



—
**Our
approach
to
Human
Rights**
—

M&S

EST. 1884

**HUMAN RIGHTS
REPORT 2017**



INTRODUCTION

“As the world rapidly embraces digital automation, human interaction is more important than ever. For our business and our business partners to be sustainable, it's vital we recruit, reward and develop our people to achieve a high performance culture. In this way, we can embrace the change, remain relevant to our customers, support the communities in which we operate and protect human rights.”



STEVE ROWE CHIEF EXECUTIVE

At M&S, we have a long history of respecting human rights and standing up for our values in the UK and internationally. As both employer and buyer, our business was founded on the understanding that we are only as strong as the communities in which we trade. We strive to be a fair partner – paying a fair price to suppliers, supporting local communities and ensuring good working conditions for everyone in our business and supply chains. This principle remains how we do business today. It's what our customers expect of us.

This last 12 months has seen a number of Social, Economic and Political changes; including Brexit, the rise of populism, unprecedented levels of migration, increasing inequality and greater concern about data privacy. These changes are impacting on our business and how we respect and promote individuals' human rights. The rapidly evolving business and human rights agenda shows how much we have to keep on evolving to keep pace with events, as well as how much we still have to do to eliminate negative and maximise positive human rights impacts. We are delighted to have been recognised for our leadership on modern slavery and human rights by the Business and Human Rights Resource Centre and the Corporate Human Rights Benchmark respectively, but both highlight we have areas for improvement so we cannot be complacent.

In 2016 we committed to embed and advance respect for human rights throughout our business operations, including our extended supply chain. We identified the issues which are salient to our business, and developed our governance structure. This year, building on the work described in our first report, we have taken a long, hard look at our performance, with a focus on working internally and externally to identify any blind spots. Human rights have

been high on our agenda. We have discussed our approach at four Operating Committee meetings, the Group Board Audit Committee and our external Sustainable Retail Advisory Board. In addition, each business area leadership team has attended human rights awareness sessions highlighted their accountability and challenged their approach to managing risks.

In May 2016, I wrote to every supplier highlighting the importance of human rights and tackling modern slavery. I reminded everyone of M&S' Global Sourcing Principles and our expectations. Each of our business areas' has followed up with their suppliers and, as a result, we have updated our risk assessment and completed on-the-ground due diligence where appropriate. We've also increased our transparency on human rights, publishing for the first time an interactive map featuring the locations of our active clothing and food manufacturers. We also disclosed additional information on our policies, auditing protocols, and how we have resolved allegations raised through grievance or whistle-blowing channels.

This year, we have refined and increased the scope of our ambition, moving beyond embedding and seeking to advance human rights, to having a positive impact on everyone touched by our business. We are working with critical friends to assess how to maximise our positive impact on our customers, colleagues, supplier partners and communities as a central plank of delivering business and supply chain resilience, stronger engagement and better productivity.

I am pleased to reaffirm our support for the UN Global Compact and its principles on human rights, labour practices, the environment and anti-corruption. We will continue to strengthen our approach on

each of these important issues in the year ahead and share our progress with our stakeholders. Human Rights are an integral part of our 100 point Plan A 2025, which I am determined will help lead to the creation of a truly sustainable M&S, that plays a lead role globally in building a society that works for all.

Thank you for reading the report and I look forward to hearing any comments.

A handwritten signature in black ink that reads "Rowe". The signature is written in a cursive, slightly slanted style.

STEVE ROWE CHIEF EXECUTIVE OFFICER

MARKS & SPENCER HUMAN RIGHTS

NAVIGATING THIS REPORT

Welcome to our second Human Rights Report, published in June 2017. This provides an overview of the steps we have taken in the last 12 months to further embed human rights into our business. It has been a busy year with a real focus on gaining better insight to inform our approach, strengthening our governance and simplifying our areas of focus for greater impact. Human Rights is now integrated into Plan A 2025. Human rights commitments make up a significant number of our 100 public commitments under the Plan A 2025 Transforming Lives and Communities pillar. At the end of Chapter 2 and in each of the three priority work areas in Chapter 3, you will find our new public commitments highlighted in the blue boxes.

To help in navigating the report we have divided content into four Chapters.

Chapter 1 **M&S Human Rights Strategy and the insight informing our approach**

This includes a reminder of our commitment to human rights, our updated Human Rights Strategy and the insights that are informing our approach. The insights are divided into three; the external perspectives from our new Human Rights Stakeholder Advisory Group; internal analysis of Human Rights data and trends; and the new root cause analysis methodology we have used to focus our approach into more systemic thinking.

Chapter 2 **Core enablers strengthening our governance**

We have identified three key 'enablers' to support us in improving our approach to

integrating effective governance across the business:

- Organisational structure and accountability
- Deep listening and training to raise awareness
- Greater transparency in communicating our approach and process.

Chapter 3 **Our salient issues and priority work areas**

This section sets out how the work we describe in Chapter 1 has enabled us to refine our approach to the seven salient and four watching human rights issues identified in last year's report. It explains how we have simplified our activities into three focus areas:

- taking the lead on modern slavery,
 - tackling in-work poverty, and
 - fostering an inclusive society,
- all of which are underpinned by our commitment to decent work. This approach will enable us to embed human rights more effectively into how we do business, improving the impacts of our operations, joint ventures and supply chains.

Chapter 4 **Update on last year's commitments and next steps**

This sets out a summary of our progress against the commitments and next steps set out in our 2016 Human Rights Report. We will report publicly on our new human rights commitments as part of our integrated Plan A report.

The appendices set out how the contents of this report relate to the UN Guiding Principles Reporting Framework and the UN Global Compact annual reporting requirements.

In addition to this Human Rights Report, we have also issued the annual update of our [Modern Slavery Statement](#) which sets out in more detail our specific Modern Slavery activity and progress. We would welcome your feedback on M&S Human Rights and Modern Slavery approach as we recognise we still have much to learn. We know working collaboratively with others is essential, given the deep rooted and systemic nature of many human rights issues. We are committed to working together to transform outcomes for people and communities.

LOUISE NICHOLLS
CORPORATE HEAD OF HUMAN RIGHTS



CHAPTER 1

OUR COMMITMENT TO HUMAN RIGHTS

We will not tolerate or condone abuse of human rights anywhere in our business, our supply chain, or partnerships. We support the goals of the UK Modern Slavery Act and we would take seriously any allegations that human rights are not properly respected. We are committed to building the knowledge and awareness of our employees and suppliers on human rights, encouraging them to speak up, without fear of retribution, about any concerns they may have.

We're committed to respecting internationally recognised human rights and the United Nations (UN) Guiding Principles on Business and Human Rights as a basis for dialogue and action. We also support the OECD Guidelines for Multinational Enterprises. Our Human Rights Policy is informed by the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Human Right to Water and Sanitation and the Children's Rights and Business Principles. It was also informed by the UN Women's Empowerment Principles and the UN Global Compact, of which we are signatories. First introduced in 1998,

our Global Sourcing Principles set out our minimum global supplier ethical and environmental standards. These standards are contractual and apply across our entire business.

In June 2016, we published our inaugural Human Rights Report, building on our long history of work on labour rights, including working with the Ethical Trading Initiative since 1998. The report outlined the steps we are taking to support and respect human rights and our plans for the future. We committed to embed and seek to advance respect for human rights throughout our business operations, including our extended supply chain. We identified the issues which are salient to our business, and developed our governance structure.

This year, we have both widened and deepened the scope of our work, engaging people across our business and down our supply chains to take the next step on our journey towards becoming a promoter and supporter of human rights. We aim to create a positive impact on everyone touched by our business.



M&S IS A GLOBAL MULTICHANNEL RETAILER

85,000 EMPLOYEES AND 979 UK STORES AND OVER 454 INTERNATIONAL STORES

OPERATING IN **55** TERRITORIES

32m CUSTOMERS

2,100 PRODUCT SUPPLIERS

20,000 FARMS

100,000 SMALLHOLDERS

OVER 1,000 GOODS AND SERVICES NOT FOR RETAIL
- EQUIPMENT FOR NEW STORES TO CLEANING, SECURITY AND CATERING

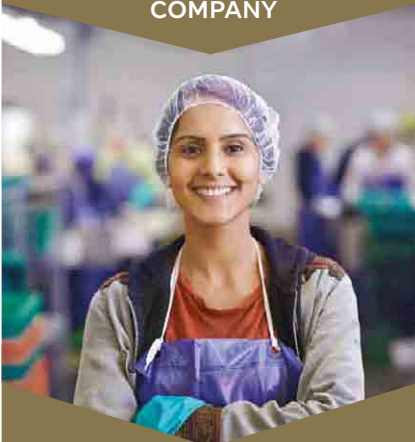


M&S HUMAN RIGHTS STRATEGY

In our first Human Rights Report, we set out our journey toward our ambition to embed respect for, and seek to advance, Human Rights throughout our business operations and extended supply chain. In this report we explore our work in 2016/17 to improve our insight, governance and focus in order to accelerate our progress and achieve greater impact so we can more efficiently and effectively embed human rights into how we do business.

2012-2016

COMMITTING TO RESPECT HUMAN RIGHTS AND EMBEDDING THIS COMMITMENT THROUGHOUT THE COMPANY



- Board Commitment to business wide human rights policy
- Integrate respect for human rights into our business model, strategy and decision-making processes
- Governance, with defined responsibilities and reporting lines
- Risk assessment by business units to define salient issues
- Supply chain disclosure and public reporting
- Greater business wide understanding and commitment to respecting human rights

2017-2018

IMPROVED IDENTIFICATION AND MANAGEMENT OF SALIENT RISKS



- Business-wide plan to address salient risks
- Engage stakeholders on salient risks
- Collaborate with key stakeholders to gain traction on endemic salient issues in key geographies and sectors
- Grievance mechanisms: review how to track and disclose grievance issues by salient issue
- Communication: Human rights reporting providing meaningful insights into performance
- Integrate human rights reporting into Plan A report

2018-2020

PROMOTING AND SUPPORTING HUMAN RIGHTS



- Greater collaboration with Government, other companies and NGOs
- Greater focus on the three priority areas; taking the lead on modern slavery, tackling in-work poverty and fostering inclusive society, underpinned by decent work
- Continue to strengthen the effectiveness of the enablers; robust governance, deep listening and training, and communicating our approach and progress transparently
- Capturing and sharing examples of best practice

ENABLING POLICIES

GLOBAL SOURCING PRINCIPLES
PEOPLE PRINCIPLES • RESPONSIBLE MARKETING PRINCIPLES

CODE OF ETHICS & BEHAVIOURS • GRIEVANCE MECHANISMS

GATHERING INSIGHT: THE VIEW FROM OUR HUMAN RIGHTS STAKEHOLDER ADVISORY GROUP

Our Human Rights Stakeholder Advisory Group advises M&S on Human Rights approach into action, taking into account the perspectives of all interested stakeholders and considering the views of affected rights-holders. The group provides advice on addressing human rights risks and supporting remedy, in particular in the design of grievance mechanisms and effective remediation. The group also reflects critically on the implementation of the M&S Human Rights Strategy and its effectiveness and impact. The group does not play a role in determining the handling or outcome of individual grievances.

Human Rights Stakeholder Advisory Group commentary on M&S performance:



Caroline Rees,
President,
Shift



Margaret Jungk,
Managing Director
– Human Rights,
BSR



Rosey Hurst,
Director,
Impactt



John Morrison,
Chief Executive,
Institute Human
Rights and
Business (IHRB)



Rachel Wilshaw,
Ethical Trade
Manager, Oxfam

We commend M&S for your progress over the last 12-18 months – and we urge you to dig deeper and think harder in the year ahead.

We live in a time when people, not only in developing economies, but in developed economies too, are increasingly feeling that globalisation has left them behind, preventing them from creating a better future for their children. At no time has there been a more pressing need to understand how companies affect lives and livelihoods across their value chains. It is vital to make sure that those whose human rights are most vulnerable are protected by states and respected by business practices.

Human rights abuses are not rare exceptions. Sadly they are endemic in society, business

and supply chains, both in the developed and the developing world. Human rights abuses are also intrinsic to the global trade system and to maintaining competitiveness. It is not possible for any business to safely draw a line around its own 'clean' bit of the world.

M&S is now taking a leadership position on human rights and is starting to embed human rights in its processes and across its businesses and supply chain. We were very pleased to see M&S's high score in the CHRB Human Rights Benchmark, and encouraged that it is taking steps to understand blind spots where abuses are

occurring and starting to ask more of the hard questions.

We, members of the Human Rights Stakeholder Advisory Group, act as critical friends to the M&S team, encouraging them to consider other perspectives and drivers and challenging them to look harder, think more creatively and take action to make real change. As well as taking the lead, we'd also like to see M&S espouse 'followership', for those times when all that is called for is to follow others' lead, and to be low profile or invisible in a form of collective action that brings no caché but is the right thing to do.

IN RECENT DISCUSSIONS, WE HAVE IDENTIFIED EIGHT KEY TRENDS IN THE RAPIDLY MOVING HUMAN RIGHTS LANDSCAPE:

- 1. Recent political and economic changes** show that globalisation is not working for everyone. Protectionism may put human rights at risk.
- 2. Rise of the people:** The rise of populism shows that people are becoming much more moved to engage on the issues that matter to them. Companies need to adapt to a people-centred approach and develop relationships of trust with their workers, customers and suppliers.
- 3. Human Rights is part of business:** there is growing international consensus that the business of business now includes human rights.
- 4. Collective action on complex problems** will become the new normal – the interests and aims of businesses and NGOs is more aligned now than ever.
- 5. Disrupters:** Factors such as artificial intelligence, the gig economy and big data will significantly change the world of work, and impact on human rights. Some emerging economies are showing growing confidence and leadership on social and environmental issues just when the leadership of others is under question.
- 6. Impact and output:** Demonstrating activity is not enough. There is a growing requirement to demonstrate impacts and outcomes. There are two challenges. Firstly, companies must show positive real-life impacts on people. Secondly, they must demonstrate there is a business case for human rights.
- 7. Push for greater transparency and reporting:** The requirement for business to be open and transparent is only likely to grow. Reporting is an essential window into whether positive and impactful action is happening. It also prompts internal reflections that can help identify gaps and improve performance.
- 8. Human rights legislation** is gaining momentum worldwide: the California Transparency in Supply Chains Act, the UK Modern Slavery Act and the 'Plan of Vigilance' in France require companies to disclose their human rights due diligence and impacts. In the US, federal acquisition regulations on human trafficking and forced labour now apply to all federal procurement.



Against this background, we have challenged M&S to:

Engage directly with affected stakeholders – especially where risks to their rights are greatest.

Focus on understanding and remediating issues and embedding the learning in your DNA.

Use the trusted M&S brand to accelerate positive social impacts. M&S has a powerful narrative and can mobilise citizen action.

Stop thinking like a traditional business and start thinking more like a social organisation. Identify where M&S can achieve more systemic change and put the resources into targeted, outcome-oriented and accountable initiatives. Work together with others wherever possible.

Start thinking about your company as the lynchpin between the millions of people who make your products and the millions of people who buy them. Make sure that additional value reaches those at the bottom of the supply chain, so that customers can feel confident that the choices they make in M&S stores are ethical choices.

Develop more and better ways to measure which efforts to reduce human rights abuses are succeeding and which are not – in operations and business relationships.



GATHERING INSIGHT: ANALYSIS OF HUMAN RIGHTS DATA AND TRENDS

We use a number of sources of data to inform our human rights approach. Surveys can provide useful insight to help scope policy, new tools and training interventions. We use surveys to seek information directly from affected people, for example to understand supply chain workers' views on the effectiveness of human rights training and remediation.

We use external data sets, for example those from the World Bank, ITUC, World Economic Forum, and the Gender Equality Index, to understand human rights risks by geography. The M&S team also gathers information directly, travelling widely to meet with global and local stakeholders, in particular workers, and discuss human rights impacts.

We also use assessments to monitor our supplier partners' human rights management systems. We have extended the scope of audits on our logistics and

overseas retail partners and introduced specialist audits, such as the Gangmasters and Labour Abuse Authority (GLAA) Inspection Audits, in high risk sectors.

One of the ways we track the prevalence of salient issues in our food, clothing and home supply chains is through ethical audit results shared on the Sedex database. The table below sets out the results. Of the salient issues discussed in this report, ethical audits include: health and safety (under issue area 'health, safety and hygiene'), living wages (under issue area 'wages'), working hours, freedom of association (under issue area 'freedom of association and collective bargaining'), discrimination and forced labour (under issue area 'employment is freely chosen'). Water and sanitation issues are not broken out within ethical audits. Non-compliances relating to these issues are therefore either included under health; safety & hygiene (for example concerning poor hygiene

standards in on-site canteens), or, more likely, fall out of the scope of ethical audits (for example water stress and community water access).

Of the salient issue-related non-compliances identified in ethical audits during 2016/2017, the majority related to health and safety issues, followed by working hours, wages, regular employment and issues relating to forced labour (under 'employment is freely chosen'), freedom of association and discrimination were less common. In part, this reflects the prevalence of these issues within the supplying sites, however it also reflects the limited ability of audits to identify these more subtle issues. We are working with many initiatives such as Clearview, Fast Forward, Verité and the Gangmasters and Labour Abuse Authority (GLAA) to refine the audit model so that it is more sensitive to human rights issues, and trialling other methods of deep listening and diagnosis.

SUPPLIER SURVEY

In early 2017, we sent a survey to 150 suppliers from across the business to help us understand how they had taken action on modern slavery.

We found that 66% of suppliers have a modern slavery policy in place, and 50-60% have undertaken risk assessments, audits and/or training.

54% of respondents believe they are in scope for the Modern Slavery Act;

39% state they have published a statement;

20% are unsure if they are in scope.

This survey informed the content of our February 2017 modern slavery conference, and the production of a new Modern Slavery Toolkit.

NUMBER OF FOOD, CLOTHING AND HOME SUPPLYING SITES AND WORKERS ON SEDEX, LOCATION OF AUDITS AND NON-COMPLIANCE ISSUES RAISED 1ST APRIL 2016-31ST MARCH 2017

Continent	Sites	Audited sites	Workers total	Number of Audits	Number of non-compliance issues	Average number of non-compliance issues identified per audit
Africa	11	2	9,438	2	11	5.5
Asia	1,015	869	852,688	869	2,690	3.1
Europe	1,043	376	270,694	380	1,183	3.1
North America	14	7	3,809	7	32	4.5
Oceania	8	8	29,461	8	46	5.8
South America	10	3	12,566	4	15	3.7
Total	2,101	1,265	1,178,656	1,270	3,977	3.1

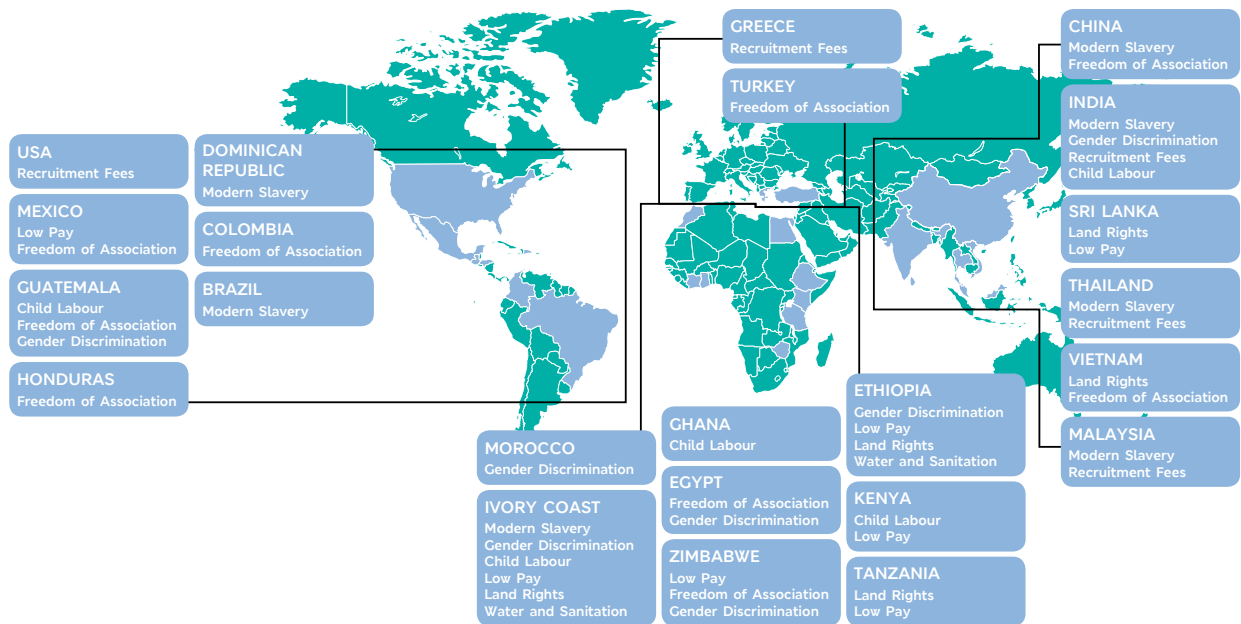
Issue area	Number of non-compliances	%
Health, Safety & Hygiene* (inc Accommodation)	2,636	66.3
Working hours*	439	11.0
Wages*	380	9.5
Regular Employment	243	6.1
Other Issue Areas (inc Management Systems, Environmental Issues, Sub-contracting & homeworking, Business Ethics)	142	3.6
Discrimination*	29	0.7
Entitlement to Work	15	0.4
Children & Young Workers	28	0.7
Freedom of Association and Collective Bargaining*	38	1.0
Employment is Freely Chosen*	20	0.5
No harsh / inhumane treatment (inc Discipline / Grievance)	7	0.2
Total	3,977	100

* M&S Salient Human Rights Issue

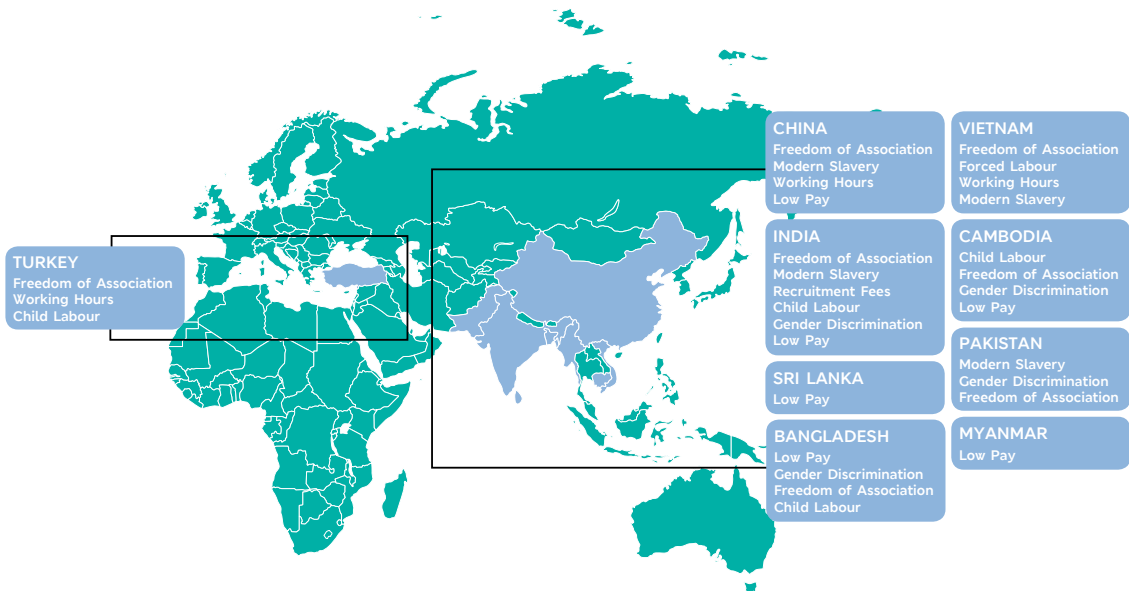
GATHERING INSIGHT: FROM ROOT CAUSE TO ACTION

This year we used a new methodology, developed with the help of the human rights experts Ergon, to carry out a detailed risk assessment of our product supply chains to help and better understand where we are more likely to be potentially linked with negative human rights impacts. The purpose was to fine-tune our understanding of where these issues were most likely to be occurring in our supply chain and operations, and what activities M&S could undertake to drive improvements in these areas.

MOST SALIENT FOOD HUMAN RIGHTS RISK BY COUNTRY

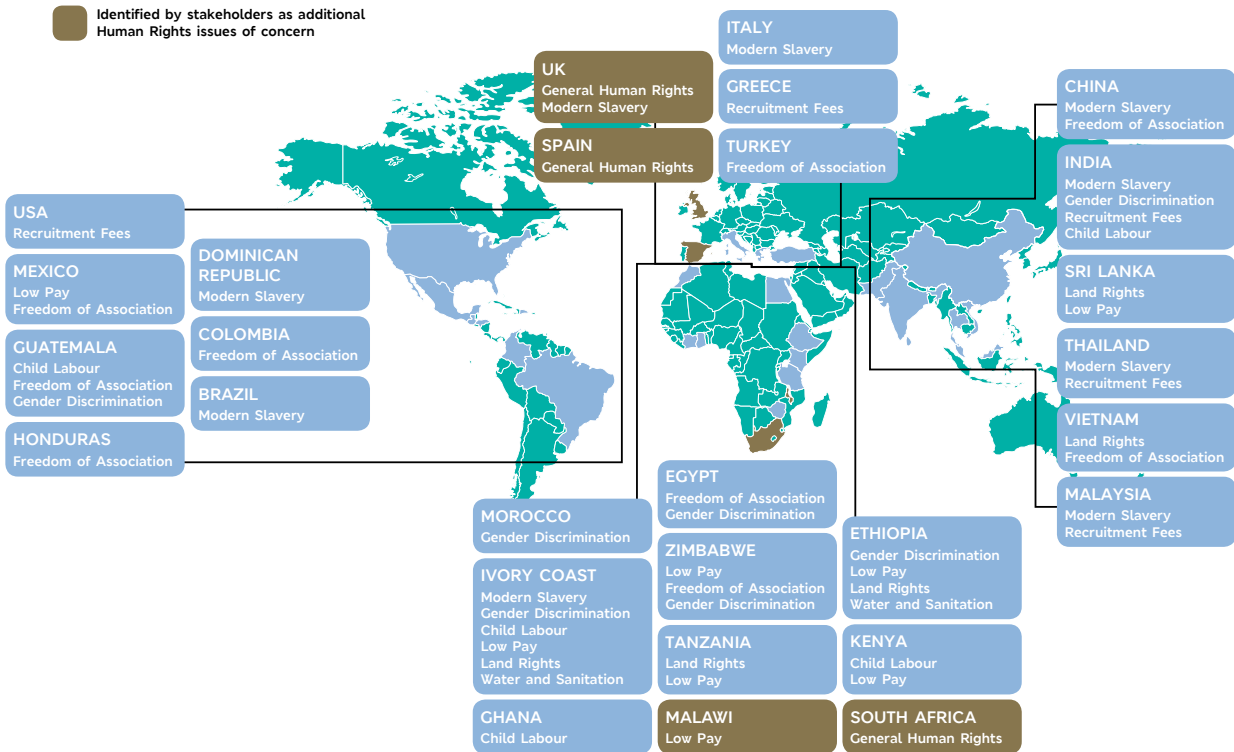


MOST SALIENT CLOTHING & HOME HUMAN RIGHTS RISK BY COUNTRY

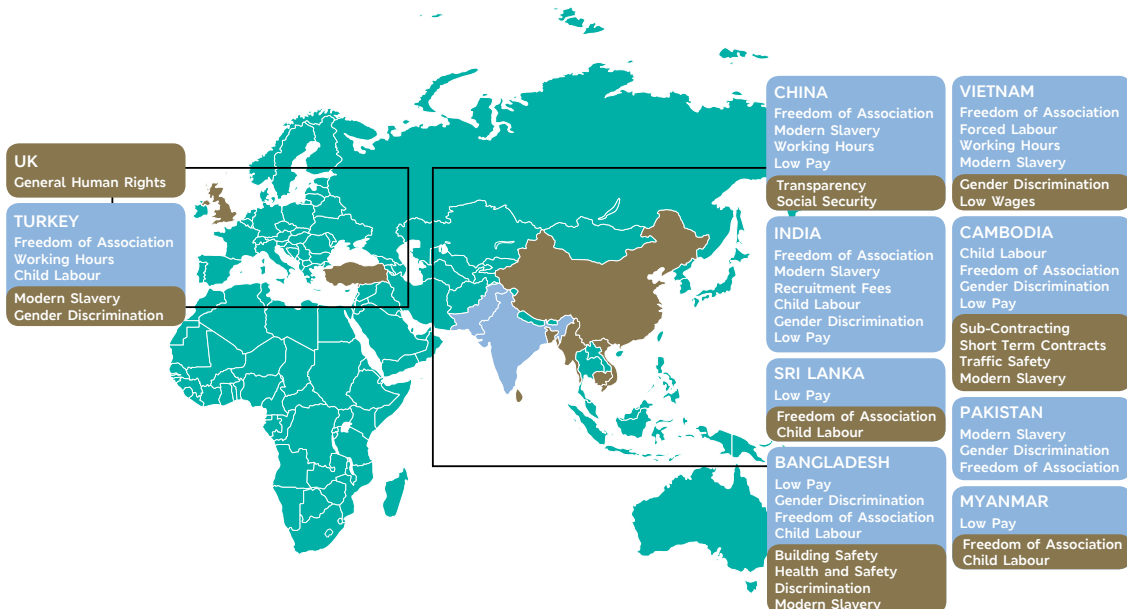


First, we completed a detailed risk assessment in our product supply chains, combining supply chain mapping with a series of human rights indices, to give each sourcing country a risk ranking against each salient issue. This helped us to prioritise the top 5-10 countries for each salient issue. Then we engaged with NGOs and stakeholders, including the TUC, Oxfam, ETI and Anti-Slavery International, as well as other members of the Human Rights Stakeholder Advisory Group (BSR, IHRB), to review our findings and prioritisation, and seek feedback.

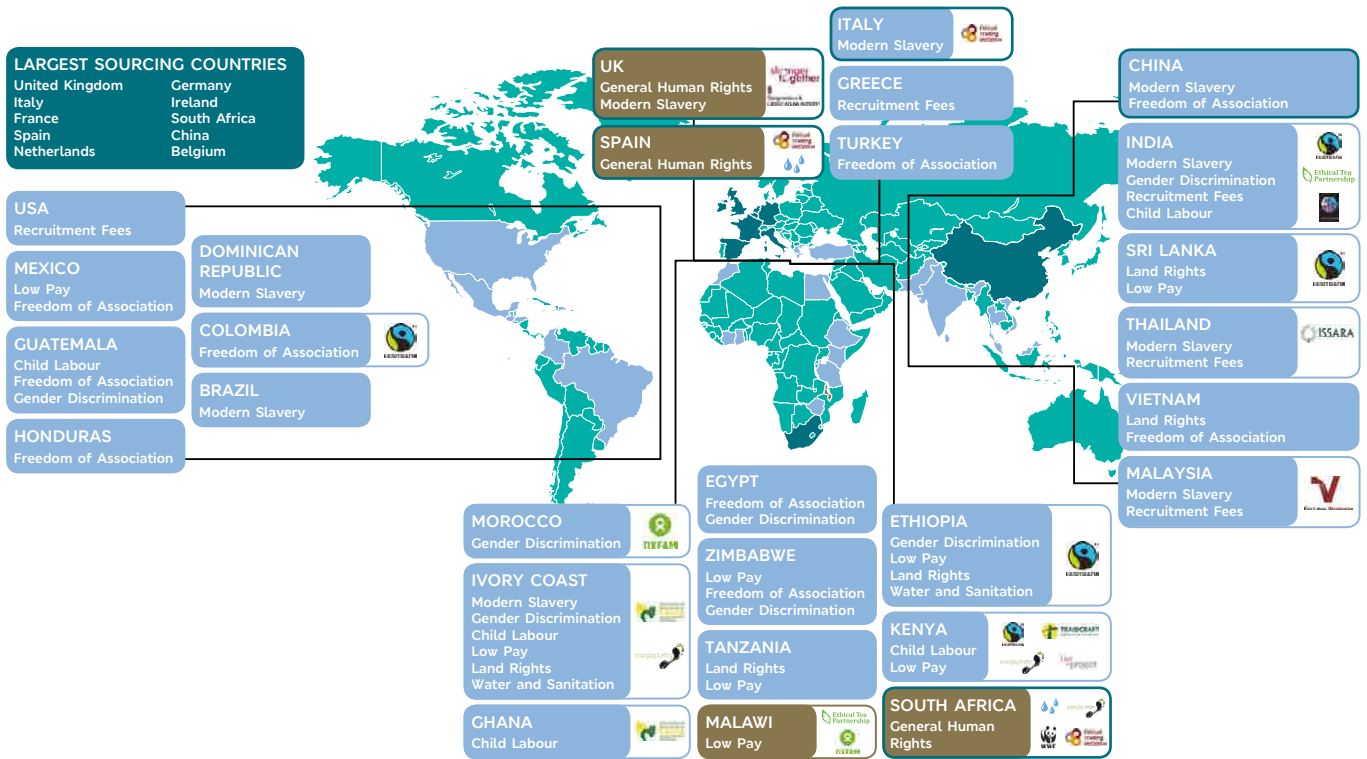
REVISED MOST SALIENT FOOD HUMAN RIGHTS RISK BY COUNTRY AFTER STAKEHOLDER CONSULTATION



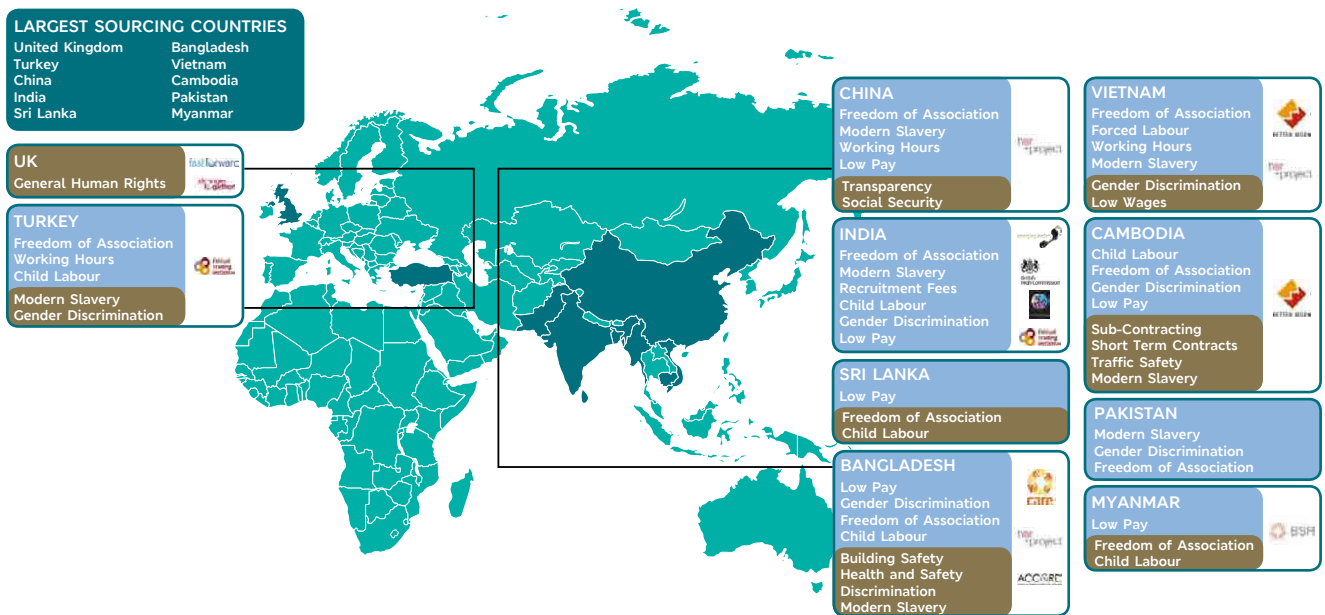
REVISED MOST SALIENT CLOTHING & HOME HUMAN RIGHTS RISK BY COUNTRY AFTER STAKEHOLDER CONSULTATION



OVERLAYING LEVERAGE AND EXISTING INITIATIVES ON REVISED MOST SALIENT FOOD HUMAN RIGHTS RISK BY COUNTRY AFTER STAKEHOLDER CONSULTATION



OVERLAYING LEVERAGE AND EXISTING INITIATIVES ON REVISED MOST SALIENT CLOTHING & HOME HUMAN RIGHTS RISK BY COUNTRY AFTER STAKEHOLDER CONSULTATION



We then used a human rights root cause analysis exercise to consider for the identified issues: the cause, problem and effects and existing or possible new interventions that M&S, suppliers, civil society and governments could take to deliver desired impact.

This new methodology highlighted the need for systems-level thinking, focusing our action on the root cause of issues and where we could most leverage incremental change. Based on the knowledge gained from the work and consideration of our ability to influence and impact, we identified three priority focus areas: **Taking the lead on Modern Slavery, Tackling In-Work Poverty and Fostering Inclusive Society.** See more in Chapter 3.



PAY THE EASY WAY

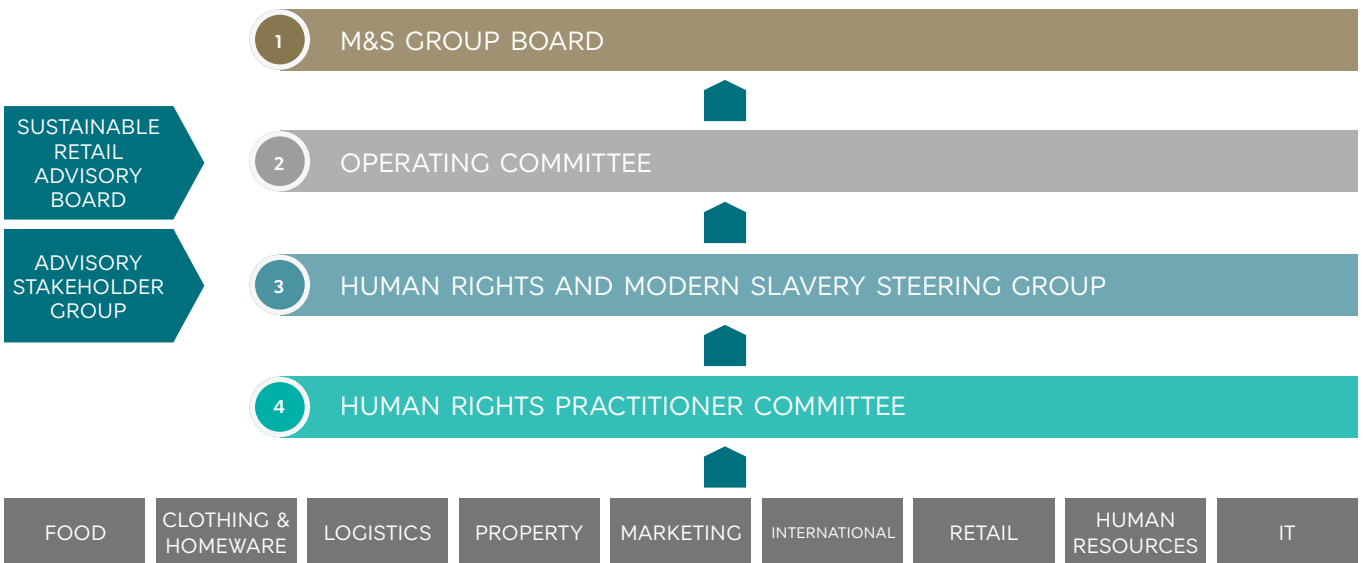
M&S F&E

CHAPTER 2

CORE ENABLERS: STRENGTHENING OUR GOVERNANCE



Organisational structure and accountability



Strengthening our corporate governance has been a real focus for the Human Rights Steering Group and Practitioner Committee. The interaction with stakeholders, completing the Corporate Human Rights Benchmark and our Human Rights Stakeholder Advisory Group has provided great insights on our current gaps. In the past year, as our understanding of human rights has grown, we have developed our policies to provide more detailed guidance on: child labour remediation, recruitment fees, passport/identity document retention, and third party labour providers. On the topics of recruitment fees and passport or identity document retention, we have developed detailed guidance for supplier and franchisees (and their suppliers) on

our requirements and how to meet them. On labour providers, we have consulted suppliers on a new Global Labour Provider Best Practice Guidance, which we plan to launch to suppliers in 2017/2018. We have also formalised our People Principles and responsible marketing principles, and introduced more robust governance around our use of data, including a Data Governance Group chaired by an Executive Director and attended by all other areas of our business, in order to ensure shared ownership. We have discussed our approach at four Operating Committee meetings and within the Group Board Audit Committee and Sustainable Retail Advisory Board. To further strengthen our human rights governance, in 2016 we

established a new independent Human Rights Stakeholder Advisory Group, comprising leading subject matter experts, from Oxfam, Shift, BSR, Impactt and the Institute for Business and Human Rights. This group met twice in 2016/2017. Some of their key points of feedback are shared on page 4 of this report. Robust governance will continue to be an area we strengthen to protect rights in a digital and automated future.

During the year, each of our business areas has refreshed its risk assessment and completed due diligence where needed, to probe actual issues and the effectiveness of existing controls. For more detail on insight see page 6.

EXTENDING ACTION ON
MODERN SLAVERY

Due Diligence India

UNDERSTANDING MANAGEMENT OF
THIRD PARTY LABOUR PROVISION
WITH OUR INDIAN PARTNER
RETAIL OPERATION

WHEREVER WE
IDENTIFY THE
USE OF LABOUR
AGENCIES, WE
INCREASE OUR DUE
DILIGENCE EFFORTS

We work with 20 franchise partners to extend the reach of the M&S brand to more customers around the world. This enables us to benefit from our partners' local market expertise and gain better access to prime retail locations. Before entering any new franchise partnership venture, we undertake full due diligence. As part of this process, we give due consideration to human rights risks at a country and organisational level, and commission specialist external audits where necessary. We use a range of external tools as part of our country level assessment of corporate risk, including **Maplecroft Risk Indices** and the **Transparency International Corruption Perceptions Index**. During 2016, our head office in India, being aware that modern slavery was a key salient risk, and identifying that labour agencies often present human rights risks, took action to protect the rights of workers recruited by third parties. In particular, it rolled out the compliance audit framework we already use to assess treatment of our directly employed staff in our own business to cover all 13 of the third party employment agencies who provide 740 security, cleaning and other ancillary staff. This initiative is part of an emerging stream of work to highlight where labour agencies are used across our operations and supply chains, and to ensure that we manage the associated risks.



PROTECTING
the
customer's
right
TO PRIVACY

STRENGTHENING DATA GOVERNANCE

Protecting customers' human rights has always been at the heart of how M&S does business. However, as our business has become more digital, we have recognised the need to strengthen our governance to protect customer privacy. The Fourth Industrial Revolution is connecting lots of devices, and collecting lots of data across industries and geographies. Personal data has become a commodity to the point where the commercial gains to be made from the monetization of personal data, can outweigh the incentives for changing business models to account for privacy concerns. Following the Snowden Report, consumers are more aware of how the government and companies are using and possibly misusing their data, and are asking for greater assurance that robust controls are in place. At the same time cybercrime is on the rise.

The growing use of data and risk of cybercrime means that as a business, M&S is serious about protecting our customers privacy. We have identified three key human rights considerations for data:

- Informed consent
- Transparency
- Protection

M&S has been working with PwC to further strengthen our approach to data security and privacy. In the last 12 months, we have established a Data Governance Group chaired by an Executive Director and attended by all other areas of our business. The group is responsible for ensuring that customer data is safeguarded in a consistent, efficient and effective manner. M&S IT has undertaken a thorough review and presented this to the Group and to the Human Rights Stakeholder Advisory Group, which has resulted in a programme of work to ensure the responsible use of data across M&S.



Deep listening and training

Listening, looking, learning, responding and working in partnership is an important part of how we do business. During the last year, we have seen many organisational changes as a business and worked closely with our Business Involvement Group to ensure employees' views are clearly heard and taken into consideration.

In last 12 months, we have seen a welcome increasing trend towards more human rights and modern slavery regulation and greater disclosure requirements, from the French Corporate Duty of Vigilance Law to the widespread adoption of EU Non-Financial Reporting Directive. In January, M&S along with other brands gave evidence to the UK Parliament's Joint Committee on Human Rights and in April 2017, the committee published a report recommending the introduction of mandatory human rights due diligence on all companies. Human rights are clearly high on the agenda of many other countries too. For example, there is a citizen's initiative on Human Rights due diligence for business is being debated in Switzerland. Australia is currently considering adopting a Modern Slavery Act similar to the UK's. The past year has also seen the publication of new National Action Plans on Business and Human Rights in Germany, the US, Italy and Switzerland, with a further 20 other countries now developing their own. On top of this, new sector-specific initiatives on due diligence are emerging and we have also seen the first criminal convictions under the UK Modern Slavery Act.

We have also engaged with a wide range of stakeholders on visits; at our Annual stakeholder event, through our Human Rights Stakeholder Advisory Group and individual meetings. They have all emphasised the need for us to comprehend fully the deep-rooted nature of the complex human rights challenges we are dealing with. Additionally, they have encouraged us to think not only of our actions within the boundaries of M&S and our operations and supply chains, but also of our broader role in promoting systems level change, for example through political advocacy and forming or joining new industry

collaborations. They also stressed that they would rather see M&S drive fundamental change on a smaller set of priorities than incremental change across a wide range of topics.

From May this year, to further strengthen our understanding of human rights impacts we are going to work with Oxfam, in India and the UK to understand how the way we and our partners, do business impacts on people. This is a big step for our business to engage openly with an independent organisation and enable them to report transparently on their findings. We recognise that, increasingly, evidence of activity alone is not sufficient. We need to demonstrate impact and awareness that many human rights issues are inter-related and need to be addressed systemically.

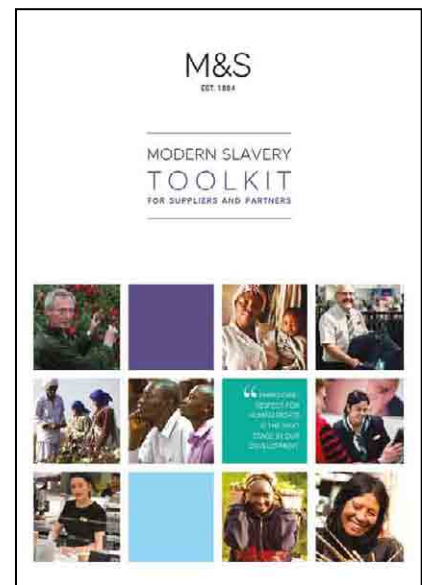
In 2016, we issued a revised Supply Chain Grievance Policy, explaining the channels through which individuals and communities who may be adversely impacted by the Company can raise complaints or concerns. During 2016/2017, we conducted a critical review of grievance mechanisms available both for individuals and communities, including our employees and supply chain, and the extent to which issues are effectively raised within our business. This involved developing a better understanding of our existing processes, identifying what reporting data is available and using a cross-business survey to assess understanding and adoption. We have identified there are some opportunities to improve understanding of what channels are available within the business. We can also improve at an operational level, particularly in unifying the way we handle and follow-up on grievances.

We have agreed several key actions for 2017/18, including updating our Code of Ethics & Behaviours and associated policies, developing a cross-business Communications Plan for our Confidential Hotline and existing grievance processes, and streamlining data gathering to enable us to track and report progress.

During 2015/2016, we focused on building the capacity of key staff who had been given increased responsibility for

understanding and mitigating human rights and modern slavery risk. This has continued in 2016/2017. Human rights training has been provided to all practitioners, and members of the Operating and Plan A Committees, and each business area leadership team. Every training has focused on raising participants' awareness, highlighting accountability and challenging their approach to managing risks. All new staff in all buying areas are trained on Ethical Trading as part of their induction programme. For the rest of the business, we have developed an awareness-raising toolkit entitled 'Many Eyes' – a reference to the fact that when taken together, M&S staff represent 'many eyes' to spot human rights and forced labour issues in supply chains. We are currently developing this toolkit in video form to further engage employees.

Building the capacity of our partners, both in the UK and internationally remains a key focus. In our product business areas, we already have well established engagement through regular meetings and conferences both in the UK and with our regional teams. For non-product areas, we ran a Modern Slavery Conference (page 20) and developed a supporting summary video and Modern Slavery Toolkit.



45.8
MILLION PEOPLE
ARE IN
SOME FORM OF **SLAVERY**
IN **167** COUNTRIES
(SOURCE: GLOBAL SLAVERY INDEX, 2016)

MODERN
SLAVERY
IS THE GREAT
HUMAN
RIGHTS *issue*
of our time

TRAFFICKING
IN PERSONS
HAS AN ANNUAL
TRADE VALUE
OF AROUND
US \$150 billion
(SOURCE: INTERNATIONAL LABOUR ORGANISATION)

Communicating transparently our approach and progress

We have increasingly received requests for greater transparency on policies, processes and supply chain disclosure and more external benchmarking, particularly the new Corporate Human Rights Benchmark and the Fashion Transparency Index. Whilst we were proud to be benchmarked as relative leader by the Corporate Human Rights Benchmark, we know a score of 64% highlights much more is still to be done. We welcome the feedback and the honest measurement, as we see them as a catalyst to help us improve. It's clear the number of benchmarks are likely to increase further and move from a focus on the transparency of our processes to, in future, scoring companies on actively driving action and impact.

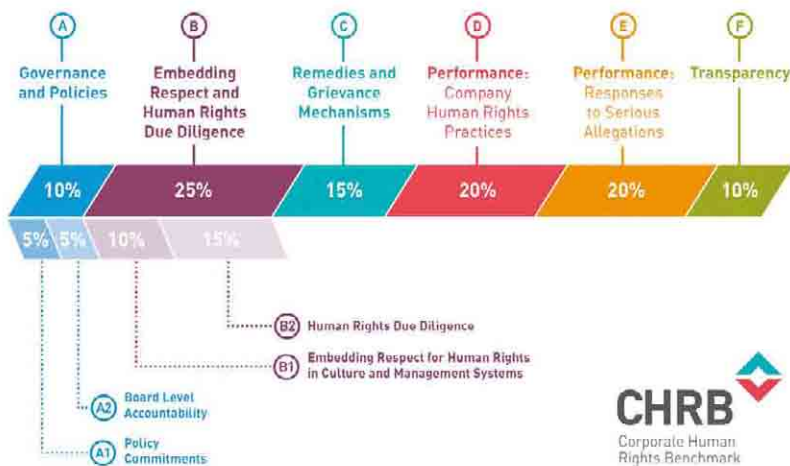
THE CORPORATE HUMAN RIGHTS BENCHMARK

60%

M&S IS ONE OF ONLY THREE COMPANIES SCORING 60% WITH THE AVERAGE SCORE AT ONLY 28.7%.

“The Corporate Human Rights Benchmark is, inevitably, a snapshot of a company’s human rights performance at one point in time, and as such provides an opportunity to engage and initiate a conversation. The results signal a cluster of companies taking a leadership position driving forward corporate human rights performance.”

Weighting of Measurement Themes



“There is no perfect company or industry in human rights terms, but it is clear M&S is trying much harder than others.”

CORPORATE HUMAN RIGHTS BENCHMARK



We recognise that there is a greater need for transparency when human rights stakeholders and campaigners raise concerns about issues in our supply chain, both in terms of being open about the issue raised and making the details of our response and resolution public. Our website now summarises the third party challenges we've received since 2014. We are also taking more openly about what we do when we identify issues, as the two case studies below explain.

REMEDIATION IN ACTION

In October 2016, a routine ethical assessment at an M&S seafood supplier in Scotland alerted us to an issue concerning the treatment of workers. A number of employees described workplace morale as 'extremely low', and said that supervisors and managers regularly shouted, swore and used derogatory language. They said they felt pressurised into working overtime. We immediately contacted the supplier to express concern and find out more. We also identified a third party ethical expert to support the site to take appropriate steps in the best interest of the workers.

Working with us and the expert, the supplier initiated in depth dialogue with its trade union, workplace committee and management team to determine an action plan. They put into place internal briefings about acceptable workplace behaviour and rolled out behavioural and 'dignity at work' training for all their supervisory staff. They also refreshed and recommunicated their informal and formal workplace grievance channels, which include line management, the trade union, a workplace committee, and a confidential helpline. New contracts were issued which made clear that overtime was always voluntary

and management and workforce briefings now include overtime as an important topic.

In addition, the supplier undertook a comprehensive staff survey to better understand the views of its workforce, and to form a quantitative baseline against which to measure improvements. M&S visited the site a number of times during this period to support and assess progress. A follow-up assessment in late February 2017 demonstrated a significantly improved situation, with the workers interviewed stating that morale was much better, and that it was now clear that overtime was voluntary.

The actions put in place by the supplier are all characteristic of the 'ethical framework' which all M&S Food suppliers are required to undertake in addition to their compliance assessments. Over 56% of M&S Food volume now comes from suppliers who meet this best practice standard. The supplier in question had not yet engaged in this process, but has now committed to work towards it, and to continue to work closely with M&S on these issues. We have embedded these learnings in our new commitment to fostering an inclusive society.

PANORAMA

UNDERCOVER: THE REFUGEES WHO MAKE OUR CLOTHES



Panorama "Undercover: The Refugees Who Make Our Clothes", aired in November 2016, highlighting the issue of Syrian refugees working illegally in the Turkish garment industry in factories supplying many high-street retailers, including M&S. We had already identified the lack of formal work for Syrian refugees in Turkey as a risk and had included the topic in our audits and in supplier workshops earlier in 2016. When we were contacted by the BBC, we took immediate action. Within 24 hours, we conducted our own unannounced audit, finding one Syrian and three Turkish casual daily labourers paid in cash, without wage slips, and employed through an agent. All these workers were above the legal minimum working age and were being paid a wage equal to comparably skilled permanent workers. However, they did not have the required work permits. We have worked

closely with the factory to put in place an action plan and it has been fully cooperative throughout this process. The factory offered the Syrian refugee permanent legal employment, with the required work permit. They did this immediately, but the Syrian refugee declined, as he did not want to become part of the formal Turkish employment system. The factory paid back any shortfall in social security payments for the Turkish daily workers, and agreed not to engage daily workers in the future. They have also strengthened their identification verification processes.

We have continued to monitor the factory closely to ensure it fully adheres to our Global Sourcing Principles. Additionally, we will carry out all future visits and audits on an unannounced basis. We have also committed to help other Syrians find legal employment in our factories. A member of the in-country ETI Turkey Working Group, we are working collaboratively with other brands on a best practice and due diligence approach to protecting Syrian refugees seeking work in the garment industry. We are trialling a social dialogue programme in Turkey to enable workers to better access their rights and to reduce the risk of modern slavery. We plan to roll this out in Bangladesh.

This case prompted us to reflect on the enhanced risk of modern slavery where third party labour providers are used, wherever this may be in our business or supply chains. The realities facing migrants mean that they will take any measures to find work, putting themselves at risk of modern slavery and forced labour. We recognise that traditional audits do not always highlight these potential risks and so in the future, we will engage from the outset with the systemic issues which underlie such cases.





PLAN A 2025 COMMITMENTS ON STRENGTHENING OUR GOVERNANCE

We'll enter into a new collaboration with Oxfam over 3 years focusing on the UK and India to develop a deeper understanding of the connection between our sourcing practices and our human rights impacts. Oxfam will report the findings independently, whilst M&S will develop a programme of actions and report annually on our progress from 2018.

By 2019, we'll work with others to review and implement ethical assessment methodologies that drive better outcomes for workers in our supply base and report annually on our progress.

By 2019, we'll put in place mechanisms to make human rights complaints or raise concerns, which are accessible to all individuals and communities connected with our business. From 2020, we'll report annually on the use and performance of these mechanisms.

CHAPTER 3

OUR SALIENT ISSUES AND PRIORITY WORK AREAS

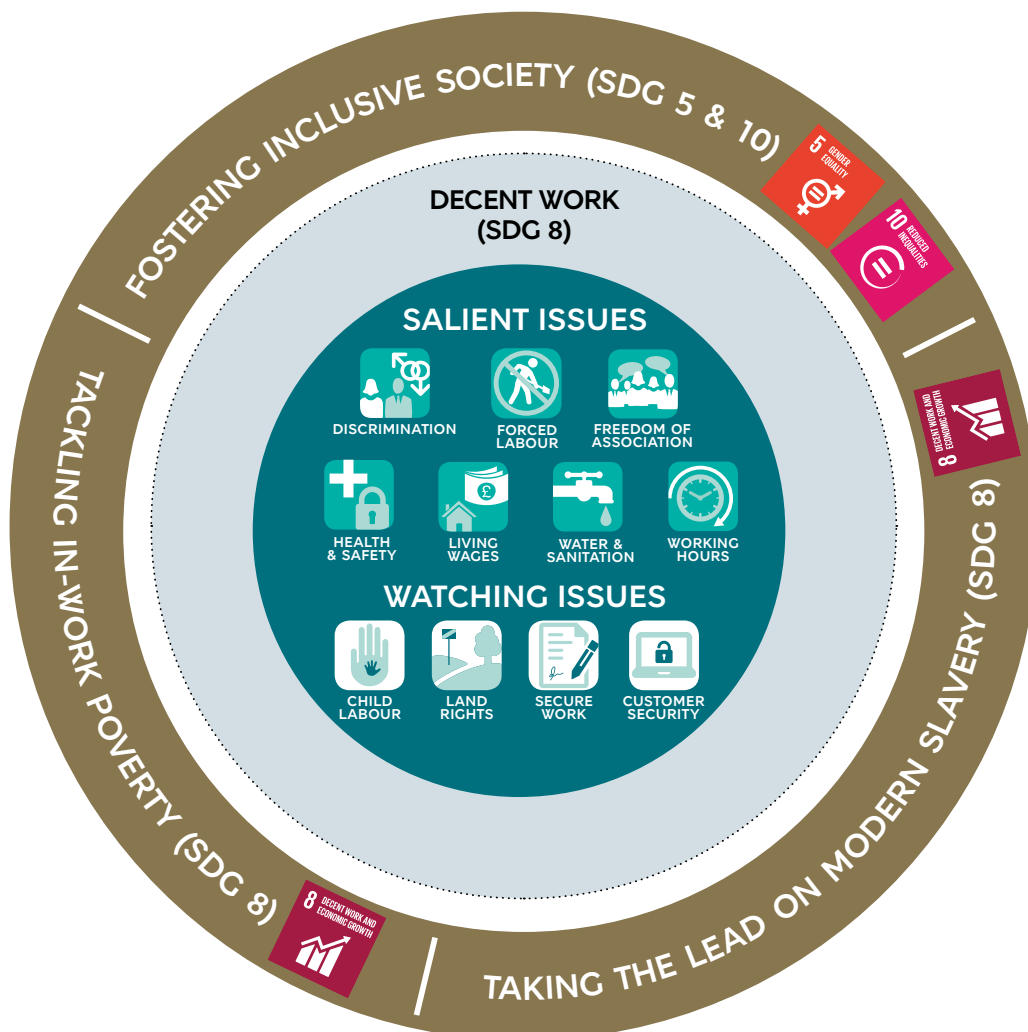
Last year, working with external experts, we mapped our entire business operations and supply chains to scope and assess our human rights risks and impacts according to industry, sector and geography.

We reviewed each salient issue and identified the geographies and industries which pose the highest risk. Next, we considered the severity and likelihood of these issues in our own operations and business relationships. This enabled us to identify seven salient issues, where we believe we can have the biggest impact on people affected by the business. We also identified four 'watching issues', where we need to remain vigilant.

This year we have reflected on the insights we have gathered (featured in Chapter 1) in conjunction with internal and external

stakeholders. By listening carefully to the views of colleagues, supply chain workers and communities around our stores and supply chains this has helped us group our work on the salient issues around three key themes, **taking the lead on modern slavery, tackling in-work poverty** and **fostering an inclusive society**. These three key themes map back to Sustainable Development Goals 5, 8 and 10. Our aim is not just to minimise risk, we are committed to making a positive impact and developing a business case for human rights. This is a new challenge for us and we will prioritise

gathering impact data in the coming years. We are very clear that decent work is not just about wages. There are two other crucial elements: respect, and the opportunity for progression. We aim to be a destination employer, providing jobs that perform well on these three elements. We believe that this will give us a competitive advantage. We are also working hard to influence employers in our supply chains and wider sphere of influence to become destination employers, providing decent jobs and delivering a more resilient supply chain.





TAKING THE LEAD ON MODERN SLAVERY

We are committed to the eradication of modern slavery and the promotion of decent work, which is defined by the ILO as work that is productive and delivers a fair income, security in the workplace and social protection for families; better prospects for personal development and social integration; freedom for people to express their concerns, organise and participate in the decisions that affect their lives; and equality of opportunity and treatment for all women and men.

We identified forced labour as a salient issue in our 2016 report and we published our first Modern Slavery Statement in June 2016. Over the past year, we have continued to increase the depth and breadth of our work on modern slavery, deepening our understanding of risk, and ensuring we have in place the most effective responses to that risk. We consider modern slavery to be a growing global issue and have been active participants in the developing modern slavery agenda, particularly in light of the UK Modern Slavery Act 2015.

The Business Human Rights Resource Centre published a report [At the Starting Line: FTSE 100 & the UK Modern Slavery Act in 2016](#) recognising the leadership of the M&S Modern Slavery Statement, but also highlighting the need for more effective risk assessment, grievance mechanisms and stakeholder engagement.

In addition to the work in relation to our own supply chains and operations, we continue to prioritise collaborations, which we view as essential given the deep-rooted and systemic nature of many manifestations of modern slavery. In 2016 we helped to establish a multi-brand group called Building Better Solutions Together (BEST), which brought together proactive brands working in the EMEA region to tackle systemic and emerging issues that are impacting the region. The Group has identified migrant labour as a key risk issue, and is working to establish the prevalence of migrant workers within the group's supply chains and develop ways to support factories in fair and transparent recruitment. We have developed a pilot project plan for 2017 which will involve surveying factories in five countries (Jordan, Turkey, Egypt, Italy and the UK) and creating best practice guidelines for hiring migrant labour.

We are also part of the innovative UK Fast Forward programme. All our UK Clothing and Home factories are now required to have a Fast Forward audit using a specific methodology designed to identify potential triggers of modern slavery. Also, building on our founding role at Stronger Together,

we are active on the Clearview Technical Advisory Committee, which is developing a labour provider certification standard. The standard will be launched in the UK, and subsequently rolled out internationally.

In November 2016, we also were part of the Ethical Trading Initiative multi retailer pilot of their new Human Rights Due Diligence Framework. This looked at the working practices in agricultural supply chains in three Spanish provinces – Almeria, Murcia and Huelva. The research focused on issues identified in the media and through the different retailers' audit programmes. The pilot highlighted specific sector risks due to the reliance on temporary labour agencies to outsource labour and the high proportion of temporary migrant workers employed on farms, coupled with low rates of unionisation, limited effectiveness of worker committees and mechanisms for people to raise concerns. These sector risks include: poor transparency of recruitment processes, unsafe transportation, poor living conditions, and structural barriers to representation. The research made a number of recommendations which the UK retailers discussed with their Spanish suppliers in two joint conferences in April 2018. We have also used the output to inform our strategy.

In order to prioritise our activity, we need a strong risk assessment. In 2017, we have refreshed our risk assessment process across our business, encompassing Retail Operations, Property, Logistics, HR, IT, International, Food and Clothing and Home. Inputs into the risk assessment have included more detailed mapping of supply chains and operations, desk-based research, supplier surveys, supplier engagement and discussions with expert stakeholders.

To provide further insight into the modern slavery landscape in the UK and to make a contribution to improving outcomes for victims, we are sponsoring the UK Modern Slavery Helpline. This offers



the general public the opportunity to report a suspicion, get help or seek advice on any suspected UK modern slavery issue.

Over 1,047 calls and 125 online reports to the Helpline have been received since October 2016, resulting in more than 372 cases of modern slavery being identified. Approximately 15% of calls relating to modern slavery cases came directly from victims. A further 45% of calls came from someone in direct contact with potential victims.

“I can't thank the Helpline enough for their efforts in finding a first responder to help me get the support I need. I'm hugely relieved that the Police believe me and are taking my case seriously.”

CALLER TO THE HELPLINE

Our connection with the Helpline widens our insight into how people can become victims of modern slavery and helps us to check the effectiveness of our due diligence approach.

We have also contributed to the Better Cotton Initiative's (BCI) Social Standards assessment in order to strengthen the assessment of forced labour within the cotton industry. We will continue to work with BCI on this and to establish how we can work as an industry, at a farm level to prevent forced labour and promote fair working conditions for farmers.

The cases opposite give examples of our collaborative work to tackle modern slavery through driving commitments, improving diagnosis and raising awareness. For further detail see our [2017 Modern Slavery Statement](#).

COLLABORATIONS WITH THE IHRB AND THE CONSUMER GOODS FORUM



EVERY WORKER SHOULD HAVE FREEDOM OF MOVEMENT

NO WORKER SHOULD PAY FOR A JOB

NO WORKER SHOULD BE INDEBTED OR COERCED TO WORK

Over recent years, we have improved our understanding of the role of recruitment fees in the overall modern slavery picture. The fees associated with getting a job can be deceptive, disproportionate, and can put workers into a situation of debt bondage before they even begin employment. We have learnt how complex fees can be, particularly as they often involve third parties that can be several steps removed from the workplace, and are more likely to be prevalent many layers down the supply chain. We are pleased

to have joined forces with other brands as members of the Institute of Human Rights and Business Responsible Recruitment Leadership Group, which focuses on the 'Employer Pays' principles. We also recognise the convening power of the Consumer Goods Forum (CGF) as a global influence for action. As co-chair of the CGF Sustainability Pillar, we have helped to establish the Forced labour priority principles and focus collaborative action on palm oil and Southeast Asian seafood.



BETTER DETECTION – ISSARA INSTITUTE



We recognise that mainstream social audits are limited in their ability to detect modern slavery, and welcome initiatives that promote a different approach. One such initiative is the Issara Institute in Southeast Asia, which promotes a different model of issue detection and responsible sourcing, through 'empowered worker voice'. This includes worker communications via a multi-lingual hotline, social media chat communications, a local language smartphone app, extensive migrant worker community engagement, and on-the-ground fieldwork. Issara's Inclusive Labour Monitoring (ILM) is currently enabling more than 67,000 workers, across all tiers of several Thai food and farming supply chains to voice their concerns. Whereas traditional ethical audits report on a 'snapshot in time', the Issara model enables real-time monitoring of issues and ongoing engagement in improvements, as well as ensuring a more prominent role for worker voice feedback. To date, the Issara Institute has received 3,500 hotline calls and engaged over 700 workers, supporting over 468 victims of trafficking, including via the Victim Support Fund.

M&S is a Strategic Partner of Project Issara, and we encourage all our supplying sites in Thailand to be involved with the programme, empowering their workers to voice their concerns, and collaborating with Issara on improvements. At present, five of our six first tier Thai M&S suppliers are members of Issara, covering 4,000 workers from Thailand, Myanmar, Cambodia and Laos. In the past year, the Issara Institute's innovative approach identified serious issues at two of our supplying sites. These issues related to third party labour providers and included deceptive recruitment practices (for example, workers had been told they would get roles in different industries or geographies), incomplete working documentation (for example, forged work permits), non-transparent recruitment fees, retention of worker documents and underpayment of wages. M&S and other parties have been working closely with Issara to ensure careful follow up remediation on these issues, and solutions which put workers' needs at the centre. A key priority for Issara in the year ahead is to support its members to understand how to build and monitor ethical recruitment options, and to bring empowered worker voice and practical solutions-oriented approaches to the forefront of global responsible sourcing.

The key insight for us at M&S is that the Issara model has found issues which have not been found by numerous standard audits at the same sites. Issara gives us the opportunity to learn practically about what models work to find forced labour (and other complex human rights issues). We will use this to inform our future work on due diligence and diagnosis.

FIRE, HEALTH & SAFETY

Due Diligence

IN OUR OVERSEAS BUSINESSES AND FRANCHISE PARTNERS

THE KEY SALIENT ISSUE FOR OUR INTERNATIONAL STORES IS FIRE, HEALTH & SAFETY



We have made significant progress in our 160 overseas owned stores against the target of <10% non-compliance, set in March 2016. Non-compliance for fire safety has been reduced to 5% and Health & Safety to 6%, from 41% and 48% respectively in 2015/16. Inspections are carried out by a global third party audit provider, and complemented by workshops and training materials in local languages. Trading Safely & Legally is now a leadership priority and forms part of our routine operational activity. We extended assessments to cover thirteen of our franchise partners in 2016, and in 2017 will engage the remaining seven to develop in-country governance to support awareness and embed processes.

“We learned how vital it is to localise our training for different cultures.”

We recognise that identifying and tackling modern slavery is not enough. We must also promote decent work in our operations, business partnerships and supply chains. The case studies below provide examples of our efforts to promote decent work.

M&S UK MODERN SLAVERY CONFERENCE

In February 2017, we brought together 150 suppliers from our UK Property, Logistics, IT, Retail and Clothing and Home supply base for our flagship Modern Slavery and Human Rights Conference, held in London. This event set out to build the capacity of these suppliers to understand and manage modern slavery risk in their operations and wider supply chain. External speakers included Unseen, Stronger Together, the Gangmasters and Labour Abuse Authority and the Business and Human Rights Resource Centre. We also launched a new Modern Slavery Toolkit for Suppliers and Partners at the event. We reminded suppliers that we require them to:

UNDERSTAND AND WORK TO MEET THE M&S GLOBAL SOURCING PRINCIPLES

COMPLY WITH THE MODERN SLAVERY ACT (2015) REPORTING REQUIREMENTS, IF THEY ARE IN SCOPE

CONTINUE TO ENGAGE WITH M&S ON HUMAN RIGHTS AND MODERN SLAVERY


Quantitative feedback from the event showed that attendees considered the content to be highly relevant. A short film of the event can be found on our website.


EXTENDING THE SUPPLY CHAIN MAP TO PROVIDE TRANSPARENCY ON WORKER REPRESENTATION

DAIRY CREST

MANOR ROAD, MARSTON TRADING ESTATE, FROME, BA11 4BN

Employee engagement, effective representation and the right to Freedom of Association are strongly linked to enabling businesses to respect all other human rights and create great places to work, where employees feel valued and protected. Currently globally many workers don't have effective representation to have their voices heard and acted on to result in workplace improvements. As a first step towards encouraging improvement, we have included site level worker representation status on to our supply chain map.





144 WORKERS

40%

FEMALE WORKERS

60%

MALE WORKERS

✓ TRADE UNION

✓ WORKERS COMMITTEE

**CLOTHING AND HOME
FOCUS ON HEALTH
AND SAFETY**

Health and safety (H&S) has always been a key component of the M&S Clothing & Home Ethical Trading strategy and our commitment to decent work. We have broadened our understanding of occupational health and safety in the supply chain with the ambition of creating healthier and safer workplaces that meet the needs of workers and generate business benefits for suppliers.



We have rolled out our health programme to 15 factories in Cambodia since 2012. The programme links in-factory clinics to local health service providers and supports factories in creating management committees to address health rights and policies, and providing a training awareness programme for workers. So far, the programme has reached 20,000 workers, increased factory clinic usage by 40% and reduced anaemia by 60%. There is a strong business case to support adoption of the programme, with factories reporting a drop in absenteeism of 5% and an efficiency gain of 7%.

The success of this programme encouraged us to partner with GSK and CARE International in 2015 to pilot a health programme in Bangladesh garment factories. This drew on learning from our Cambodia health programme and GSK's rural health programme in Bangladesh. We reached 7,770 garment workers, of whom 53% were women, with training and information about health, hygiene and nutrition. The programme identified and trained 241 'health champions' of whom 126 are women, to act as peer educators and 'go-to' information providers for fellow workers. Now, 25,000 family and community members can visit satellite health clinics in their community, access improved health information and have their needs represented by Community Support Groups (CmSS). Eight new services were added to the in-factory health clinics in response to workers' needs and commonly identified health needs in Bangladesh; blood grouping, eye screening, pain management, exercise, urine testing, family planning, iron and folic acid and sanitary pads.

We are now rolling out a three-year programme (2017-2020) designed to improve on-site health facilities, strengthen HR processes to address health and labour rights, in particular access to sick leave, maternity leave and facilitating workers' return to work after maternity leave. The programme will identify worker health champions and provide them with leadership training to enable them to support workers in accessing their health rights. It will also link the factory programme to local Community Resource Centres to tackle broader community health provision challenges.

In 2016, we delivered a global health and safety training programme to 374 factory managers and H&S safety managers in China, Vietnam, India, Sri Lanka and Turkey (Cambodia will be included in 2017). Managers undertake training on the importance of workplace safety and the significance of risk assessments. There is also a train-the-trainer module that supports management in cascading training to workers. We participate actively in the Bangladesh Accord on Fire and Building Safety, in partnership with other brands and trade unions. All the factories in Bangladesh from which we source are covered by the Accord and have undergone assessments in building, electrical and structural safety. Our current remediation rate is 87%.

THE PROGRAMME HAS REACHED

200,000

WORKERS

**OUR COMMITMENTS ON TAKING THE LEAD ON MODERN SLAVERY
AND DECENT WORK:**

We acknowledge that tackling modern slavery alone is not enough. Our activities must be underpinned by our commitment to decent work.

We will further our work to eradicate modern slavery. By 2018, we will report annually on scaling-up responsible recruitment and better management of third-party labour providers as well as our progress towards ensuring no worker pays for a job.

By 2020, we'll carry out and publish a review of the effectiveness of workers' representation arrangements for enabling improved workers' rights, within our Food and Clothing & Home first-tier manufacturing supply chain. We'll develop a programme of actions and report annually on our progress.

By 2020, at least 95% of M&S food (by volume) will come from factories that achieve Silver level on our Food Sustainability Scorecard and by 2025 at least 50% will be achieve Gold level.

By 2025, at least 50% of M&S Clothing & Home products (by volume) will come from factories that achieve Gold level on a new Clothing & Home Sustainability Scorecard and 95% of other factories have achieved at least Silver.

Between 2017 and 2025, our Global Community Programme will benefit one million people in our supply chain communities by working in partnership with others to help build livelihoods, protect the environment and improve wellbeing focusing on our areas of biggest human rights and environmental impact.

TACKLING IN-WORK POVERTY

Our commitment on in-work poverty: working in M&S' operations and supply chain should always mean a dignified standard of living, including fair wages. We will work to understand where in-work poverty is occurring, how our business activities impact on this and invest in transformative programmes to improve livelihoods.

In 2016, we identified wages and working hours as salient human rights issues. We are serious about being an employer that enables decent work. We are committed to working with our supply chain and business partners to support them in providing high quality jobs.

2017 – PAY AND PREMIUM FOR UK RETAIL EMPLOYEES



Since April 2017, we have paid all our 66,000 customer assistants one of the highest hourly rates in UK retail. This is a rate of pay that is close to the Living Wage (as identified by the Living Wage Foundation) and well above the legal minimums. These are hourly rates that are not set by age. We believe that this will help us attract and retain the best talent to serve our customers.

We have achieved this by consulting on changes to pay and premiums with our National Business Involvement Group (NBIC). Additionally, while we've reduced and removed some premium payments (these were paid at different amounts depending on when employees started working for the business), the savings made are being reinvested in the new higher hourly rates of pay, along with significant extra contributions from the business.

By listening closely to feedback and counterproposals from NBIC, we also improved significantly our original offer of cash

compensation to help the relatively small number of employees negatively impacted by the premium changes. This resulted in over 99.9% of the people impacted voluntarily agreeing to the changes.

Most importantly, nearly 90% of our people are seeing a significant pay increase with overall take-home pay improving over the last year. For many this is as much as an increase of up to 15% or over a £1 an hour.

“Nearly 90% of our people are seeing a significant pay increase.”

Over the year, we have deepened our understanding of the linked issues of pay and working hours, and identified the overarching concept of in-work poverty. In-work poverty is experienced by millions of people around the world both in developing and developed countries. These are hard-working people in our supply chains who are unable to earn enough money to make ends meet, whether they are a factory worker in Bangladesh, a strawberry picker in Morocco or a courier driver in the UK.

“Hours and work fluctuate depending on orders, which makes it difficult for me to plan my finances”

SUPPLY CHAIN WORKER, UK

Globally, the benefits of economic growth are not being shared fairly. Inequality is on the rise, with those at the top getting richer, and those at the bottom not getting a fair share. In some countries, governments set minimum wages too low to allow a decent standard of living, which means that workers have to work excessive hours to earn enough to get by. In other countries, part time, flexible working means that workers report that they can't get enough hours to be able to earn what they need.

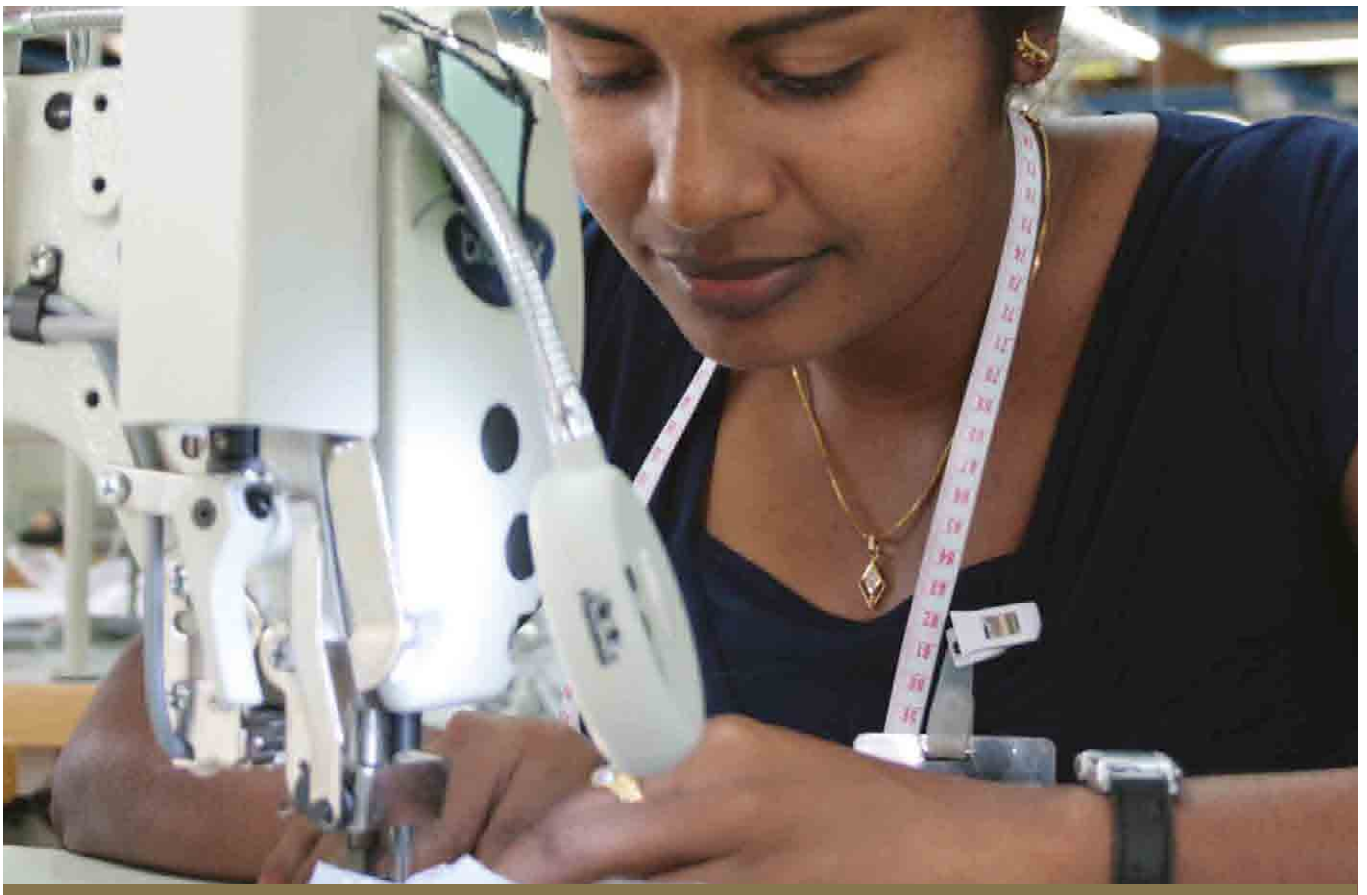
Bangladesh is a case in point. The government's minimum wage for garment workers has only risen significantly three times in ten years, the last being in 2013. While there have been small inflationary increases of 5% on basic pay each year, analysis shows that the minimum wage leaves these workers well below the poverty line, and it is continuously eroded by high inflation. We recognise the systemic nature of this issue and the need to engage with governments, remove barriers to workers

negotiating their own wages and ensure M&S plays an enabling role.

In the UK, the demands of 24-hour customer service and the emerging 'gig economy' has increased the reliance of some businesses on agency workers and self-employed contractors status. This reduces job security and hampers people from planning for the future, with knock-on effects on families who live in poverty, who remain unable to afford nutritious food or decent accommodation. We do not use agency workers in our stores but we acknowledge that insecure work is a global issue on which we can have an impact.

“10 out of 12 months our income doesn't cover our expenses. I work jobs every Sunday to make ends meet”

SUPPLY CHAIN WORKER, VIETNAM



Over the year, we have engaged in deep listening, in our supply chain and our own operations, to understand where we may have blind spots. We have begun to identify where the risks of low pay and in-work poverty are greatest. In conjunction with our annual wage ladder review in our key sourcing countries, we have carried out several deep dives into wages in our supply

chain. In particular, we looked at our factories in Cambodia. We identified that boosting wages in Cambodia would require improvements across multiple issues, as well as the commitment and collaboration of all stakeholders. Importantly, there are also opportunities for M&S to work within its own supply base to help factories boost wages and support workers in making their

money go further. We also found that although wages are a fundamental issue for workers, job security is also a key priority in an industry driven by the use of short-term contracts. We identified the opportunity for M&S to engage suppliers on this highly political topic and promote better outcomes for workers.

EMPOWERING PEOPLE TO BREAK THE CYCLE OF POVERTY THROUGH EMERGING LEADERS TRAINING

Many workers in our supply chains have had little education. They find themselves living in challenging situations at home, locked in a cycle of poverty with few opportunities to develop new skills, gain promotions or establish their own business ventures. This in turn prevents them from saving towards their families' healthcare and education or support their communities. In 2013, M&S partnered with the NGO Emerging Leaders to deliver leadership training for more than 35,660 people in six countries. In 2016/17 the partnership was rolled out to India, Senegal and Ivory Coast. Whilst the course wasn't developed to tackle human rights issues, it became very clear from witnessing the programme that the materials did help address some of these. We therefore commissioned an independent assessment to explore how the Emerging Leaders programme supported our Human Rights Strategy and found that it had a positive impact on four of the salient issue areas, as well as other significant benefits for workers and suppliers' businesses.



63% 
OF WORKERS INTERVIEWED
FEEL SAFER AT WORK
SINCE THE TRAINING OCCURRED

36% 
OF WORKERS REPORTED IT WAS NOW
EASIER TO RAISE ISSUES WITH MANAGEMENT
THAN PRIOR TO TRAINING

77% 
OF WORKERS PERCEIVED
MANAGERS TO BE
**TAKING HEALTH & SAFETY
MORE SERIOUSLY**
SINCE THE TRAINING

59% 
OF WORKERS
SAID THAT THEY HAD WITNESSED
LESS SHOUTING
SINCE THE TRAINING OCCURRED

50% 
OF WORKERS
STRONGLY AGREED THAT
**COMMUNICATION
ON SITE IMPROVED**

60% 
OF WORKERS SAID
**RESPECT HAD
INCREASED ON SITE**
SINCE THE TRAINING

64% 
OF WORKERS
ACROSS ALL SITES SAID
**MANAGERS TOOK
SANITATION MORE
SERIOUSLY**
SINCE THE TRAINING

WORKERS TODAY
ARE ABLE TO
**SAVE \$22 USD
PER MONTH MORE**
THAN BEFORE THE TRAINING 


IN KENYA **75%** OF
WORKERS NOTED THAT
**COMMUNITY PROJECTS
HAD BEEN DEVELOPED**
TO IMPROVE WATER AND SANITATION



Source: M&S Human Rights Impact Report on Emerging Leaders training – 2017

Beyond the salient human rights risk identified, the assessment considered whether the programme had made a significant positive impact on workers lives:

98% 
OF WORKERS SAID THEIR
LIVES HAD IMPROVED
SINCE THE TRAINING

78% 
OF WORKERS SAID THEY
HAD **MORE CONTROL
OVER THEIR LIVES**

73% 
OF WORKERS FELT THEIR
**JOB SATISFACTION
HAD IMPROVED**

Most importantly, some of the people taking part in the assessment had participated in the training two years previously. The assessors found the programme was still having a positive impact two years on.

Suppliers have identified a strong business case for the Emerging Leaders training. One site reported productivity improvements of 10% in the packhouse, with the defect rate dropping from 1% to 0.1%. Worker turnover also reduced from 1-2% to 0%, partly due to higher levels of worker satisfaction and improved team spirit.



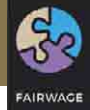
A FAIR DEAL FOR SMALL FARMERS AND WORKERS WORKING WITH OUR GREEN BEANS SUPPLIERS AND TRADCRAFT

M&S recognises the challenges around incomes for workers and smallholders in our produce supply chains, which by their nature are seasonal and exposed to volatility associated with the weather, pests and other factors. Between 2013 and 2016, M&S was involved in 'Kenya Horticulture – A Fair Deal for Small Farmers and Workers'; a project which aimed to improve the livelihoods of Kenyan smallholders and workers involved in the horticultural value chain, focusing on a group of 300 smallholders and the representatives of 3,300 workers. The project brought together Traidcraft, the Kenyan Human Rights Commission, our UK importer, our Kenyan supplier, and members of the M&S buying team. The work centred on improved communications and ways of working along the chain. For smallholders, the project has sought to raise income from horticultural crops and reduce wastage of harvested crop. For workers, it sought to reduce short notice overtime requests (which has a knock-on effect on childcare) while raising wages. For M&S, the aim was to improve availability (by improving farmer loyalty) and quality.

The programme has included value chain analysis, human rights impact assessment and 'Ways of Working' meetings in Kenya and the UK, with a wide range of people including buyers, forecast and inventory planners, smallholders and workers. We learnt that our own ordering pattern created challenges for suppliers, smallholders and workers with regard to M&S's Global Sourcing Principles. We have amended the way we work along the value chain, including changing the product specification, so that smallholders would be paid for a greater range of green bean

lengths, and changing the amount required to be trimmed from the beans, to increase the weight of product purchased. We also confirm a monthly minimum order to provide a level of certainty to smallholders that their crop will be purchased, and now confirm final orders 72 hours before delivery to M&S depots to reduce short notice overtime requests of packhouse workers. An independent evaluation report has shown that the programme has increased the capacity of workers and farmers to raise issues, negotiate and bargain, which has led to progress on some issues of concern to these groups. Smallholder profits have increased, and there has been a modest increase in worker wages, as well as a reduction in overtime. Subsequent change in supplier ownership who purchased and packed the smallholders green beans, has refocused their business strategy, unfortunately resulting in packhouse redundancies. It may also have reduced the business' commitment to sourcing from smallholders. Importantly, the smallholders involved in our programme were not affected as our supplier has seen an increase in loyalty, during a particularly challenging drought period in Kenya. Working with our supplier, we have now appointed an independent facilitator to support us in continuing the dialogue with smallholder farmers and workers within the project, and are working to understand how we can extend the principles to other value chains. We are also sharing the knowledge we have gained with the wider industry, since these problems are not unique to M&S, including via a session at the ETI and the UN Business and Human Rights Forum.





UNDERSTANDING WAGE ISSUES AND BOOSTING PAY IN THE CLOTHING, HOME AND FOOD SUPPLY CHAIN

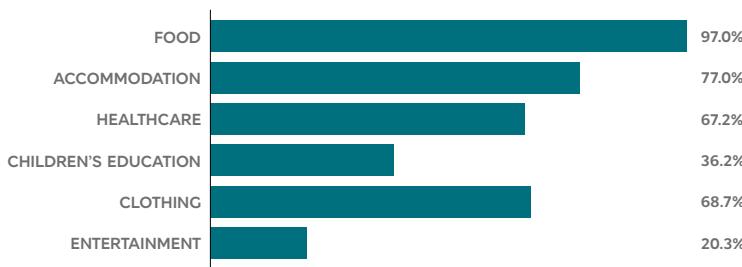
In 2016, we partnered with the Fair Wage Network on a six-month pilot project to assess wage practices in ten Indian product suppliers against the 12 Fair Wage dimensions, and to identify the root causes of wage issues. The pilot programme was completed at the end of March 2017. The results have shown consistent areas for improvement in pay systems and wage structures, workers' ability to save for unexpected costs (primarily health issues) and the gap between minimum wages relative to the actual cost of living.

The table below highlights the strengths (Relatively Fair and Fair columns) and areas for improvement (Relatively Unfair and Unfair columns) for each of the 12 Fair Wage Dimensions of the wage practices at the ten producers' sites.

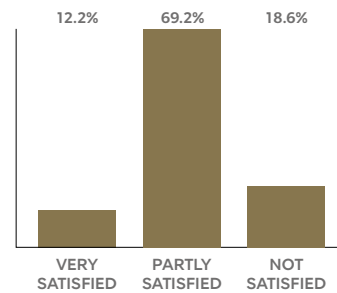
Fair Wage Dimensions	Areas for Improvement		Best Practice	
	Unfair	Relatively Unfair	Relatively Fair	Fair
1. Payment of wages				
2. Living wage				
3. Minimum wage				
4. Prevailing wage				
5. Payment of working hours				
6. Pay systems and wage structure				
7. Social Dialogue and Communication				
8. Wage disparity				
9. Real wages				
10. Wage share				
11. Wage costs				
12. Wages, intensity at work, tech. and human capital				

As a result of these findings, we will now focus on how to tackle the root causes of wage issues. This will include work to improve human resources management and improving social dialogue, so as to develop more mature negotiation systems.

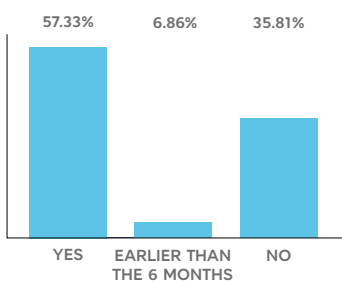
Is your wage sufficient for...



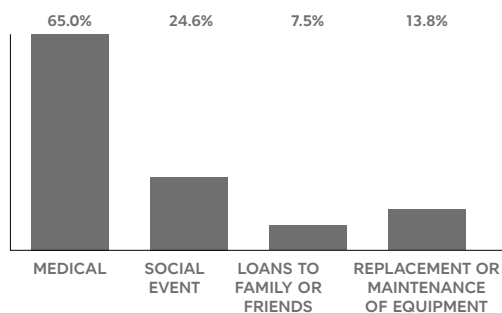
Are you satisfied with the wage paid by your factory?



Did you face unexpected expenditure in the last 6 months?



What type of unexpected cost?



OUR COMMITMENT ON IN-WORK POVERTY:

Tackling in-work poverty is a crucial element of supporting decent work.

From 2017 we'll run Reward Forums for key franchise and third party operators to set out our approach to delivering higher rates of pay in the UK based around paying the living wage in a sustainable way.

By 2020, all workers in our first-tier Clothing and Home and Food sites will have the opportunity to be paid digitally.

By 2019, we'll carry out and publish a detailed review of our potential impact on in-work poverty and develop a programme of transformative interventions to improve livelihoods in our business and supply chains, enabling progress on our living wage commitments and demonstrating sector leadership. We'll report annually on progress.

By 2025, we will aim for a living wage, for all our direct employees as set by us and reviewed by credible stakeholders in a way that is sustainable for M&S and demonstrate how we've encouraged our key franchises and direct supply chains to do the same.



FOSTERING AN INCLUSIVE SOCIETY

Our aim is to create a culture of inclusion across all M&S operations, so that people from all backgrounds can join the workforce, reach their potential and feel valued for being themselves. We will use our influence to encourage suppliers and business partners to do the same.

Last year we identified discrimination and access to water and sanitation as salient issues. Our work over the year has increased our understanding of these issues as part of a broader human rights priority: to foster an inclusive society. An inclusive society is a society that overrides differences of race, gender, class, generation and geography, and ensures inclusion and equality of opportunity for all.

There is strong evidence that an inclusive society brings benefits to all. When marginalised groups gain greater access to education, employment and business opportunities, this benefits the entire economy, with positive impacts on growth and productivity. But the opportunity is broader than this – reducing social exclusion can also be important in building peaceful and stable societies.

However, there are many signs that an inclusive society is still many years away. The World Economic Forum reported in 2017 that the

gender gap has widened in the past four years. At 59%, it is now at a similar level to that seen in the depths of the financial crisis in 2008. Globally, women are paid almost half of what men receive, working on average 50 minutes a day longer and having a much slimmer chance of reaching senior roles.

Whilst attitudes towards marginalised groups are changing, globally many millions of people are unable to reach their full potential because of negative attitudes and lack of opportunity. Since 2004, through Marks & Start, we have supported people with disabilities in Southeast Asia in accessing work to overcome societal discrimination. We have taken a long, hard look at the problems, reviewed our experience of making a difference (see case studies), and developed our commitments on fostering an inclusive society, so that we can maximise our positive impact.

REMPLOY CASTLE DONINGTON

We launched Marks & Start Logistics (MSL) in Castle Donington in 2012, taking our long-standing partnership with Remploy to the next level. We support a whole range of people with disabilities, who may otherwise face significant barriers into meaningful work.

When we built the site, we designed a purpose-built Marks & Start training facility for individuals to learn and practise job roles in a safe and protected environment. In total, we have supported over 130 individuals through this programme, most of whom are still working with us in Donington, and many of whom have been promoted or taken on new responsibilities, such as becoming employee representatives.

In this ground-breaking scheme, which has won national acclaim, we work closely with Remploy to deliver a positive and commercially-viable employee proposition. The team running the scheme is highly engaged, motivated and loyal. With the right support, training and equipment, our employees with disabilities overcome any barriers to performance and deliver to the same standard as their colleagues. There are clear business benefits too – we are seeing lower absenteeism, higher productivity and lower turnover.

THE PROGRAMME
HAS REACHED

130

INDIVIDUALS



INSPIRING WOMEN

We have continued our commitment to the 30% Club, which has the goal of achieving a minimum of 30% women on FTSE-100 boards. We are proud that we currently meet that target, with 3 out of 10 members of our Board being women.

Through their cross-business mentoring programme, we supported 8 mentees and 8 mentors for the programme. In total over 60 women have benefited.

We have delivered our third Inspiring Women Coaching Programme, due to finish in May. This has now supported 36 mid-senior women with progression coaching, helping to develop our pipeline of female talent for senior roles.

Our Inspiring Women's Network has continued to grow in strength, with around 1,200 members. The network has been renamed to become the Gender Equality Network, in recognition of the fact that achieving gender equality must involve all genders. The network is now led by male and female co-chairs, has a steering group and a clear annual plan to deliver. It has the sponsorship of our Chairman, Robert Swannell.

Together with the Gender Equality Network, we have delivered large scale awareness-raising events throughout the year, as well as roundtable discussions with senior leaders and regular communication across the business. The network has proactively engaged senior directors from areas of the business where gender balance can be improved and has increased its profile with external organisations.

We were recognised for the 7th year as one of the Times Top 50 Employers for Women.

WOMEN EMPLOYEES
72%

WOMEN MANAGERS
61%

WOMEN STORE MANAGERS
48%

WOMEN IN SENIOR MANAGEMENT
41%

(SOURCE HRMI REPORT 2017)

PROMOTING GENDER EQUALITY AT THE WORKPLACE IN OUR INDIAN SUPPLY CHAIN.



We have been collaborating with the UK Foreign and Commonwealth Office (FCO) and the British High Commission on a project to ensure workers in Indian garment factories, irrespective of their gender or caste, are treated with respect and dignity and not subjected to implicit or explicit forms of forced labour, gender violence, harassment or discrimination. The project aimed to identify blind spots regarding systemic factors underlying inequity and abuse, and institutionalise fair and respectful behaviours between workers, as well as between managers and workers. This year we piloted the project in two factories in Bangalore reaching 2,000 workers. The project included:

Sensitisation and awareness training about various international and national laws related to workplace harassment, abuse and discrimination and ensuring an equal and fair workplace environment;

Creating behavioural change, championed and modelled by developing a pool of Community Resource Persons (role models) selected from workers and managers to model desirable behaviour;

Strengthening the Internal Complaints Committee and grievance process by building relationships with and between workers and formalising reporting, registering and resolution of incidents;

Creation of IEC materials (Information Education Communication) in community handbooks on fairness in the workplace for all employees.

We conducted over 50 hours of research and carried out over 20 hours of training for each of 130 worker train the trainers. In addition, we trained over 20 managers in running an internal complaints committee. Plus 40 champions of change role models have been identified to model desired behaviours and aid reporting of incidents. These 'change managers' will now cascade the training to all workers to provide better governance and remedial action for incidents of sexual harassment and abuse through the committees. We will launch this project in all garment factories in our Indian supply chain during 2017/2018.

OUR COMMITMENTS ON FOSTERING AN INCLUSIVE SOCIETY:

Fostering an inclusive society is a crucial element of promoting decent work.

By 2019, we'll help advance women's human rights and combat gender discrimination by launching programmes and initiatives that promote gender equality and women's empowerment in our business and supply chains.

By 2019, we'll launch an independently endorsed retail industry leading inclusion strategy that is locally relevant for our business, Franchise partners and supply chain.

By 2020, we'll measure the socio-economic and educational background of our global M&S employee base and established a target to improve our social mobility by 2025.

By 2022, we aim to have 50% female and at least 15% BAME* representation amongst our M&S senior management team.

By 2022, we aim for our Food and Clothing & Home first-tier manufacturing sites to have 25% women in management positions.

By 2025, we want M&S workforces to reflect the diversity of each region in which we operate. We will report on progress from 2019.

We'll aim to reduce the non-demographic gender pay gap within M&S in the UK (this is the gap adjusted for different gender demographic by grade and the impact of disproportionately high female numbers in our retail operation) by at least 10% by 2020 and by 25% by 2025 compared to 2017.

By 2020, we'll extend our UK pay gap monitoring and reporting to include ethnicity, disability and age (where known) and will take action to close any gaps.

*Black, Asian and Minority Ethnic

CHAPTER 4

UPDATE ON LAST YEAR'S COMMITMENTS AND NEXT STEPS

Commitment	Status
We align and embed respect for human rights in our business policies across M&S group operations by	
Strengthening our Global Sourcing Principles and extending these to Non merchandise procurement suppliers and franchise partners by 2017.	Steve Rowe wrote to all suppliers, including Non merchandise procurement suppliers and franchise partners in May 2016 to confirm M&S' commitment to human rights and modern slavery, and their obligation to meet our Global Sourcing principles. 
Developing and launching our M&S People Principles by 2017.	Launched April 2017 
Developing and launching our responsible marketing by 2017 to provide greater reassurance on protecting customer privacy and responsible advertising.	Launched April 2017 
Ensure that our employment and sourcing policies across M&S Group operations are aligned and governance is strengthened to enable consistent application by 2019.	Each area has a business practitioner who is supported by their senior leadership team, cross-business practitioner and steering group. Each area has completed a risk assessment and followed up on risk areas. This work is ongoing. 
We will build greater governance and business awareness and commitment to respecting human rights by	
Providing expert training for Directors to understand the part they play in being accountable for their business areas to respect human rights by 2017.	Human Rights training delivered to Board Operating Committee October 2016 and Plan A committee February 2017. 
Delivering relevant awareness raising training for leadership team and key individuals implementing our human rights commitments by 2017.	Relevant awareness training has been provided to business area leadership teams, key individuals in business areas and to human rights practitioners. Key M&S staff attended our Modern Slavery Conference in February and in addition we ran three human rights learning sessions as part of January's festival of the future. Feedback has indicated that staff want further training and this is currently developed by the M&S Learning and Development team. 
Establish Independent human rights stakeholder review panel by 2017.	Established meetings held in September 2016 and March 2017. 
Actively participate in collaborative networks to raise stakeholder awareness and help drive business forward on remediation of salient issues. Share key learnings by 2018.	M&S is involved in a wide range of collaborative initiatives. Our focus on our salient issues has resulted in more focused partnerships, many of which are detailed in this report, our website and our Modern Slavery Statement. 
We will strengthen our grievance mechanisms by	
Reviewing the effectiveness of existing mechanisms for handling employee, supply chain and community grievances across the M&S Group, and reviewing external existing best practice to define our improved mechanisms and publicly report on the results by 2017.	Completed. In 2016, we issued a revised Supply Chain Grievance Policy, explaining the channels through which individuals and communities who may be adversely impacted by the Company can raise complaints or concerns. During 2016/2017, we conducted a critical review of grievance mechanisms available both for individuals and communities, including our employees and supply chain, and the extent to which issues are effectively raised within our business. This involved developing a better understanding of our existing processes, identifying what reporting data is available and using a cross-business survey to assess understanding and adoption. We have identified some opportunities to improve our employees' understanding of what channels are available within the business. We can also improve at an operational level, particularly in unifying the way we handle and follow up on grievances. We have agreed several key actions for 2017/18, including updating our Code of Ethics & Behaviours and associated policies, developing a cross-business Communications Plan for the Confidential Hotline and existing grievance processes, and improving data gathering to enable us to track and report progress. 
In 2017, we will confirm timings to publicly report on the performance of our M&S Group grievance channels and mechanisms by salient issue and demonstrate how this insight is informing our human rights due diligence.	As a result of the internal review, M&S has redefined our external commitment. <i>By 2019, we'll put in place mechanisms to make human rights complaints or raise concerns, which are accessible to all individuals and communities connected with our business. From 2020, we'll report annually on the use and performance of these mechanisms.</i> 

	Next Step	Progress
 <p>DISCRIMINATION</p>	<p>Empower women in our business and supply chains by further developing our M&S women's network; strengthening and scaling gender elements of existing supply chain programmes; and mapping areas in our supply chain and operations where women are most vulnerable, identifying appropriate interventions for a more positive impact on women.</p>	<ul style="list-style-type: none"> • Our Inspiring Women's Network has continued to grow in strength, with around 1,200 members. The network is now led by male and female co-chairs and a steering group, and has a clear annual plan. It has the sponsorship of our Chairman, Robert Swannell. The network has been renamed as the Gender Equality Network, in recognition that achieving gender equality must involve all genders. • We have undertaken supply chain mapping and risk assessment to identify which countries pose the greatest gender supply chain risk. Priorities identified in this work form part of our new Fostering Inclusive Society priority area. • We have continued to work within the Oxfam/ETI Better Strawberry group, and encouraged the group to continue to focus on the potential harassment of women, including by joining a new Discrimination and Violence sub-group. We have continued to roll out Emerging Leaders training, and analysed its impact on women and discrimination.
 <p>FORCED LABOUR</p>	<p>As outlined in our Modern Slavery Statement, we will publicly report on our progress. We will:</p> <ul style="list-style-type: none"> • Refine our risk assessment, and strengthen supply chain auditing and verification • Undertake relevant and effective training for M&S employees and business partners • Continue partnerships with others to identify and address modern slavery • Undertake investigations into reports of modern slavery and remedial actions taken in response. 	<p>Detail on this is provided on page 19 and in our 2017 Modern Slavery Statement.</p>
 <p>FREEDOM OF ASSOCIATION</p>	<p>Our roll out of our 'beyond audit' programmes, the workplace communications toolkit, Ethical Excellence Factories, Foods Sustainability Scorecard and our continued involvement with the tripartite Ethical Trading Initiative, we will encourage stronger workers representation in our supplying sites.</p>	<p>We have continued to promote workplace representation through our ethical monitoring programme and Foods Sustainability Scorecard. It remains a requirement that all direct suppliers with more than 50 workers have a worker committee or trade union.</p> <ul style="list-style-type: none"> • To demonstrate greater transparency on freedom of association, we have added information to our online map, showing where suppliers have a worker committee and/or trade union in place. • We have continued to engage with unions as part of our membership of the ETI, and have consulted on our approach with the TUC and the ITF. • Across our clothing and home business, we are engaged in a number of collaborative initiatives with other stakeholders to boost social dialogue in our supply chain in Turkey, Vietnam and Bangladesh.
 <p>HEALTH & SAFETY</p>	<p>Develop and implement a programme of activities to improve health, safety and wellbeing across the M&S Group and in our supply chains by 2020.</p>	<p>In addition to addressing H&S as part of our existing assessment programs, we have evolved and extended our wellbeing initiatives for employees to provide more holistic ways for colleagues to develop their physical, mental, financial and social wellbeing and a focus on the wellbeing benefits of a more inclusive and diverse place of work. We continued to raise our employees' awareness of existing wellbeing support across the business and nurtured the development of the 'Buddy Network', a peer-to-peer wellbeing group growing organically across the business to share experiences and influence better wellbeing practices.</p> <ul style="list-style-type: none"> • Continued to promote physical and mental wellbeing with our UK supplier workforce, with over 50 factories participating in our 2017 Wellbeing Week. • Continued our commitment to promoting the Responsible Fishing Scheme within our UK and international wild caught fish supply base, working closely with UK seafood industry organisation Seafish and with our suppliers. • Published a new Health and Safety Guide for Food Suppliers. • As a signatory to the Bangladesh Accord on Fire and Building Safety, and have continued to support our suppliers to deliver significant remedial actions. We are in the top ten of all brands in the Accord for delivering remediation with over 87% of issues raised remediated. • Delivered health and safety training to 374 factory managers and H&S safety managers in clothing and home in China, Vietnam, India, Sri Lanka and Turkey. • Partnered with CSK and CARE International to identify and train 241 'health champions' in Bangladesh, who reached 7,770 garment workers with training and information about health, hygiene and nutrition. • Made significant progress in our 160 international overseas owned stores and extending to our Franchise partners. Further detail on page 21.

	Next Step	Progress
 <p>LIVING WAGES</p>	<p>Support suppliers, workers and their representatives in defining and implementing fair living wages to workers and fair income to farmers in our supply chains. We will prioritise our activities and carry out living wage studies based on risk. We will continue to work collaboratively with other companies, organisations, suppliers and governments to support the payment of a fair, living wage to the workers in our supply chain and help influence more effective annual national minimum wage reviews.</p>	<p>We have mapped our supply chain and identified the areas of highest risk for low wages.</p> <ul style="list-style-type: none"> • We have undertaken wage assessments with the Fair Wages Network in ten factories in India (see case study on page 27). • We have contributed to a living wage benchmark in our banana supply chain in Costa Rica. • We have continued our support for the Malawi 2020 initiative, promoting living incomes for tea workers and farmers. • As described on page 26, we have completed our programme with Traidcraft and the Kenyan Human Rights Council on living incomes for Kenyan green bean workers and farmers.
 <p>WATER & SANITATION</p> 	<p>We will report on ongoing progress to implement water stewardship and address water and sanitation issues.</p>	<p>M&S and WWF have been working together for the last nine years on developing our approach to water and water stewardship. 90% of M&S water use is within our supply chain and one in eight of our Food suppliers are in the highest water risk category. Some of these products, worth millions of pounds to the business each year, are entirely grown in areas of high water stress. One option would be to move supply to areas of lower water stress. However, M&S believes the responsible approach, and the approach that the company is taking, is to continue working with suppliers, using the stewardship approach to reduce risk and increase impact.</p> <p>In October 2016, M&S and WWF launched our third joint publication on water, providing advice to businesses on how to embed water stewardship within their supply chains. To help launch the publication, M&S and WWF jointly surveyed leading global retailers and brands to understand their perspective on water and water risks. Amongst the key findings:</p> <ul style="list-style-type: none"> • water risks are rising up the corporate agenda or remain a high priority for all of those surveyed, • 40% surveyed have engaged in some sort of mapping exercise – some of the supply chain and some of their own operations and • 55% surveyed have engaged in collective action in the supply chain in water risks hot spots. <p>It's clear there is high awareness of water-related issues and a lot of activity taking place. However, those surveyed do see some real challenges in addressing water risks, including:</p> <ul style="list-style-type: none"> • lack of senior buy in (50%), • the difficulty of mapping the supply chain (66%), • lack of supplier awareness of water risks (66%), • and most importantly, 70% state the challenge of moving from a water efficiency approach to a water stewardship approach. <p>To support the new publication, we held a water briefing event to share the findings with M&S supply chain, competitors and civil society.</p>
 <p>WORKING HOURS</p>	<p>Undertake risk mapping to understand in more detail where the risk of long working hours is greatest, and develop initiatives to work with suppliers to help them reduce overtime.</p>	<ul style="list-style-type: none"> • Through our ethical governance and Foods Sustainability Scorecard, we continue to work with suppliers to reduce excessive overtime. • In addition to our existing guidance on working hours and overtime premiums, we have published guidance for food suppliers on unpaid breaks and changing times. • Our risk mapping in Clothing and Home showed Bangladesh and Cambodia as two of our priority risk countries for ongoing further investigation.



*burgers
and dogs*

BUILD YOUR PERFECT,
JUICY COMBO...
WE HAVE ALL THE
BURGERS, DOGS,
SLIDERS AND SAUCES
YOU NEED

#SPIRITOFSSUMMER

NEW

APPENDIX

UN GUIDING PRINCIPLES REPORTING FRAMEWORK INDEX

This report aims to align with the UN Guiding Principles Reporting Framework. The index below is designed to help you identify how and where the framework disclosures are addressed. For full details on the framework, please visit www.ungpreporting.org

SECTION OF THE FRAMEWORK	LOCATION IN OUR HUMAN RIGHTS REPORT OR ELSEWHERE
PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS	
A1 POLICY COMMITMENT	II, 2, 16, 22, 27, 30
A1.1	2, 3, 4-5, 6-9, 11-15, 17
A1.2	2, 3
A1.3	3, 13, 19-20, 21, 30, 31-32
A2 EMBEDDING RESPECT FOR HUMAN RIGHTS	II, 1, 2, 3, 4-5, 11-16, 31-33
A2.1	II, 11-13
A2.2	II, 4-5, 11-13
A2.3	II, 6, 13, 19-21, 26, 31-32
A2.4	II, 2, 11-13, 19, 21, 31
A2.5	1, 4-5, 9, 17, 19-33
PART B: DEFENDING THE FOCUS OF REPORTING	
B1 STATEMENT OF SALIENT ISSUES	1, 17
B2 DETERMINATION OF SALIENT ISSUES	1, 2, 3, 4-5, 6-9, 17
B3 CHOICE OF FOCAL GEOGRAPHIES	NOT APPLICABLE
B4 ADDITIONAL SEVERE IMPACTS	6, 11, 12, 17, 24, 31
PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES	
C1 SPECIFIC POLICIES	2, 17, 19-22, 23-27, 29-30, 32-33
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C2 STAKEHOLDER ENGAGEMENT	3, 4-5, 8, 32-33 Engaging with rights holders and other stakeholders
C2.1	3, 4-5, 6, 8, 13-15, 19-21, 24, 30, 31-33
C2.2	4-5, 8, 11-12, 19-22, 25, 26, 27, 29, 32-33
C2.3	1, 2, 4-5, 8, 17, 19-22, 23-27, 29-30, 31-33
C3 ASSESSING IMPACTS	4-5, 6-9, 11-16, 17, 31-33
C3.1	1, 4-5, 6-9, 11-16, 17, 19-22, 23-27, 29-30, 31-33
C3.2	12, 15, 20, 21
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C4.1	2-3, 11-16
C4.2	2-3, 11-16
C4.3	17, 19-22, 23-27, 29-30, 31-33
C5 TRACKING PERFORMANCE	3, 4-5, 6, 11-16, 31-33
C5.1	19-22, 23-27, 29-30, 31-33
C6 REMEDIATION	II, 3, 13, 15, 31 Investigating and remedying breaches of our standards
C6.1	M&S grievance channels and mechanisms Non-M&S grievance mechanisms
C6.2	4-5, 13, 31
C6.3	4-5, 13, 31 Investigating and remedying breaches of our standards
C6.4	4-5, 13, 31
C6.5	15

UNITED NATIONS GLOBAL COMPACT REFERENCE TABLE

In May 2016, M&S became a signatory to the United Nations Global Compact, a corporate sustainability initiative that has defined ten principles covering human rights, the environment and ethical behaviour. The table below shows where you can find the relevant content either in this report or in our Plan A Report which is published alongside it.



	PRINCIPLE	PAGE
HUMAN RIGHTS	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	2
	2. make sure that they are not complicit in human rights abuses.	2-3, 6-9, 17
LABOUR	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	11-16, 17, 21-22, 32
	4. the elimination of all forms of forced and compulsory labour;	17, 19-22, 32
	5. the effective abolition of child labour; and	11, 17
	6. the elimination of discrimination in respect of employment and occupation	29-30, 32
ENVIRONMENT	7. Businesses should support a precautionary approach to environmental challenges;	PLAN A 15-22
	8. undertake initiatives to promote greater environmental responsibility; and	PLAN A 15-22
	9. encourage the development and diffusion of environmentally friendly technologies.	PLAN A 15-22
ANTI-CORRUPTION	10. Businesses should work against corruption in all its forms, including extortion and bribery.	PLAN A 29, 34

PLAN A: Plan A Report



SLAVERY IN THE UK EXISTS BUT IS LARGELY UNSEEN. HOW CAN YOU SPOT THE HIDDEN SIGNS OF SLAVERY?



WHO CAN YOU TELL?

IF YOU NEED HELP, OR YOU THINK SOMEONE MAY BE
A VICTIM OF SLAVERY OR EXPLOITATION, CALL THE
CONFIDENTIAL UK MODERN SLAVERY HELPLINE
24 HOURS A DAY, 365 DAYS A YEAR.

CALL 08000 121 700



modern
slavery
helpline

WORKING TOWARDS
A WORLD WITHOUT SLAVERY

If you have any suspicions of human trafficking, forced labour or worker exploitation you should report it immediately. You can contact:

The Police – 101, or in the case of an emergency 999

Crimestoppers – 0800 555 111

The Gangmasters and Labour Abuse Authority (GLAA), is a UK government agency, which exists to investigate suspicions of labour exploitation within supply chains. GLAA works closely with M&S and can respond to any concerns of labour abuse by calling in confidence on **0800 432 0484**



Gangmasters &
Labour Abuse Authority

PHYSICAL APPEARANCE

Exploited workers may show signs of physical or psychological abuse and/or appear:

- Malnourished
- Dirty
- Frightened, withdrawn and confused.

They may have injuries that seem to be the result of an assault.

FEW OR NO PERSONAL EFFECTS

Exploited workers may have:

- No ID, passport, money, personal items e.g. purse, wallet, jewellery
- Little or no food
- No money to buy clothes – they may wear the same clothes all the time, or wear clothes that are unsuitable for work.

ISOLATION AND CONTROL

Exploited workers may:

- Seem under the control and influence of others, e.g. allowing others to speak for them; constantly looking over their shoulder; seeking consent from someone else in the workplace
- Have limited or no social interaction with work colleagues
- Appear as if they want to work all hours and days available
- Not be able to travel on their own – a driver drops them off and collects them.

RELUCTANT TO SEEK HELP

Exploited workers may be reluctant to seek help and may:

- Avoid eye contact
- Appear frightened
- Be afraid to talk to strangers or the police
- Reject help when offered.

This is often because they don't know who to trust or where to get help.

Need more training to protect your business?

Contact Stronger Together

Stronger Together is a business led, multi-stakeholder collaborative initiative, established and equipped to support businesses to deter, detect and deal with modern slavery and provide them with the pragmatic tools, resources, guidance and training needed to address this in their businesses and supply chains. For more information, please visit

www.stronger2gether.org

**stronger
together**
tackling hidden labour exploitation

M&S

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