

---

---

# M&S SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:90; Data

## 1. Login/Password Action

---

## 2. Introduction

---

### 1. Company name:

Marks & Spencer plc

### 2. Brands owned by company:

### 3. Main contact person:

Name: : Fiona Sadler

Email: : fiona.sadler@marks-and-spencer.com

Contact phone number: : 02087180485

## 3. The living wage standard

---

### 4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

Through Plan A we are the first retailer to publish our commitment to implement a process to ensure our suppliers are able to pay a fair living wage by ensuring the cost prices we pay our suppliers are adequate. We have developed a robust methodology with help from a number of key stakeholders.

Published in 2010, our public commitment on living wages is detailed in our Plan A commitment 17.1: "Implement a process to ensure our clothing suppliers are able to pay a fair living wage in the least developed countries we source from, starting with Bangladesh India and Sri Lanka by 2015"

In Bangladesh, in 2008, we started work on a project that specifically looked at increasing workers' wages – we called this the Ethical Model Factory programme (EMF). The EMF has proven to be a mechanism that contributes to significant wage increases through productivity improvements. The impacts of the EMF have been verified and documented by PWC.

We have also been a founding brand in the development 'Benefits for Business and Workers' (BBW). This is a collaborative project, involving 8 retailers, with support from the Department of International Development's RAGS Challenge Fund, and managed by Impactt. In Bangladesh and India, BBW has trained factories on HR and productivity and as a result the factories have been able to reduce working hours and increased overall take home pay.

In addition, we have developed a Cost Price Model which is a tool to help enable the commercial teams to implement a living wage in the supply base. This model or tool breaks down the cost price of garments into the main cost components. It specifically includes direct labour & indirect labour costs, social costs and average earnings per month for workers.

We have been implementing this cost model methodology in our top 14 global regions for the last 5 years. This

is a tool that all of our commercial teams and suppliers are familiar with, and they use it on a daily basis. The tool highlights the percentage cost of the garment that is needed to cover labour; this portion then becomes non-negotiable.

We believe that the payment of living wages requires many stakeholders to take a collaborative approach. Our discussions and projects to date have involved the following: Brands (UK and International), NGOs, Academic Institutions, Trade Unions, Local Governments, Industry groups, collaborative groups such as the ETI, ILO and BSR and workers. We have widely shared our learning and details of the cost model with all of these stakeholders. We were an original participant in the ETI wages group and we have contributed significantly to the group's outputs.

We are refreshing our living wage research twice a year to ensure that we have a valid resource of data to be able to determine the Living Wage. We do this in all of our key sourcing countries. This research includes: academic research, benchmarking exercises of existing actual wages, cost of living, and desk based analysis of existing information and field research. We cross-check this information regularly with the real wages paid by factories in our supply base.

---

**5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.**

[http://corporate.marksandspencer.com/howwedobusiness/our\\_policies/ethical\\_trading](http://corporate.marksandspencer.com/howwedobusiness/our_policies/ethical_trading)

---

**Upload option.**

---

**6. 1.3 Does your company agree with the definition of a living wage as given here?**

Yes

No, our definition differs from the definition given.

---

**If no, please provide details of how your definition of a living wage is different and give justification.**

"Where the term living wage is used in this survey it means a wage that: applies to all workers; is reached within the standard working week, which is in no case more than 48 hours; is a basic take home wage before benefits, bonuses or overtime pay; covers the basic needs of the worker and his/her family, where a family is 3 consumption units (a child counts as half a consumption unit); provides some discretionary income of at least 10% of the amount needed to cover basic needs."

We agree that workers should be paid a Fair Living Wage.

We believe the LW should be calculated within the standard working week, which is in no case more than 48 hours; is a basic take home wage before benefits, bonuses or overtime pay; covers the basic needs of the worker and his/her family. And that this provides some discretionary income of at least 10% of the amount needed to cover basic needs.

We believe that it is important to calculate the average family unit size by means of research for a particular country.

Being a fair partner is an integral part of how we do business and we believe it is important to ensure good working conditions for everyone in our supply chains. All our suppliers, wherever they are in the world and whatever size they are and regardless of size and geographical location, must adhere to our strict ethical standards as a condition of working with us. These include providing good safe working conditions, freedom of association, treating workers with respect, limits on overtime and paying fair rates of pay. We have a robust process in place to ensure we do our best to ensure that these standards are upheld.

We would like to acknowledge the following individuals and groups in contributing to our work on Living wages,

such as:

- Mr Doug Miller, Northumbria University
- Dr Stephanie Barrientos, Capturing the Gains
- Oxfam and Action Aid
- Living wage definitions and research from FLA, Asia Floor Wage, SA8000, Fair Wear Foundation, OECD, Jo-In.

#### 4. Respect for freedom of association and collective bargaining, a precondition for a living wage

##### **7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?**

All of our suppliers and subcontractors are sent a copy of our Global Sourcing Principles which they sign and return to us as part of our terms & conditions of trade. Within these we specify: "Workforce rights - The people working for our suppliers are to be treated with respect, and their health, safety and basic human rights must be protected and promoted, particularly with regard to freedom of association and the right to collective bargaining". Our Global Workbook also gives detailed information on how to make this a reality, and is available to suppliers via our Supplier Exchange

[http://corporate.marksandspencer.com/howwedobusiness/our\\_policies/ethical\\_trading](http://corporate.marksandspencer.com/howwedobusiness/our_policies/ethical_trading)

The section is shown below:

M&S Global Supplier Workbook: 2. Freedom of Association and the Right to Collective Bargaining

2. Freedom of Association and the Right to Collective Bargaining

The ETI Base Code:

Marks and Spencer has adopted the Ethical Trading Initiative (ETI) Base Code. This requires that;

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

What does it mean?

Most international standards state:

- Workers and employees have the right to establish and join representative organisations of their own choice, including unions.
- An organisation has the right to draw up its own rules and to freely elect representatives.
- Employers must promote voluntary negotiations with workers and their representatives to establish collective agreements.
- Representatives must not be discriminated against or be penalised in any way for carrying out representative duties.
- Where unions and/or collective bargaining are not permitted under national law (possible in some EPZs), suppliers must demonstrate parallel means (alternative arrangements for representation – see key terms).

Key Terms:

Freedom of Association: means allowing workers to form and join workers' associations, workers' councils, groups, committees and/or unions of their choosing.

Collective Bargaining: enables a group of workers are able to negotiate with management, on behalf of all workers on issues such as pay and working conditions. Any agreement made would be termed a collective agreement.

Workers' Councils: are groups or associations that collectively represent worker interests, this can include workers' councils, trade unions, and workers' associations.

Effective Worker Council – all forms of worker representation needs to be effective. To do this the site needs to:

- Ensure all workers understand their employment rights.
- Elections of worker representatives are free from management interference and democratic.
- Worker representatives receive training on representation, negotiation and how to run an effective committee.
- Minutes of meetings reflect a two-way exchange of views between management and representatives, as well as bargaining and the implementation of changes.

Parallel means: Where unions are restricted by law, the employer should encourage the formation of alternative methods for workers to formally raise concerns and negotiate with management. This might involve a workers' committee which is in regular communication and discussion with management; the basic principle is to ensure there is a means of communication between workers and management to facilitate the discussion of workplace is including workers' terms and conditions.

M&S requires that the site can demonstrate that the mechanism for representing workers, be it a union or a worker council is effective in enabling improvements/ resolution of issues for workers. Often in source countries, a workers' committee is a communication tool for managers; this needs to be reversed so it is used as a communication tool for workers to represent their views and negotiate change with managers.

How this should be implemented:

The formation of unions or other groups, and collective bargaining, help to ensure that workers are being treated fairly. This should be promoted and allowed to occur free from any penalty.

This means that:

- Workers should be allowed to form or join the trade union of their choice.
- Where there is no union in place management should encourage the formation of a workers' committee.
- All worker representatives should be democratically elected by the workforce/members of the union.
- Employers/management should meet regularly with the union or committee.
- All meetings should have minutes taken, and the minutes posted where workers can read them (i.e. on a notice board).
- Union and committee members and representatives should not be treated less favourably than other workers.
- Worker representatives should be allowed to carry out their duties within working hours and without losing pay.
- The representatives that engage in collective bargaining should be democratically elected by the workers in a factory or production site.

Where there is no union, the management should encourage the formation of a union. Where unions and other forms of collective bargaining groups are restricted by law the management should encourage the formation of works and other committees where workers are represented.

**Percentage of supplier factories and subcontractors reached by these measures:**

100%

**Please supply an example of materials used:****8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:**

Through our training commitment 17.2 'to work with our suppliers and partners to provide a training and education programme for 500,000 workers by 2015 will cover employees roles, responsibilities and rights...' We have included specific sections to cover freedom of association and collective bargaining in our training modules: Induction training; Rights roles and responsibilities; and our Effective Worker & Management communication programmes.

To date over 391,000 workers from around the world have been trained. including the element to ensure they are aware of their right to freely associate. Impact assessment feedback demonstrates that workers' understanding of their rights has improved by 42%.

Percentage of supplier factories reached by these measures: : %

**9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?**

We have worked with GIZ in Bangladesh and India; CRB (Centre for Responsible Business) in India In India we have developed the Effective Worker Management (EWM) Programme. This programme includes a Freedom of Association module and focuses on creating a conducive environment for exercising rights. This is implemented by the Centre for Responsible Business, with our knowledge partner, GIZ India. This programme has covered 38 factories, and trained 35,452 workers, in over 1200 hours of training. The training resulted in improved induction programmes which were updated to ensure that staff and workers from all departments, not just production, were included. Results include improved induction on the right to freedom of association in 80% of participating factories.

In Bangladesh, we have rolled out the Ethical Model Factory (EMF) programme which includes Worker Rights training and HR systems and Industrial Relations Management training for middle management and HR personnel.

In Turkey and Egypt we have rolled out a Workplace Communication training programme with Partner Africa. This is a two day course explaining the importance of workplace communication and uses experiences from leading ethical suppliers to illustrate mechanisms for improving workplace communication. A DVD is used to support the training, highlighting how welfare committees and unions have improved communication between management and workers within leading companies. Topics include 'What is effective communication, What is a worker committee, What is a Union, Who should be represented, How can officials be selected, The election process, Ensuring smooth operations of a committee; and Action Planning.

We also have a Communication toolkit available for all suppliers which explains every level of communication from Unions, Hotlines, Surveys, Worker Committees, grievance procedures and newsletters. It is a practical guide for setting up all these communication channels and best practice guideleines.

In both Bangladesh and India, the Benefits for Business and Workers (BBW) project (see above) includes a training module focused on the importance of worker/management dialogue. The module trains HR Managers, Production Managers and Supervisors on the importance of understanding workers' views, and developing an effective and functioning Workers Participation Committee (training module attached). To date, a total of 73 factories in India and Bangladesh have received this training

**Percentage of supplier factories and subcontractors reached by these measures:**

100%

**10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?**

	Country:	Number of suppliers:	Details:
1:	All	All	Global Sourcing Principles and ETI Base code provide this guarantee, which we communicate through noticeboards and training at all our factories
2:			
3:			
4:			

**Please provide a sample of materials used in specific countries:**

**11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.**

We don't require a formal agreement, however our suppliers clearly understand that they are required to support the right to freedom of association, as required by both our Global Sourcing Principles and the ETI Base Code. Workers are also made aware of this through the training they receive.

**Number of supplier factories with agreements:**

**Please provide a sample of agreements signed:**

**12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:**

We have several mechanisms for workers to raise issues that can be followed up:

- 1) We have implemented a number of Worker Hotlines in China, our main partners being the NGOs IOC and Handshake. Hotlines have to date provided workers in our Chinese factories with a mechanism to raise complaints. Workers have raised a significant number of issues which have been remediated, by factory management with the support of the M&S regional team.
- 2) Our most recent partnership is with the social enterprise company, Good World Solutions. We have signed a one year deal to work with them to facilitate direct communications with workers in our clothing supply chain via the Labor Link mobile technology.

Using this mobile technology, we are carrying out quantitative surveys direct to workers. Workers listen to questions on their mobile phones in a local language, and respond using their touch-tone keypad. This returns anonymous results.

As part of its Plan A programme, we have already tested the technology with 13 suppliers in India and Sri Lanka, surveying over 2,000 workers as part of our financial literacy and health and nutrition training programmes. With the support of its suppliers, we will now roll out the service to 30 factories and 22,500 workers in India, Sri Lanka and Bangladesh, gathering feedback on subjects such as working conditions, job satisfaction and training. There is no cost to the workers to use the technology and a minimal cost for the M&S suppliers to receive the summary data.

This is an innovative breakthrough for us and moves workplace communication into the digital era giving workers a voice.

Utilising this latest technology we are developing a Hotline/survey option which will enable workers to log issues on freedom of association and collective bargaining.

- 3) Also as part of our normal audit process, our 3rd party auditors and our own regional compliance manager

leave the workers representative with a confidential phone number to contact if there are issue that they couldn't raise during audits. These are then investigated by our regional compliance managers and resolved with the factory management.

We carry out worker interviews at sites covered by these hotlines. The Labor Link model will also enable us to contact workers directly and out-of-hours to verify that they can access the system freely

**13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?**

Please provide details of your policy and its impacts in relevant countries: : NA

How has any of this work impacted on workers ability to receive seniority bonuses?: : NA

**14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?**

**5. Dialogue and negotiation with labour rights organisations**

**15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:**

The Ethical Model Factory (EMF) programme which we funded in Bangladesh to address the complex issue of low wages is a holistic approach to finding a sustainable solution to improve wages for all workers. EMF was developed in conjunction with International and local stakeholders for example: GIZ, ITGLWF and OXFAM and workers. Overall, it has been very successful in encouraging the communication between workers and management and formulating improvement plans based on the workers feedback.

Training on HR management systems has improved the knowledge at middle management and supervisor level in handling factory procedures in industrial relations. The format of this training programme enables great foundations for mature industrial relations by promoting active dialogue between management and workers.

We have recently (Aug 2013), been part of a short term project run by Berenschot a Dutch consultancy and the Dhaka based Centre for Policy Dialogue (CPD). The project is funded by the Netherlands Embassy in Bangladesh and the purpose of the project is to provide a valuable input into the forthcoming minimum wage determination for the RMG sector. As part of this we have provided supplier factory average salary information on earnings for each skill grade.

This is a publicly funded piece of work and there will be a final transparent report accessible for the Bangladesh minimum wage board, government, employers, unions, brands/retailers.

**16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?**

yes but details are confidential

**6. 4. Benchmarks for a minimum living wage**

**17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?**

Yes

**If yes, please provide details of how these were developed and how they are used:**

Refer to Section1. Q1: For the last 5 Years we have been using a costing model within our buying practices which breaks down the cost price of garments into every area and specifies Direct and Indirect Labour costs. . We have been implementing our cost price model across our supply base in 14 global sourcing countries. The



model identifies and ring fences the actual labour cost during cost price negotiations. It is based on standard minute values, actual work-study minutes taken, efficiency as well as, cost of living and a theoretical wage calculation.

To account for changes within the industry the Sourcing Department updates the costing model twice a year, using market data on currency, world economic trends, Industry benchmarks, Government wage data and intelligence from reputable world financial institutions, as well as data from suppliers and supply chain experts. In addition, every year, we commission Impactt Limited to carry out a wage benchmarking exercise. Impactt create a series of 'Wage Ladders' which include information from labour providers, government wage statistics, prevailing wages, industry norms, minimum wages, NGO and Trade Union opinions as well as factual information from our suppliers on actual wages paid.

Within these wage ladders, SAI's 'Extrapolated Market Basket' methodology is used to calculate a theoretical living wage. This methodology defines a living wage as 'A wage that is sufficient to provide food and the remaining basic needs for the worker and the average number of dependents per wage earner in an average household, with an additional 10% added on for discretionary income.' Therefore, the cost of basic needs is extrapolated from the price of a basket of essential food items based on average household expenditure ratios.

We have used the following formula:

$$\text{Living Wage} = (\text{Basic Food Basket per Person}) \times (1/\text{Fraction of Average Household Income Spent on Food}) \times (\text{Household Size/Number of Wage Earners}) \times 1.10$$

To collect the information required to apply the above formula, for each area in which we carry out living wage research, we:

- Surveyed 20 individuals living and working around the factory. Respondents represented a cross-section of the community including factory workers, owners of stalls and small businesses in the area, retired people, housewives etc.
- Surveys focused on Household Size; Number of Wage Earners; Contents and cost of an essential food basket; Fraction of average household income spent on food

We applied the Calorie Counter methodology to calculate the 'Basic Food Basket' component of the above formula. We identified the contents of the local food basket (through interviews) and priced the contents in the local market. The table below sets out the average basic food basket costs per person per month, the fraction of average household income spent on food, average household size and average number of wage earners in the household.

**18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.**

	Country/region	Living wage benchmark
1.		
2.		
3.		

**19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.**

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		
4.		
5.		

## 7. Purchasing practices that make living wages possible

---

### **20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:**

Yes: We have a good track record of working with our suppliers on a long term basis and we have a clear policy on the use of subcontractors in the supply chain. We approve all sites which manufacture our products, including any sites linked to our main sites through extra production capacity or any external processing needs. We are confident our suppliers adhere to our policy and that we are sure we have 100% visibility of factories that make M&S products. All of these sites go through our robust 'new factory set up process' and have at least one 3rd party annual audit per year. They are also visited frequently by our regional social compliance teams as well by our commercial teams

### **21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?**

Yes: we are committed to ensuring that at least 50% of all products will have at least one plan A attribute by 2015; and 100% by 2020. To help achieve this, we have developed a process which awards outstanding factories the status of 'Ethical Excellence'. The process identifies factories which demonstrate world class working conditions and that they pay living wages. This is motivated in the business as the buying teams annual bonus is measured against how many Ethical Excellence factories they have used – this is really driving factories to increase pay to meet this target.

As with all of the activities we undertake as part of Plan A, our work is independently verified and we make public our achievements in the annual "Plan A Report"

[http://corporate.marksandspencer.com/documents/how\\_we\\_do\\_business/2013\\_plana\\_report.pdf](http://corporate.marksandspencer.com/documents/how_we_do_business/2013_plana_report.pdf)

## 22.

Are other incentives provided for buyers or supplier factories to work towards a living wage for workers? : No

### **23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?**

Yes: The cost model we describe in Section 1. sets out how we calculate that FOB prices are sufficient to pay living wages. The commercial buying teams and Sourcing Department use this information when negotiating cost prices as part of how we do business.

We are aware that many factories need technical support on how to increase wages. Our factory improvement programmes, namely EMF and BBW, provide mechanisms for increasing wages so as to unlock quality improvements and efficiency increases.

### **24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?**

As part of our Global Sourcing Principles it is a requirement for all our factories to support genuine freedom of association. We have created the scheme which ranks factories which have outstanding HR practices and world class working conditions and are able to demonstrate that workers are able to exercise their right to Freedom of Association. All buyers are encouraged to place orders by these and we have set targets for these within Plan A.

### **25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.**

Integrating ethics into our core business practices and responsible buying are a priority for us and are part of how we do business. All senior executive staff, from Board Directors to buying teams, have an ethical trading

performance objective in their annual appraisals and are held to account on delivery. Ethical information about our supply base is shared at the weekly senior management meetings and forms one of the key performance indicators for the business.

We run a training course for all new employees on ethical trading and purchasing practices and also have an online e-learning tool for all buying teams named Responsible Buying. This is compulsory. It is split into categories such as Product Development; Orders & Production; and Delivery & Costs. It details the 'pinch points' in the process and the commercial impacts of buying decisions. It also highlights all of the ethical issues that can occur as a result throughout the buying process. It then offers practical and realistic solutions to creating a situation where the issue is less likely to happen.

## 8. Living wage projects

**26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:**

	Project 1	Project 2	Project 3	Project 4
Location:	Ethical Model factory Programme with GIZ in Bangladesh	2. Benefits for Business and workers (BBW) Bangladesh and India		
Number of factories and workers involved:	The majority of our factories in Bangladesh have been covered by this programme which make 80% of our products and 49,000 workers have been trained	Bangladesh and 173 factories in total, 16 supplying M&S India		
Living wage benchmark used:	NA	AWF		
Partnerships:	GIZ, GSD, BIM, PWC	Impactt Ltd, DFID, a total of 8 brands		
Wage increase achieved:	Average wages increase were between 12% and 42% based on a standard 8 hour working day excluding any overtime payments or incentives	Bangladesh average monthly take-home pay increased by 7.63%, India, monthly take-home pay increased by 5.09%		
	We funded a programme to tackle the complex issue of low wages in Bangladesh by developing a holistic approach and finding a sustainable solution to improve wages for all workers in our factories. The objective was to develop factories that could demonstrate best practice for compliance, illustrate solutions to difficult ethical issues and consult with its workforce giving equal rights and better pay and conditions. The programme consists of 3 elements of training: Worker Rights training; HR systems and Industrial Relations Management training for middle management and HR personnel; Productivity training of Industrial Engineers and Production line management. In order for the programme to be sustainable we partnered with local organisations. We have had a Private Public	Impactt's Benefits for Business and Workers (BBW) programme is an affordable training model for garment factories aiming to develop better businesses supporting better jobs. BBW has been rolled out to 73 factories, employing 102,110 workers in Bangladesh and India, with the support of 8 retailers and was part funded by the RAGS Fund of the British Department for		

Details of process:

Partnership agreement with GIZ, the German Government Agency, since May 2008. GIZ has helped deliver the Workers' Rights and Supervisors' training programmes in conjunction with the Bangladesh Institute of Management (BIM) who delivered the middle management systems programme. General Sewing Data (GSD) has implemented the Industrial engineering and production management systems. GIZ, the German Government Agency carried out an independent impact assessment and concluded that: • Over 38,000 workers have received training, on topics relating to their rights as employees, the rights of employers and their roles and responsibilities; The number of grievances resolved had increased dramatically; An 85% reduction in Absenteeism (from 9% to 1.5%); A 65% reduction in staff Turnover (from 8% to under 3%); Productivity and efficiency has increased by between 20% and 61% which has led to an increase in workers' wages; Average wages increase were between 12% and 42% based on a standard 8 hour working day excluding any overtime payments or incentives; Most importantly, in all of the model factories the wage increases have meant that all workers are paid higher than the legal minimum wage in Bangladesh. We held a supplier and Brands conference in Dhaka inviting Tesco, Gap, Nike, Levi, Disney, New Look, H&M and Wal-Mart, to share the above results and encourage others to join or replicate the programme which benefits workers irrelevant of which retailer or brand sources from the factory. The programme was supported by local NGOs, Trade Unions, and the British High Commissioner. In 2013, we commissioned Price Waterhouse Cooper PWC, to carry out a study which identified the net benefits created through the EMF programme and concluded that there was a quantifiable financial figure per worker which was shown in the increase in their wages.

International Development. The programme has put more than £4.14 million dollars into workers' pockets over 12 months, halving worker turnover in Bangladesh and reducing it by a quarter in India. All of this supported by significant quality and productivity gains, with a 6-month return on investment. 16 of our factories participated in the BBW programme; 7 in Bangladesh and 9 in India. Overall, in Bangladesh average monthly take-home pay increased by 7.63%, equivalent to an increase in annual pay of £3.4 million across the workers employed by participating factories. This was matched by a reduction in working hours, which meant that hourly pay went up by 11.94%. In India, monthly take-home pay increased by 5.09%, equivalent to an increase in annual pay of £614,000 across the workers employed by participating factories. Again, working hours were reduced, which meant that hourly pay went up by 8%.

**27. Please upload any useful supporting documentation here:**

**9. New Page**

**28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?**

We have been working with ETI and other brands to lobby the Bangladesh government on increasing the living wage since 2006.

**29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?**

Yes: We are the only retailer to have made a public statement on living wages which can be found in our

annual Plan A report –

[http://corporate.marksandspencer.com/documents/how\\_we\\_do\\_business/2013\\_plana\\_report.pdf](http://corporate.marksandspencer.com/documents/how_we_do_business/2013_plana_report.pdf)

Also as signatories to the Accord in Bangladesh, we have also made a public commitment to maintaining long-term sourcing relationships with Bangladesh, as is demonstrated by our commitment to this five-year programme. We shall continue business at order volumes comparable to or greater than those that existed in the year preceding the inception of this Agreement with Tier 1 and Tier 2 factories at least through the first two years of the term of this Agreement, provided that (a) such business is commercially viable for each company and (b) the factory continues to substantially meet the company's terms and comply with the company's requirements of its supplier factories under this agreement

## 10. Transparency

---

### **30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?**

We monitor and track every manufacturing site making our products. We have full name, location and addresses for all sites. We do not currently publish a list of supplier factories but within our Plan A commitments are investigating this level of transparency and information sharing in the future. We do however share lists of suppliers and sites with the Accord, and with ETI as part of their working groups.

### **Do you have plans to publish a full list in the future?**

Within our Plan A commitments are investigating this level of transparency and information sharing in the future

### **31. 8.2 Does your company publish impact reports on projects related to wages?**

<http://www.impacttlimited.com/case-studies/benefits-for-business-and-workers-bbw>

## 11. Collaborative working

---

### **32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:**

#### 1. Ethical Model factory Programme with GIZ

In Bangladesh we funded a programme to tackle the complex issue of low wages by developing a holistic approach and finding a sustainable solution to improve wages for all workers in our factories. This programme was developed in conjunction with local stakeholders such as GIZ, ITGLWF and OXFAM and workers, and has been very successful in encouraging communication between workers and management and formulating improvement plans based on workers feedback.

The objective was to set up factories that could demonstrate best practice for compliance, illustrate solutions to difficult ethical issues and consult with its workforce giving equal rights and better pay and conditions.

The programme consists of 3 elements of training:

- Worker Rights training;
- HR systems and Industrial Relations Management training for middle management and HR personnel;
- Productivity training of Industrial Engineers and Production line management

In order for the programme to be sustainable we partnered with local organisations. We have had a Private Public Partnership agreement with GIZ, the German Government Agency, since May 2008 who have helped deliver the Workers' Rights and Supervisors training programmes in conjunction with the Bangladesh Institute of Management (BIM) who delivered the middle management systems programme. And GSD, General Sewing Data has implemented the Industrial engineering and production management systems.

Results include:

- Over 38,000 workers have received training, on topics relating to their rights as employees, the rights of employers and their roles and responsibilities.
- The number of grievances resolved had increased dramatically

- An 85% reduction in Absenteeism (from 9% to 1.5%)
- A 65% reduction in staff Turnover (from 8% to under 3%)
- Productivity and efficiency has increased by between 20% and 61% which has led to an increase in workers' wages
- Average wages increase were between 12% and 42% based on a standard 8 hour working day excluding any overtime payments or incentives
- Most importantly, in all of the model factories the wage increases have meant that all workers are paid higher than the legal minimum wage in Bangladesh.

We held a supplier and Brands conference in Dhaka inviting Tesco, Gap, Nike, Levi, Disney, New Look, H&M and Wal-Mart, to share the above results and encourage others to join or replicate the programme which benefits workers irrelevant of which retailer or brand sources from the factory. The programme was supported by local NGO's, Trade Unions, and the British High Commissioner.

## 2. Capturing the Gains (CTG) with Dr Stephanie Barrientos and DfID

We were members of the Capturing the Gains Advisory committee for 2 years and helped shape the direction of research in the garment industry and the foods industry.

As part of capturing the Gains we conducted a Research Project: Process upgrading, value added and social upgrading in the Bangladesh RMG sector. The project will be a case study based on both quantitative and qualitative factory data and requiring access to factory documentation. It will also include management and worker interviewees (all 5 grades), as well as the CSR and buying staff of the retailers in question for the M&S pilot factory. In addition, to compare the findings of impacts specifically on workers, workers of other factories will be surveyed.

Some of the research questions which the CTG project will consider are:

- What changes have occurred in the payment system and structure at the factories in question?
- Where precisely have the gains in wages been made?
- What is the impact on the overall wage bill?
- What changes in process have resulted in these wage increases?
- Can these be isolated/ controlled for, in relation to other performance/economic upgrading factors in the factory?
- What, if anything, can be attributed to the sourcing policy and practice of the buyer in this case?
- From the point of view of governance, how have these improvements been mediated?
- Is it possible to calculate the transaction costs of the initiative?
- How do workers perceive the changes?
- How does a company adjust to an NMW increase?
- What implications does the changed situation have for the buyer's sourcing policy and vice versa?

As a result of this research CtG published a report titled: Capturing the Gains for Workers and Suppliers in Global Value Chains in 2012 with a proposal to fund a project to "Achieve more socially and economically sustainable value chains"

## 3. Benefits for Business and workers (BBW)

Impactt's Benefits for Business and Workers (BBW) programme is an affordable training model for garment factories aiming to develop better businesses supporting better jobs. BBW has been rolled out to 73 factories, employing 102,110 workers in Bangladesh and India, with the support of 8 retailers and was part funded by the RAGS Fund of the British Department for International Development.

The programme has put more than £4.14 million dollars into workers' pockets over 12 months, halving worker turnover in Bangladesh and reducing it by a quarter in India. All of this supported by significant quality and productivity gains, with a 6-month return on investment.

16 of our factories participated in the BBW programme; 7 in Bangladesh and 9 in India.

Overall, in Bangladesh average monthly take-home pay increased by 7.63%, equivalent to an increase in annual pay of £3.4 million across the workers employed by participating factories. This was matched by a reduction in working hours, which meant that hourly pay went up by 11.94%. In India, monthly take-home pay increased by 5.09%, equivalent to an increase in annual pay of £614,000 across the workers employed by participating factories. Again, working hours were reduced, which meant that hourly pay went up by 8%.

4. Financial Inclusion Programme with Geosansar and the Bank of India – Financial Literacy training and access to banking (offering Banking to the Unbanked)

Working with geosansar we have created a programme which is a unique social enterprise partnership taking personal banking to the bottom of the pyramid i.e. the lowest paid workers in our supply chain. The world's community of low-income workers, typically earning cash in a factory need access to a range of financial products and services including Savings, Insurance, money transfers and credit. However in the Developing World many high street Banks will not allow low paid workers to open bank accounts so without a formal, secure place to store their incomes, the working poor tend to store their earnings in cash or in assets such as jewellery and livestock. These methods are prone to significant risk from loss or theft and reduce the overall return on savings.

Using geosansar kiosks in key industrial hubs in India, we have been opening bank accounts for those who were previously unbanked and processing direct transfer of salaries to bank accounts for low-income factory workers using biometrics i.e. fingerprints rather than documentation. This has had a direct positive impact for the worker in many ways:

- Living wage increase through reduction of leakage and corruption associated with cash salary payments;
- Security of cash;
- Income on their cash
- Social inclusion;
- Becoming part of the formal economy, etc.

geosansar provides practical education and guidance to the customer each time they visit a geosansar branch; 'Personal Banking' which then helps raise their levels of financial literacy. Financial literacy through education + access to services = financial inclusion.

With M&S, geosansar has completed some 60 financial inclusion training programmes inside factories supplying us. This has resulted in educating some 10,000 unbanked workers directly and a further 3,000 indirectly. Approx. 4,500 workers have gone onto open bank accounts and the conversion rate is growing.

In 33 months since launch, geosansar in total has opened some 600 kiosks, 460,000+ bank accounts (100,000 in December 2012 alone), served over 2.5 million customers and handled over US\$200 million of cash on behalf of the unbanked.

**33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:**

**34. Supporting documents:**

**12. 10. A clear route map for implementing a living wage for all workers**

**35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?**

Yes - through Plan A we are the first retailer to publish our commitment to implement a process to ensure our suppliers are able to pay a fair living wage by ensuring the cost prices we pay our suppliers are adequate.

We have developed a robust methodology with help from a number of key stakeholders.

Published in 2010, our public commitment on living wages is detailed in our Plan A commitment 17.1:  
“ Implement a process to ensure our clothing suppliers are able to pay a fair living wage in the least developed countries we source from, starting with Bangladesh India and Sri Lanka by 2015”

---

**36. 10.2 Does this strategy have a time scale? If yes, please state.**

Yes - through Plan A we are the first retailer to publish our commitment to implement a process to ensure our suppliers are able to pay a fair living wage by ensuring the cost prices we pay our suppliers are adequate. We have committed to achieve this in Bangladesh, India and Sri Lanka by 2015. We report annually on this in our Plan A Report. It will remain a Plan A commitment for the foreseeable future.

---

**37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?**

Our time-bound business strategy including implementing eco and ethical commitments including our commitment on living wages is called Plan A. This is a publicly available plan that is designed to communicate our work with shareholders and analysts, consumers and stakeholders. We also have an Intranet homepage for employees, and a Supplier Exchange and supplier websites for food and non-food suppliers.

The ethical trading strategy forms part of the wider CSR strategy, and is closely linked with Plan A targets and initiatives. From the outset, Plan A identified a number of ethical trading targets with clear timeframes, from which the detailed strategy for both the business and the individual areas of Food and non-food have been developed.

See Company Information / Targets in the How we do business report and on the website.  
<http://corporate.marksandspencer.com/howwedobusiness>

Progress against agreed targets is reviewed monthly with the senior team, who report regularly to the How We Do Business Committee. In addition, all commitments are externally assured by a third party assurance company on an annual basis.

As part of the strategy review process, we share our progress and new targets with a number of stakeholders whose input we value highly, one of which importantly is the ETI where we have regular meetings with Director and Deputy Director to discuss our ethical trading strategy, our activities and our commitments in detail.

Over the last few years, we have developed several strategic relationships including Oxfam, Forum for the Future, and the BITC whereby we invite them to comment on our strategies and targets, gaining an invaluable perspective. In addition, historically we have held individual meetings with many key influential stakeholders specifically on our ethical trade strategy including: UNICEF, War on Want, Action Aid, Oxfam, Traidcraft, Fair Trade Foundation.

The ethical trading team has regular strategy days to review outcomes and challenge how the business can make further progress. The ethical trading strategy is reviewed on an annual basis and the compilation of the ETI Annual Report provides a useful starting point for this. Progress against targets is reviewed at the year end and the strategy for the following year is developed, from which new targets are set by the ethical trading teams and signed off by the senior management team.

We believe that long term sustainable improvements in global working conditions will only come when companies, suppliers, governments, NGOs, trade unions, trade associations and other stakeholders work collaboratively to bring about change. For this reason, we are actively involved with a number of strategic initiatives which we believe will contribute to the overall uplifting of labour standards, including: ILO Better Work Cambodia and Vietnam; BSR; China Labour Relations Practitioner Development; BITC, SEDEX, GSCP, Local



Resources Network and regional Brand Collaboration programmes in various countries.

**38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?**

Homeworkers or migrant workers used in our supply chain are considered in the same way as permanent employees and therefore they are included in our audit process and their wages are assessed in line with all workers. Any intervention or training we do in our factories covers all workers within that factory including homeworkers and migrant workers.

**39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?**

The next steps in our work on living wages include:

- Commissioning a research study to identify the areas of wage leakage from salary paid to workers take home.
- Identifying the true root causes of why a living wage is not paid. The aim will be to try and identify why there is a gap between the average monthly earnings included in our cost model and the actual take home pay of the workers.
- In addition, given the success of our work with social enterprise technology provider Good World Solutions to facilitate direct communications with workers in our clothing supply chain via mobile technology we will be looking to extend its use into the topic of living wages. This will allow us to use the Labor Link technology to conduct surveys around wages and get real time data from a large number of workers.

[www.goodworldsolutions.org](http://www.goodworldsolutions.org)

**13. Further questions about your supply base**

**40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.**

	Country	Percentage of production	Number of suppliers
1	NA	NA	NA
2			
3			
4			
5			
6			
7			
8			
9			
10			

**41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:**

Production at factories owned by your company: : 0%

Orders placed directly to supplier factories: : 100%

Orders placed through agencies or intermediates: : 0%

Other: : %

**42. If other, please specify.**

**43. 3. What is the length of time that you have been working with your current suppliers?**

	% of suppliers
More than 5 years:	+70%
2-5 years:	+80%
Less than 2 years:	NA

**44. 4. How many sites did you use to produce your goods in 2012?**

First tier suppliers: : 2000 clothing, food and homeware suppliers globally

**45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?**

Number of suppliers: : Confidential information

#### Response Location

<b>Country:</b>	United Kingdom
<b>Region:</b>	G1
<b>City:</b>	Hounslow
<b>Postal Code:</b>	
<b>Long &amp; Lat:</b>	Lat: 51.466702, Long:-0.35

From : Sadler, Fiona <Fiona.Sadler@marks-and-spencer.com>  
To : "anna" <anna@labourbehindthelabel.org>  
Cc : "Hawkesford, Laura" <Laura.Hawkesford@marks-and-spencer.com>  
Subject : FW: LBL M&S Profile  
Date : Mon, 03 Feb 2014 15:04:40 +0000  
Attachments : M&Sresponse.pdf, ATT00001.htm, M&S Profile.doc, ATT00002.htm

Hi Anna,

I have been out of the office for 3 weeks in hospital and therefore missed last weeks deadline, hence am sending my comments in now and hope they can be considered:

1) The first question was – I believed the format of the report was to include a spidergraph and some sort of ranking/rating but this is not included in your documents for comment? As with previous reports we were given an initial score and I would like to see this before the published report – is this possible?

2) On page 1 under training programmes you have summarised the programme in Turkey and Egypt too simply and I would like the full comment to be added please, as this gives information on Union training which you later criticise that we are not doing. Could you please confirm you will expand this comment?

*"In Turkey and Egypt we have rolled out a Workplace Communication training programme with Partner Africa.*

*This is a two day course explaining the importance of workplace communication and uses experiences from leading ethical suppliers to illustrate mechanisms for improving workplace communication. A DVD is used to support the training, highlighting how welfare committees and unions have improved communication between management and workers within leading companies. Topics include 'What is effective communication, What is a worker committee, What is a Union, Who should be represented, How can officials be selected, The election process, Ensuring smooth operations of a committee; and Action Planning.'*

3) In the comments section you have quoted that *"worker committees do not have the right to collective bargaining"* which is not strictly true. If a worker committee proposes an increase in wages through the collective bargaining methodology, they can, therefore they have that right.

4) In the first paragraph you ask – *"if household size is gauged by taking an average of the number of people living in housing districts where workers live, how is the necessity to support dependants not living with workers taken into account?"* The answer is – it is – our wage ladders and the accompanying calculation is based on dependent living at factory town and home town.

5) Regarding your comment – *"The number of calories covered by the foodbasket was also not disclosed"*, we follow the SAI extrapolated basket methodology of calories at the higher calorific level for workers doing physical work.

6) Lastly, just a little advice - Within your comments section I would encourage you to reconsider some of the language you have used (such as "laughable") and the punctuation (such as exclamation marks) because I do not feel these are

professional and only serve in you losing credibility in your comments.

Best wishes

Fiona

**Fiona Sadler**

Head of Ethical Trading  
Marks and Spencer plc  
Waterside House,  
35 North Wharf Road,  
London  
W2 1NW

Tel: +44 (0)208 718 0485

Mobile: +44 (0)7824 605 178

email: [fiona.sadler@marks-and-spencer.com](mailto:fiona.sadler@marks-and-spencer.com)

---

**From:** Sadler, Fiona

**Sent:** 13 January 2014 13:21

**To:** Hawkesford, Laura

**Subject:** Fwd: LBL M&S Profile

Hi

As promised - the very patronising LBL response!

Speak later

F

Best Wishes

Fiona Sadler

Head of Ethical Trading

Marks & Spencer plc

35 North Wharf Road

London

W2 1NW

Tel: +44 (0)208 718 0485

Email: [fiona.sadler@marks-and-spencer.com](mailto:fiona.sadler@marks-and-spencer.com)

Begin forwarded message:

**From:** "anna" <[anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org)>

**To:** "Sadler, Fiona" <[Fiona.Sadler@marks-and-spencer.com](mailto:Fiona.Sadler@marks-and-spencer.com)>

**Subject:** M&S Profile

Dear Fiona,

Please find attached the first draft of your company's profile, which has been put together based on information you submitted to the Clean Clothes Campaign Wage Survey (also attached).

If you would like to correct any factual inaccuracies, or provide CCC with further information to support your submission which clarifies anything we have mentioned, then please send it to us by close of play on 30th January. Please note this profile is subject to change prior to publication, although it will mostly remain the same.

The report timeline going forward from this is that we will need a few more weeks to incorporate comments and finalise details, before the report is published towards the end of March – final date TBC. A finished copy of the report will be sent to you a few days before launch.

Do get in touch if you have questions or concerns. I look forward to receiving any additional concise information or factual corrections you wish to make to the text.

Best wishes,  
Anna

--

Anna McMullen | Campaigns Director | Labour Behind the Label  
A: 10-12 Picton Street, Bristol BS6 5QA, UK | Tel: +44 (0) 117 9441700 | Mob: +44 (0) 7786 832 035  
E: [anna@labourbehindthelabel.org](mailto:anna@labourbehindthelabel.org) | W: [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)  
Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

Join the LBL Facebook<<http://bit.ly/c6e94m>> group | Follow us on Twitter: [@labourlabel](https://twitter.com/labourlabel)

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other times.

MARKSANDSPENCER.COM

---

Unless otherwise stated above:  
Marks and Spencer plc  
Registered Office:  
Waterside House  
35 North Wharf Road  
London  
W2 1NW

Registered No. 214436 in England and Wales.

Telephone (020) 7935 4422  
Facsimile (020) 7487 2670

[www.marksandspencer.com](http://www.marksandspencer.com)

Please note that electronic mail may be monitored.

This e-mail is confidential. If you received it by mistake, please let us know and then delete it from your system; you should not copy, disclose, or distribute its contents to anyone nor act in reliance on this e-mail, as this is prohibited and may be unlawful.