out the first phase of our plan and addressed how we can better understand our customers and what M&S means to them. On Clothing & Home so far we've improved availability, sharpened our price points and reshaped the structure of our Womenswear team to better reflect the way our customers shop. We have a lot more to do, we will continue to lower prices, put emphasis on styling rather than catwalk trends and we will focus on innovations that are genuinely useful.
There is a shortage of fast selling sizes are a concern to me as a customer, but particularly as a shareholder.	We have set out the first phase of our plan and addressed how we can better understand our customers and what M&S means to them. On Clothing & Home so far we've improved availability, sharpened our price points and reshaped the

	structure of our Womenswear team to better reflect the way our customers shop. We have a lot more to do, we will continue to lower prices, put emphasis on styling rather than catwalk trends and we will focus on innovations that are genuinely useful.
Two weeks ago I was invited to afternoon tea to meet the team and view the new autumn collection. The materials used are much better than recent offerings and the cut and detailing also were far superior to anything we have seen over the last few years.	We really value the views of our shareholders which is why we are going to engage more going forward.
Does the Ladies Fashion Team know who its target customer is?	Since January our buying teams have met with more than 250,000 customers. We are absolutely focused on getting the garments right and have made a number of changes. Our autumn range is absolutely focused on wearable style, on great fabrics, on great fits, and products that flatter all of our customers. By talking more frequently to our customers through panels, focus groups and online feedback our womenswear team are clear on what our target customer wants.
Would the board agree to developing plans in the year ahead to move towards meeting the living wage rates and providing full accreditation?	The Board has spent a great deal of time thinking about this. We recognise that we have some of the best employees in the country. If you remember, I did not make any promises last year regarding full accreditation, but the one thing I can commit to is that we will go on being responsible and being leaders in this field, and we will continue to give thought to it because our people are the heart of our business. Without them we are nothing, and we recognise that. We are in the middle of consulting with our employees on the proposed new rates of pay that are set above the current Living Wage. We are committed to an ongoing dialogue on the Living Wage, but as you can appreciate at this time we will not be committing to accreditation as part of these proposals.
I would like it to be known that a particular member of your staff was exceptional and I am very pleased with her response.	Thank you, we are delighted and will pass on the great feedback. We've always found our people to be professional, positive and dedicated to our customers. Wherever they work they show huge pride in working for this unique business, they are what makes M&S genuinely special.

Last year I raised a question about NEDs and measuring their performance. I would like to know whether there is an update in terms of what is happening, and if nothing is happening, why that is the case?

It is happening, and I can tell you that all of our non-executives are appraised. It is an annual process and every three years we carry out an external evaluation; this year (2015/16), it was an internal one. It is very stringent, in particular for the Chairman. You will see in our Annual Report that we set it out in quite a bit of detail, including where we think we are not doing as well as we could be. We are pretty self-critical, and I can tell you that the evaluation is rigorous. It is a very proper annual process.