

THE M&S TRANSPARENCY STUDY:

Research Report



Prepared by GlobeScan



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May 2015



Agenda

1. Context
2. Overview
3. The State of Transparency
4. Transparency at M&S: *Metrics and Issues Prioritisation*
5. Transparency at M&S: *Communications and Engagement*
6. Conclusion
7. Appendix

NOTE: In this report, all figures are percentages unless otherwise noted.

CONTEXT

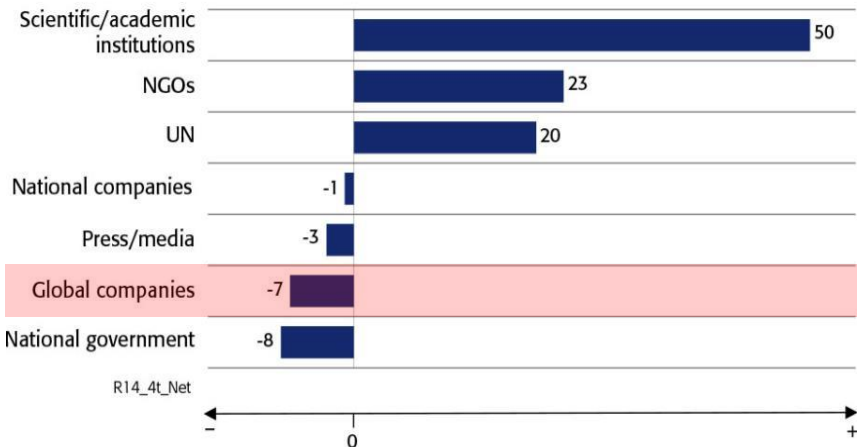
M&S



Global Companies Face a Trust Deficit; Transparency is a Key Driver of Trust

Net Trust* in Institutions

Average of 24 Countries, 2014

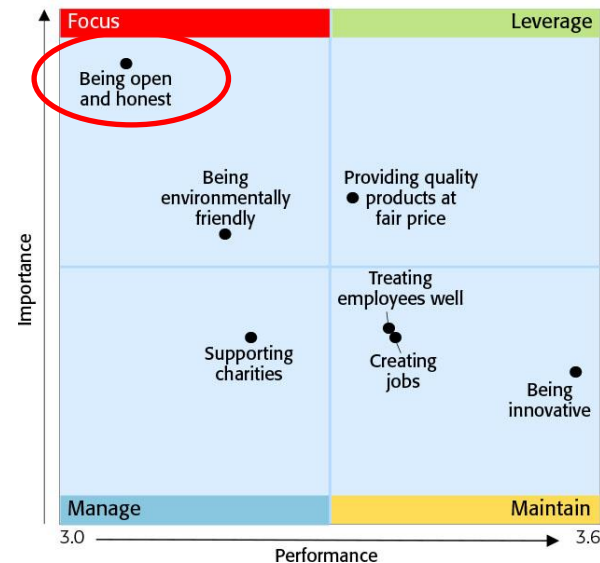


*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

GlobeScan Radar 2014: General public study in 24 countries . Face-to-face and telephone interviewing (online in Israel)

Drivers Analysis: All Companies

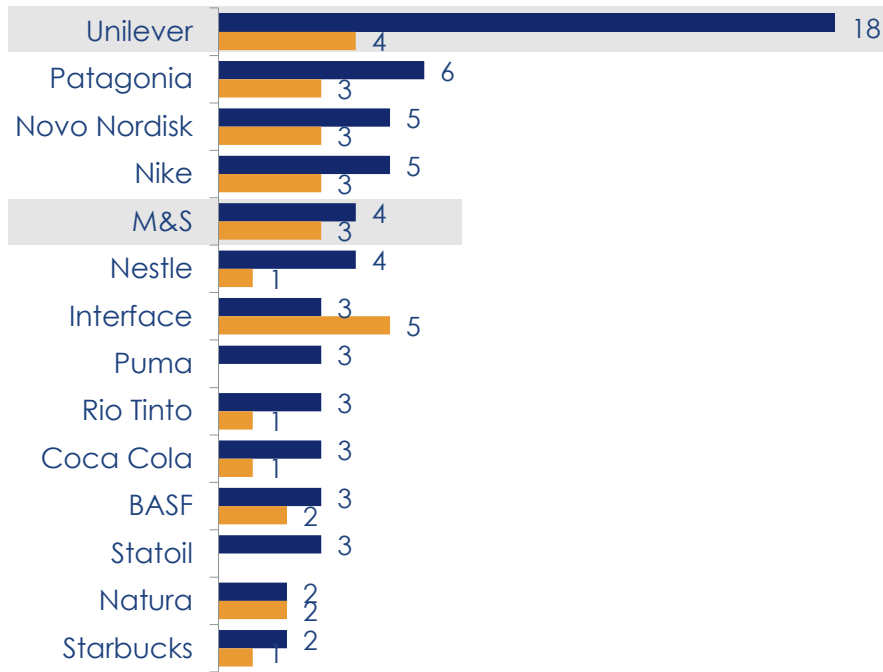
Performance vs Importance, 2014



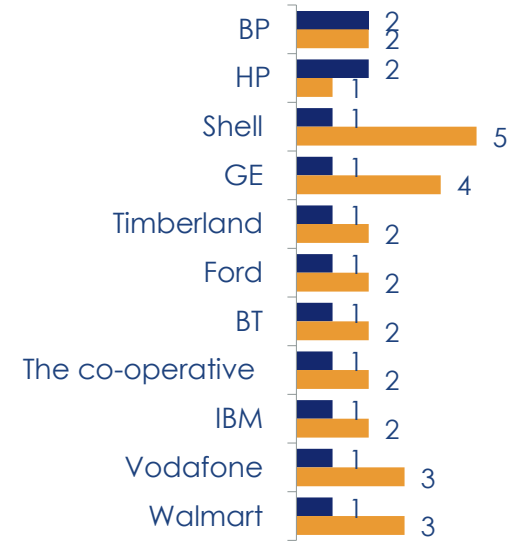


Unilever Is Viewed As The Number One Leader in Transparency; M&S Comes Fifth

Transparency Leaders, Unprompted (Total Mentions), Total Sample, 2014 and 2010



■ 2014
■ 2010



GlobeScan GSS 2014: Sustainability experts study conducted in partnership with SustainAbility. Online format.
Q.2. Which individual companies do you consider leaders in transparency? Please enter a maximum of 3 companies in the spaces provided.



Unilever Has a Strong Leadership Position in All Regions; M&S Is Particularly Strong in Europe

Asia	Africa / Middle East	Europe	North America	Oceania	Latin America / Caribbean
Unilever 17%	Unilever 27%	Unilever 19%	Unilever 18%	Unilever 16%	Natura 16%
Nestle 6%	Woolworths 7%	Novo Nordisk 7%	Patagonia 13%	Interface 8%	Unilever 13%
P&G 6%	Nestle 7%	M&S 7%	Nike 10%	Novo Nordisk 8%	Statoil 7%
	SAB 7%	Nestle 4%	Interface 6%	Westpac 8%	Rio Tinto 7%
Shell BASF HP J&J HSBC BMW 4%	BASF Coca Cola Interface M&S Nokia Novo Nordisk P&G Shell Anglo American GSK IBM Ikea Virgin Walmart 3%	BASF 4%	Novo Nordisk 6%	GE M&S Patagonia Rio Tinto BHP Whole Foods BT Triodos Bank 4%	Nestle 7%

GlobeScan GSS 2014: Sustainability experts study conducted in partnership with SustainAbility. Online format.

Q.2. Which individual companies do you consider leaders in transparency? Please enter a maximum of 3 companies in the spaces provided.



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OVERVIEW

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Our Starting Point



Transparency and traceability

57

Transparency**

Aim: By 2015, we will consult with our customers and stakeholders to identify what information they consider to be important about where and how M&S products are produced and by 2020 we will respond by improving the information available.

Progress: On plan This is a new commitment. We've already collated results from a small-scale online survey of sustainability specialists, a review of best practice by Forum for the Future and a summary of findings from existing M&S customer and public market research. These initial results show that different stakeholders have different expectations and that these also vary across categories of products. We intend to conduct further research to gain a better understanding of what's important to different stakeholders.

We believe that information about where and how a product is produced is best communicated to our customers through our commitment on Integrated marketing, whilst specialist stakeholders want policy and performance statements to be accessible online.

Our Approach: Stakeholder Intelligence and Engagement



Why Stakeholder Research Matters

Stakeholders are:

#1

INFLUENCERS OF NATIONAL & INTERNATIONAL CONVERSATION

- Key players in transfer of information and creation of associations with brand
- Opinion often carries extra weight

#2

GATEKEEPERS & POTENTIAL ALLIES

- Control opportunities to access and engage the public
- Define context for doing business
- Can amplify initiatives & actions

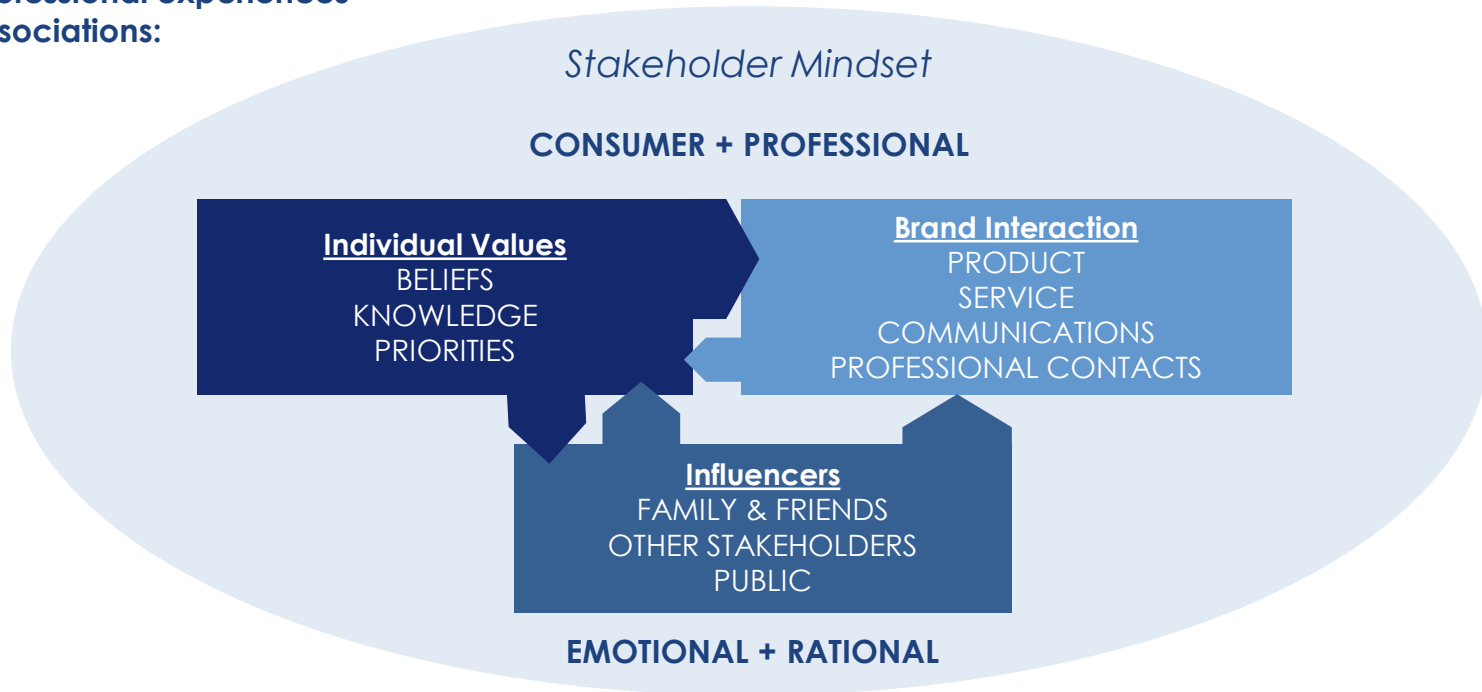
#3

THOUGHT LEADERS

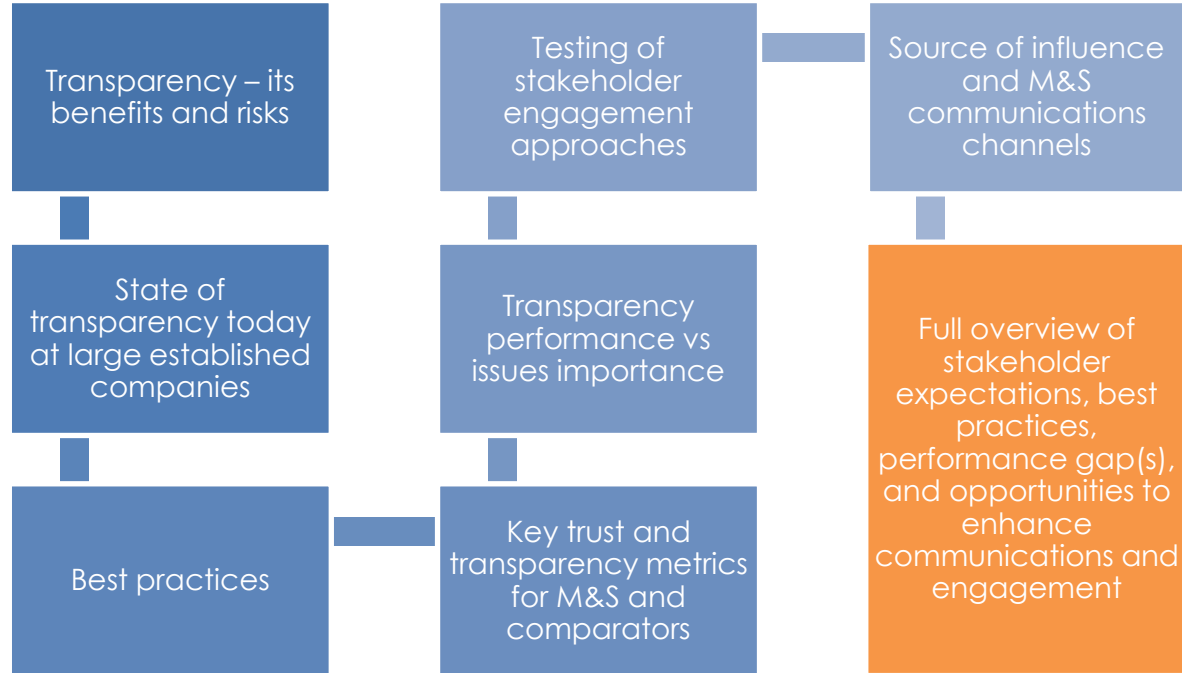
- Predictive of consumer perspectives two to five years later
- Provide insights into future context and how to future proof business model

Why Stakeholder Research Matters

Stakeholder views result from a range of consumer and professional experiences and associations:



Questions Areas and Flow

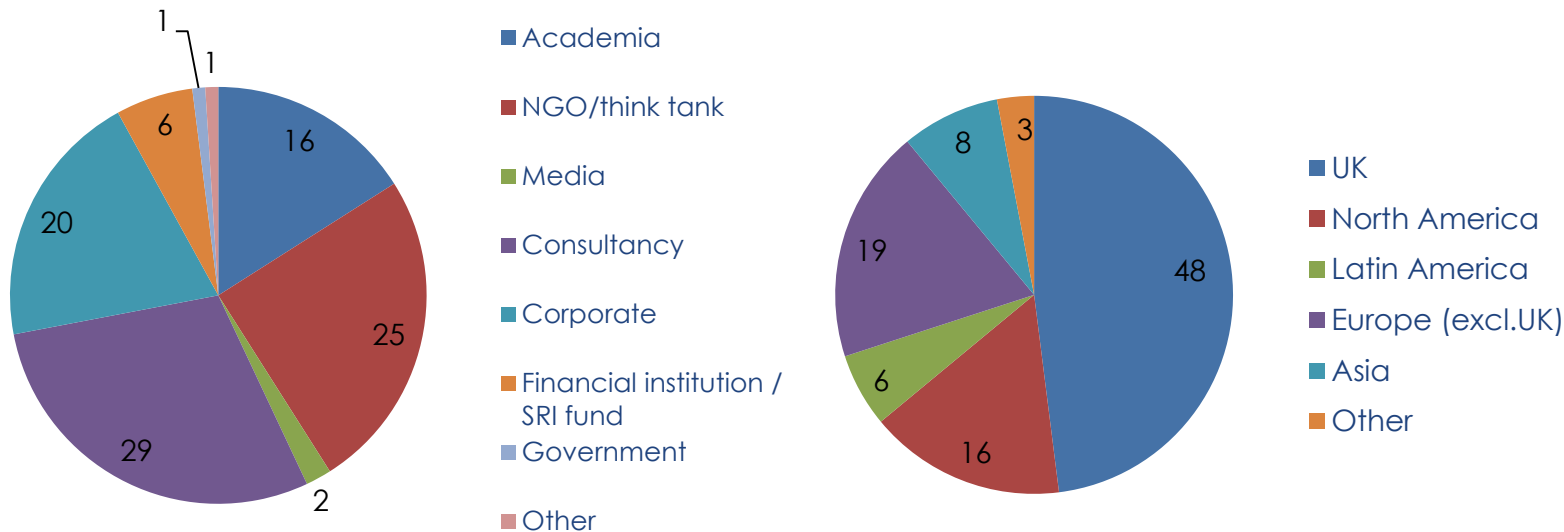


Respondents Profile: Quantitative Online Survey (n=172)



M&S Transparency Survey Demographics, Total Sample, 2015

(Online fieldwork took place between 12th January and 2nd February 2015)



Q0x1. Before we start the survey, we would like you to please confirm which sector best represents you and your organisation. Please select from the list provided below. Q0x2. Please select your country of residence from the following list.

Respondents Profile: Qualitative Telephone Interviews (n=14)



(Interviews fieldwork took place between 12th January and 13th February 2015)

Participants included (in alphabetical order):

- Dr. Nelmara Arbex, GRI Chief Advisor in Innovation in Reporting and independent consultant
- Dan Crossley, Executive Director, Food Ethics Council
- John Elkington, Founding Partner and Executive Chairman, Volans
- Prof. David Grayson CBE, Director: the Doughty Centre for Corporate Responsibility, Cranfield School of Management
- Karin Kreider, Executive Director, ISEAL Alliance
- Bob Langert, former VP, Corporate Social Responsibility, McDonald's Corporation
- Katie McCoy, Head, Forests Program, CDP
- Dara O'Rourke, Co-founder of GoodGuide, Associate Professor, University of California, Berkeley
- Prof. Dale Southerton, Director, Sustainable Consumption Institute, University of Manchester
- Lena Staafgard, Programme Director, Better Cotton Initiative
- Peter Van Veen, Director, Business Integrity Programme, Transparency International UK
- Tensie Whelan, President, Rainforest Alliance
- Andrew Winston, CEO, Winston Eco-Strategies; author of The Big Pivot and Green to Gold

A photograph of a woman with long brown hair, seen from the back, wearing a black t-shirt. The t-shirt has white text on it. The background is a blurred retail store with other people and shelves. A semi-transparent grey box is overlaid on the left side of the image, containing the title text.

THE STATE OF TRANSPARENCY

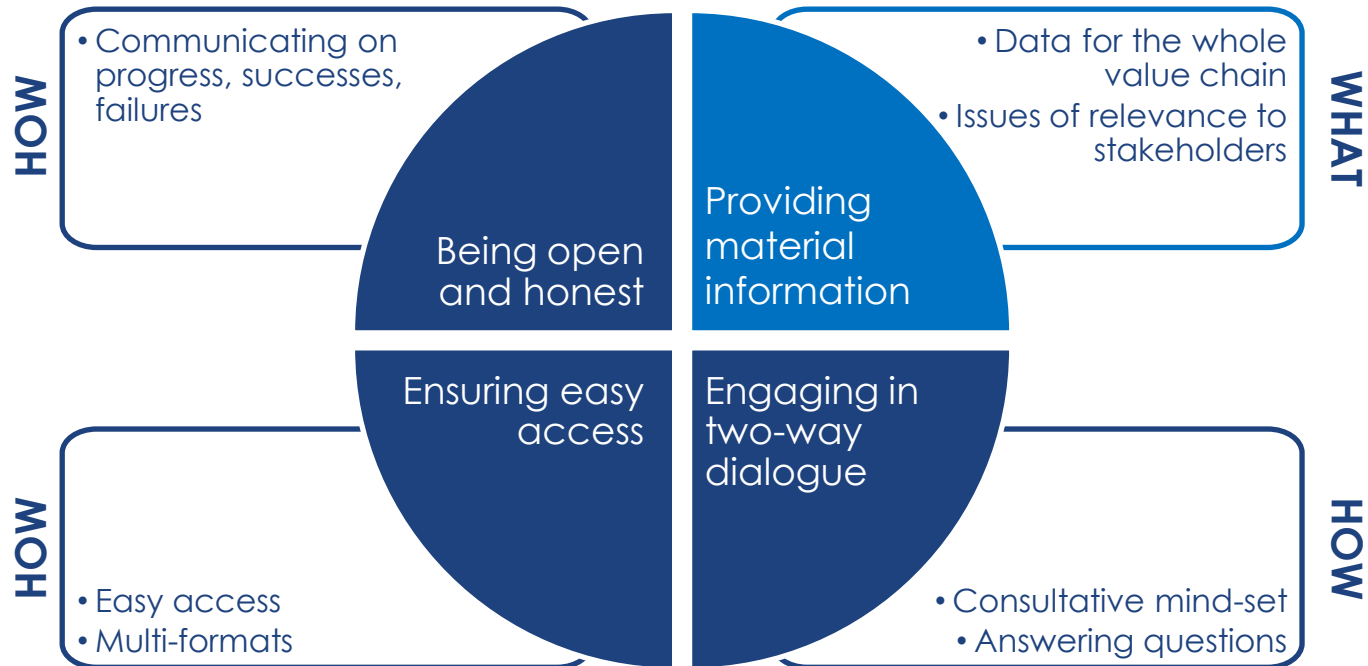
Because there
is no Plan B

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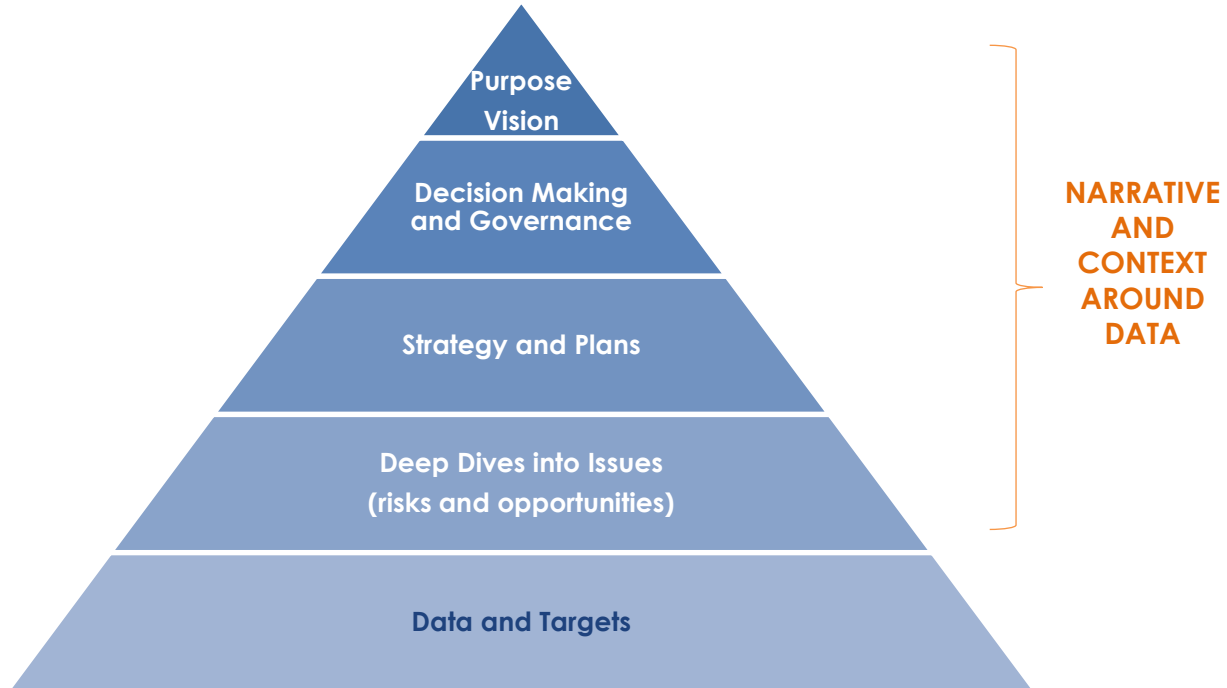
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According to Stakeholders, How Companies Share Information Matters as Much as What They Share

Stakeholders define “transparency” as:



Stakeholders Want Contextual Information Around Data and Targets



*“All the company does can be **published in a newspaper.**”*

(Online survey respondent)



*“Show where things are made, with what, by whom. **Make it easy to ask questions** and make an effort to answer them.”*

(Online survey respondent)



*“All is concocted through targets that the company aims to achieve – most of the time these targets are arbitrary and non-achievable. **Targets are very restrictive** – focus on very specific problems but these problems shift over time and this is not taken into account. The focus is to narrow on the targets – companies should look at the bigger picture in order to not be limited.”*

(Telephone interview respondent)



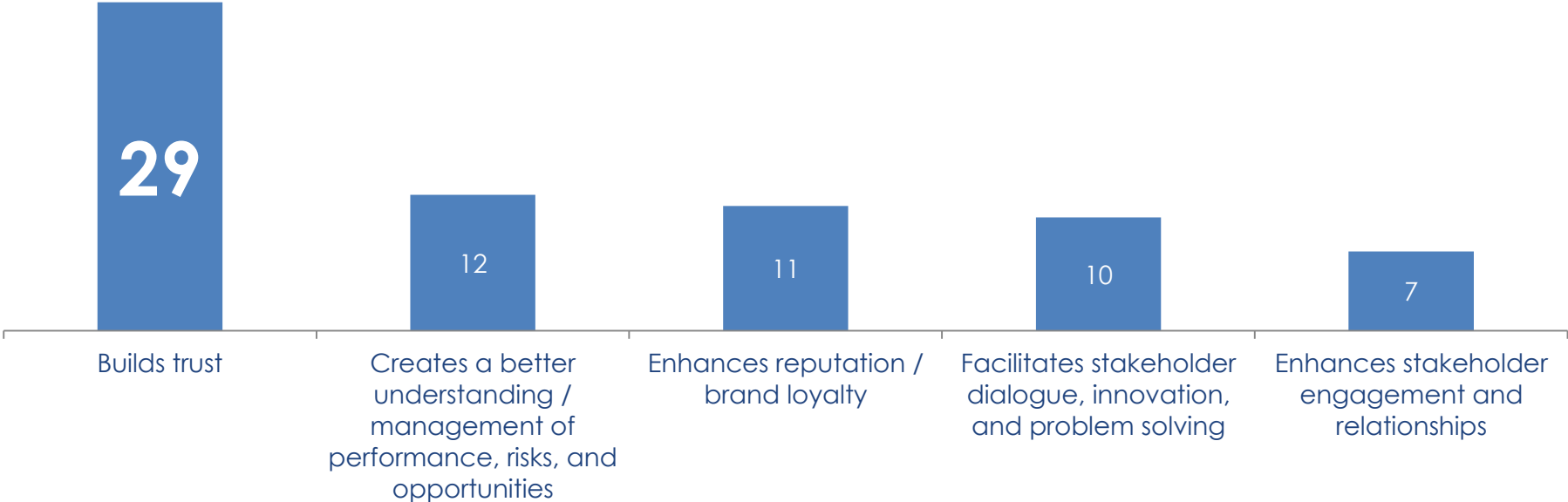
*“I don't want to see companies in gold fish bowls; I want to see **interesting conversations with companies.**”*

(Telephone interview respondent)



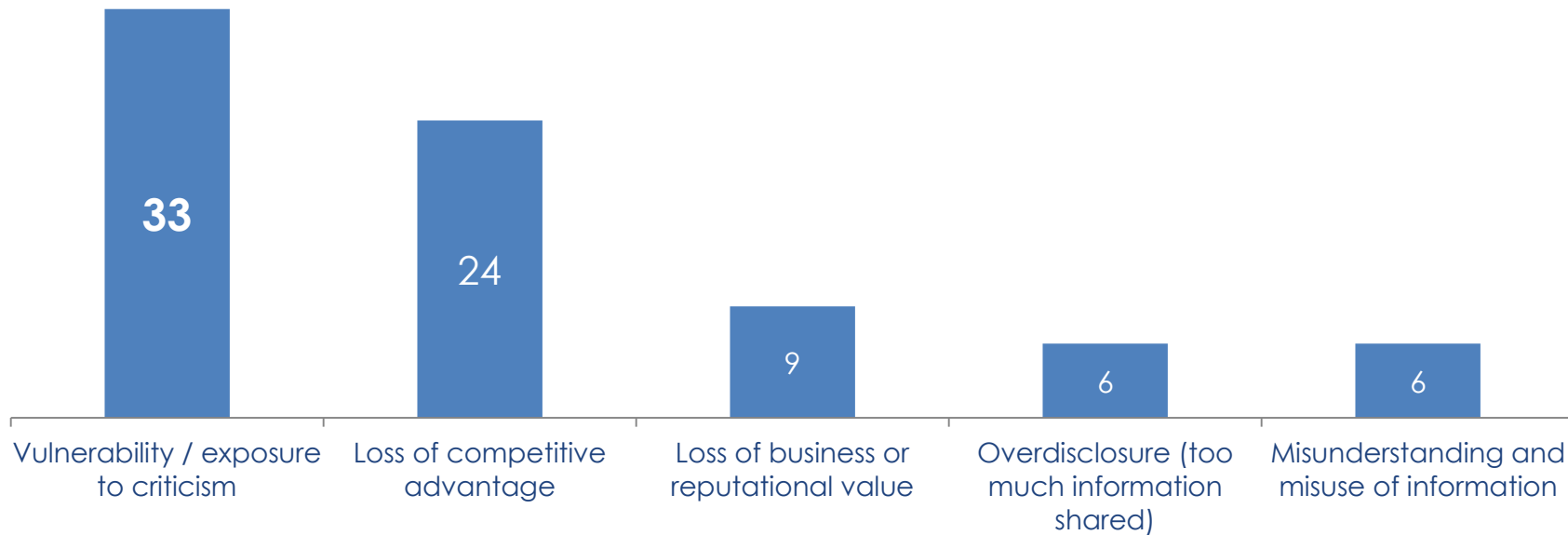
Trust is Viewed as the Number One Benefit of Transparency

Benefits of Transparency for Companies, Unprompted, Total Sample, 2015



Vulnerability is Viewed as the Main Risk of Transparency; Loss of Competitive Advantage Comes Second

Risks of Transparency for Companies, Unprompted, Total Sample, 2015



Overall, Benefits of Transparency Outweigh Risks

Close to **1/3**
more benefits
mentioned by
stakeholders than risks

*"Risks are perceptions. Some may feel threatened by exposure. For me **the main risk of transparency is the lack of it.**"*

(Online survey respondent)



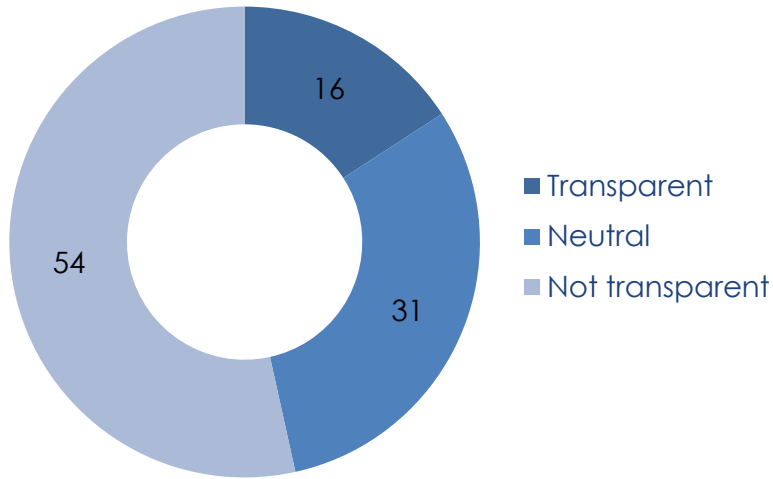
*"The **age of control is over.** In the long term there are more risks for not being open."*

(Telephone interview respondent)



More Than Half Believe Companies are Not Transparent Today; Little Improvement Made Over the Past Five Years

Transparency Performance of Large Established Companies Today and Evolution in Past Five Years, Total Sample, 2015



Over the past five years:



: Only **19%** say companies' performance has improved



: **77%** say companies' performance has stayed the same



: **2%** say companies' performance has declined

Online survey: Q1x6. How would you rate the state of transparency of large established companies these days? Q1x8. Have companies in general become better or worse at providing information to relevant stakeholders in the past five years?

Transparent = those rating (5+6+7) on 7-point scale; Neutral = those rating (4); Not transparent = those rating (1+2+3)

Selective Disclosure, Insufficient Focus on Supply Chains and Company Mind-set Are Seen To Be Standing in the Way of Transparency

Reasons Given for Not Being Transparent, Spontaneous Mentions, Respondents Who Score (1-3), 2015

#1 Limited / selective disclosure across all areas of business risks

#2 Insufficient focus on supply chains

#3 Old mind-set at companies still prevails

*"Very little honest information around the full picture of supply chain practices. **Too much reliance on good news stories and positive spin.**"*
(Online survey respondent)



*"Most companies still believe in trade secrets and the **"secret" sauce.**"*
(Online survey respondent)



Unilever Regarded as the Number One Leader in Transparency; Marks & Spencer Comes Second

Companies with Best Transparency Performance, Unprompted, Total Sample, 2015



* Caution: respondents were made aware that the survey was commissioned by M&S

Online survey: Q1x10. Can you name one or more companies that you think are doing a good job being transparent? That is, in providing information or making information available to relevant stakeholders? Please name up to three companies. Please feel free to name a company other than M&S.

Transparency Leaders

Reasons Given for Best Transparency Performance, Spontaneous Mentions, 2015



Unilever



UNILEVER

- Strong CEO commitment and engagement
- Openness about goals, progress and failures
- Regular detailed assessment of performance
- Proactive communications
- Direct engagement with stakeholders
- Accessible and easy to understand
- Leadership example for others to follow

*"As a company they are accessible in my view, their **CEO speaks often on the subject of sustainability** generally and what they as a company face in terms of challenges."*

(Online survey respondent)



Online survey: Q1x10. Can you name one or more companies that you think are doing a good job being transparent? That is, in providing information or making information available to relevant stakeholders? Please name up to three companies. Please feel free to name a company other than M&S.

Transparency Leaders

Reasons Given for Best Transparency Performance, Spontaneous Mentions, 2015

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Plan A.

Because there
is no Plan B.



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- Plan A: proactive and regular communication on goals, actions, policies, and strategies
- Regular monitoring and progress updates
- Active stakeholder engagement through various channels – incl. with the Plan A team
- Easy access to information

*“Because I work with the **Plan A team** and see how much work happens in this area.”*

(Online survey respondent)





Online survey: Q1x10. Can you name one or more companies that you think are doing a good job being transparent? That is, in providing information or making information available to relevant stakeholders? Please name up to three companies. Please feel free to name a company other than M&S.

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Transparency Leaders

Reasons Given for Best Transparency Performance, Spontaneous Mentions, 2015

  	<h2>NIKE and PATAGONIA</h2> <ul style="list-style-type: none">• In-depth information about suppliers (factories, etc.)• Openness about challenges and failures as well as about means to tackle them	  
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Online survey: Q1x10. Can you name one or more companies that you think are doing a good job being transparent? That is, in providing information or making information available to relevant stakeholders? Please name up to three companies. Please feel free to name a company other than M&S.

Emerging Trends: The Age of Technology-Fuelled Hyper Transparency



“There is an **explosion of online data sources** (with info on sustainability of products) and increasing drivers to make information available online.”

(Telephone interview respondent)



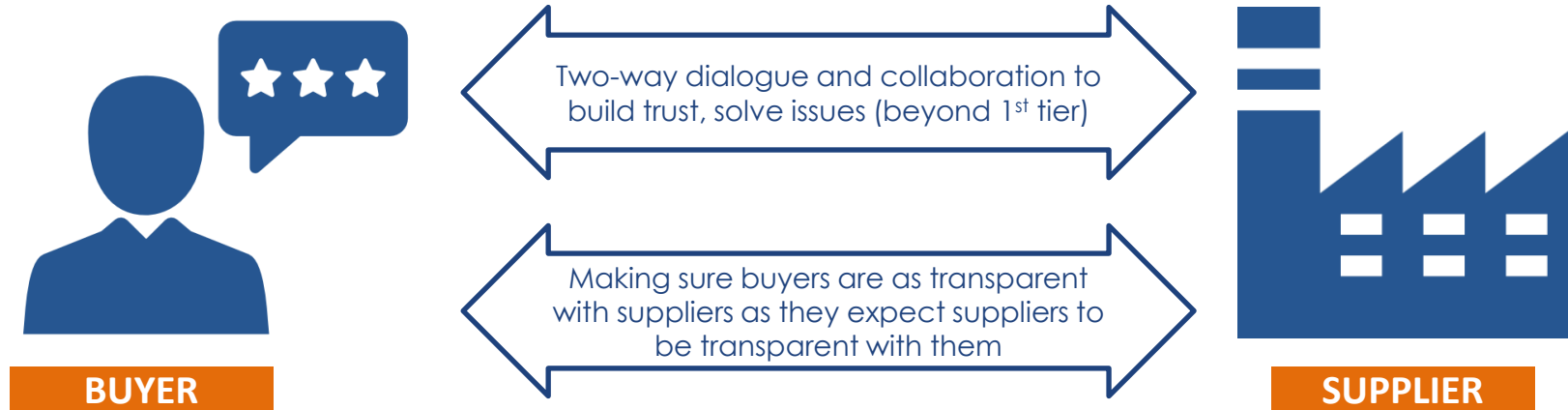
“There is no turning back, we are moving towards **radical transparency**. In five years we should assume the next level of hyper transparency – but it could be 2–3 years.”

(Telephone interview respondent)

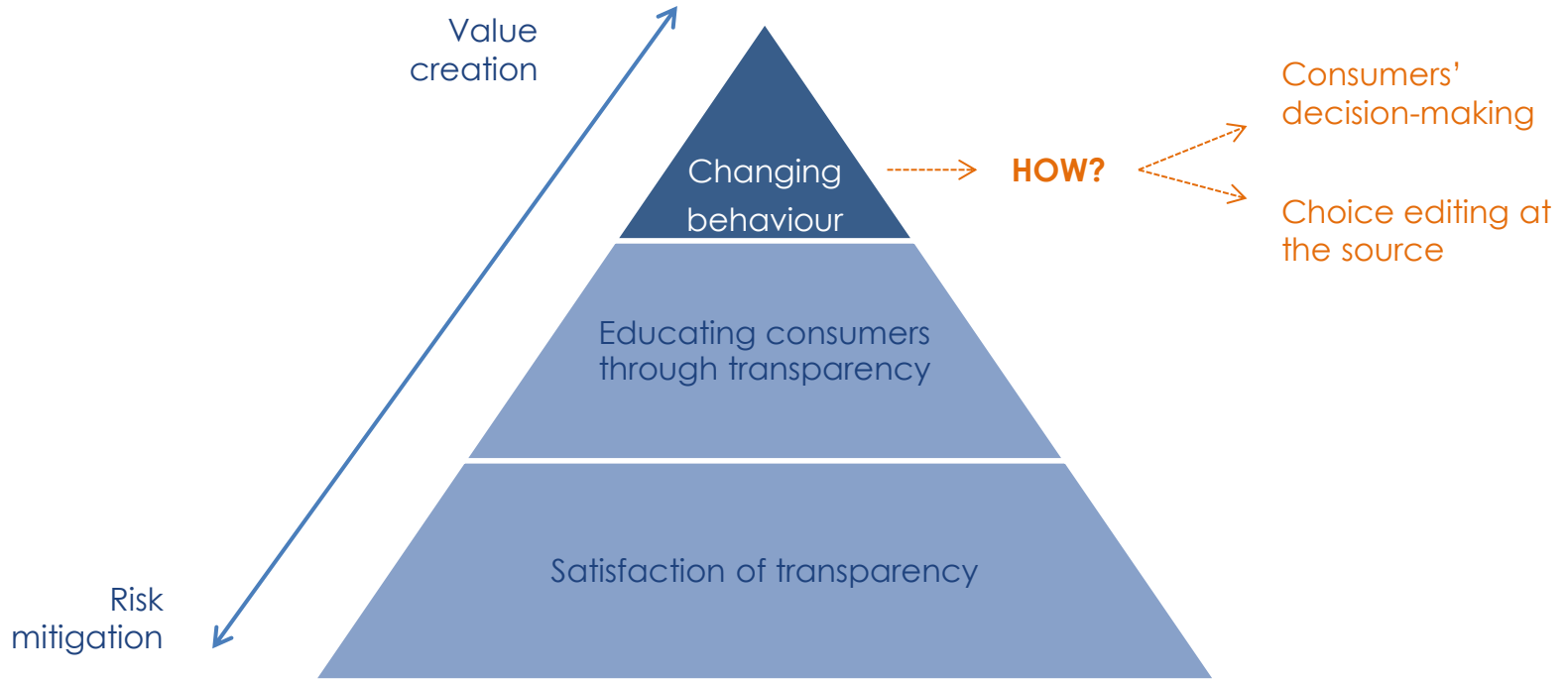


Telephone interviews: How is corporate transparency going to evolve 5-10 years from now? Online survey: Q1x2. In your opinion, what does it mean for a company to be transparent?

Emerging Trends: Supply Chain Issues and Reciprocal Transparency with Suppliers



Emerging Trends: Being Transparent with Consumers, But How to Change Behaviour?



Telephone interviews: How is corporate transparency going to evolve 5-10 years from now? Online survey: Q1x2. In your opinion, what does it mean for a company to be transparent?

The State of Transparency: Key Points

- Transparency is about going beyond data
- Despite the leadership of a few, in general companies are not perceived to be transparent
- Future trends point to the role of supplier and consumer engagement



A woman with long brown hair is seen from the back, wearing a black t-shirt. She is in a retail store, likely M&S, with other people and shelves visible in the background. The scene is brightly lit, suggesting an indoor retail environment.

TRANSPARENCY AT M&S: METRICS AND ISSUES PRIORITISATION

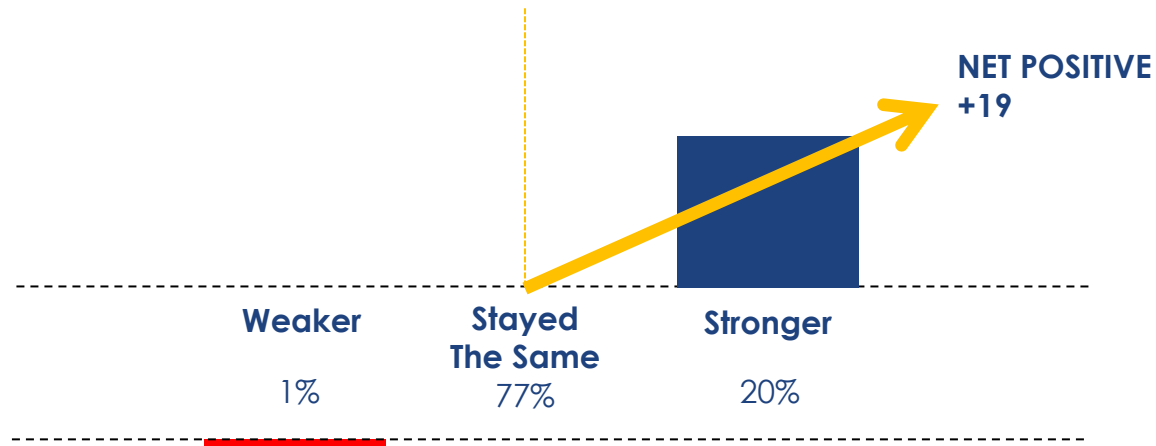
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is no Plan B**

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Trust in M&S is Largely Stable But Two in Ten Stakeholders Report Improvement Over the Last Couple of Years

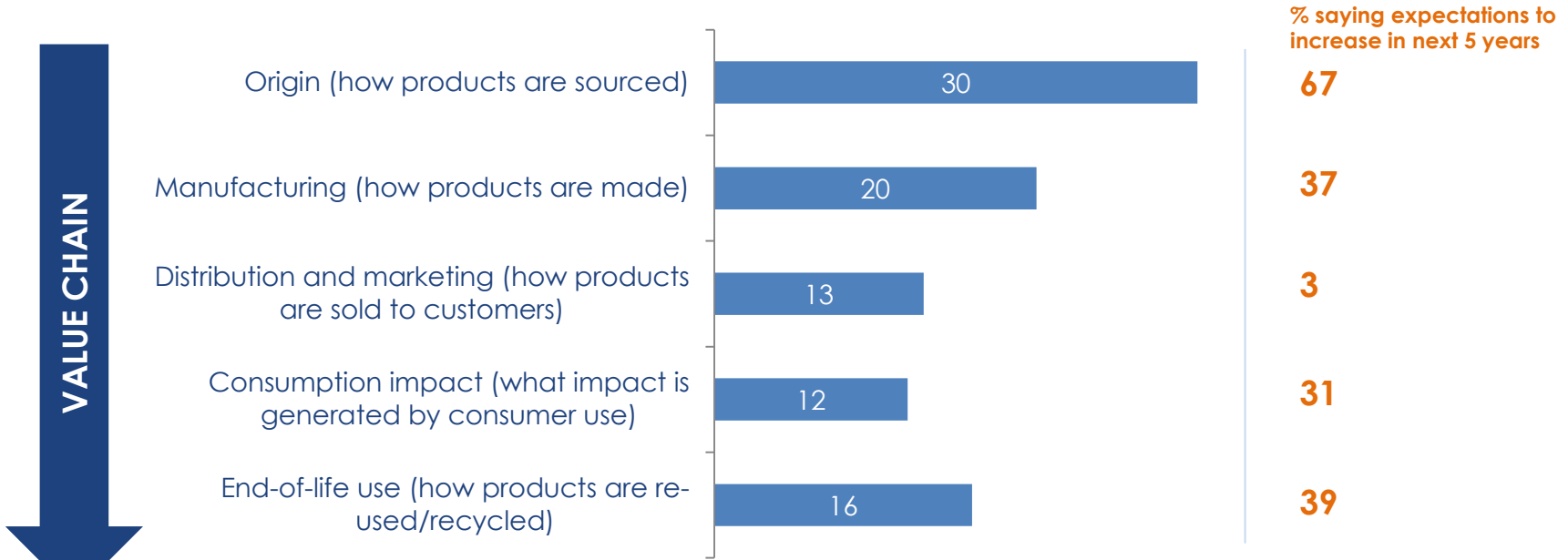
M&S Trajectory of Trust, Total Sample, 2015



Online survey: Q1x14. How has your trust in M&S changed over the last couple of years? Please use a scale from 1 to 7, where 1 means it has become "much weaker" and 7 means it has become "much stronger."

Stronger Performance on Supply Chain Issues; Expectations Set to Increase at Both Ends of the Value Chain





M&S Value Chain Transparency, Performance (Top 2 Boxes) vs Importance in Next Five Years (Total Mentions), 2015



Online survey: Q2x3. Please rate how M&S performs when it comes to sharing information with its stakeholders about the following stages of its value chain. Q2x4. For which of these stages of the M&S value chain do you think expectations for transparency will increase, or increase the most, over the next five years?

All ratings based on 7-point scales

Key Strengths to Build On (Plan A) and Opportunity to Focus On Supply Chain Issues (Workers' Rights)

	GENERAL ISSUES 	FOOD 	CLOTHING 	HOME / BEAUTY 
AREAS WHERE TRANSPARENCY CAN BE LEVERAGED (STRENGTHS)	<ul style="list-style-type: none"> • Vision / values (Plan A) • Stores' impact • Policies and standards 	<ul style="list-style-type: none"> • Systemic issues (food safety, sustainable food, climate change) 	<ul style="list-style-type: none"> • Child labour • Supplier standards 	<ul style="list-style-type: none"> • Ingredients • Animal testing
AREAS WHERE TRANSPARENCY NEEDS TO BE IMPROVED	<ul style="list-style-type: none"> • Distribution operations' impact on environment • Employee treatment 	<ul style="list-style-type: none"> • Supply chain (workers' rights, suppliers standards) • Water • Fair pricing • Local sourcing 	<ul style="list-style-type: none"> • Workers' rights • Toxicity / chemicals 	<ul style="list-style-type: none"> • Workers' rights • Supplier standards
OTHER AREAS TO MONITOR	<ul style="list-style-type: none"> • Paying taxes • Lobbying 	<ul style="list-style-type: none"> • GMOs 	<ul style="list-style-type: none"> • Environmental pollution • Fair pricing • Water 	<ul style="list-style-type: none"> • Environmental pollution • Water

>> See Appendix for more information: slides 48 to 53

Online survey: See all question wording in Appendix. Example: Q2x5. Now, please rank how important it is for M&S to share information with its stakeholders on the following range of issues relevant to M&S. Q2x6 Please consider the top 5 most important issues you have just selected and rate how M&S performs when it comes to sharing information with its stakeholders on these specific issues.

Transparency at M&S: Key Points

- Strong foundations to build on:
 - Good trust and advocacy metrics
 - Plan A vision and platform
- Supply chain issues top stakeholders' concerns (workers' rights, etc.)
- Expectations towards end-of-life use and consumption impact are set to increase





**TRANSPARENCY AT M&S:
COMMUNICATIONS
AND ENGAGEMENT**

**Because there
is no Plan B**

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M&S-Owned Communications Channels Top Stakeholders' Preferred Sources of Information

M&S Sources of Information (Total Mentions), Total Sample, 2015



Online survey: Q3x3. Through which of the following channels would you prefer receiving information on M&S in the future? (chart) Q3x2. How are you informed on M&S currently? (side box)

The M&S Plan A Report Is An Effective Channel Among Those Engaged and Actively Engaged; Website And Event Also Important

M&S Sources of Information (Total Mentions), by Stakeholder Category, 2015

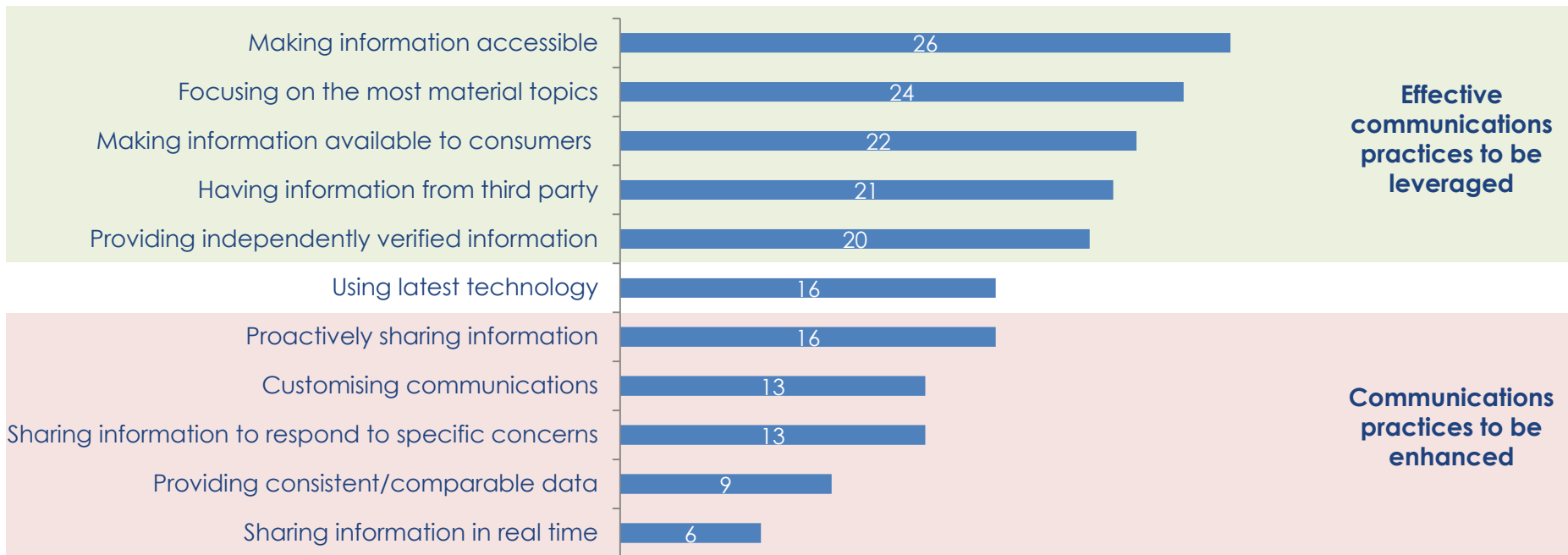
Stakeholders Not Pro-Actively Engaged by M&S	Stakeholders Engaged by M&S	Stakeholders Actively Engaged by M&S
Not directly part of the M&S network (Base=77)	Receive M&S Plan A communication collaterals once to twice a year or get invited to annual Plan A event (Base=26*)	M&S Plan A Board members or key partners (NGOs, etc.) (Base=31)
M&S website (52%)	M&S Plan A report (62%)	M&S Plan A report (68%)
M&S Plan A report (51%)	M&S website (58%)	Annual Plan A stakeholder event (58%)
Information inside M&S stores (38%)	Annual Plan A stakeholder event (46%)	Information inside M&S stores (58%)
M&S annual report, or strategic report (36%)	Information inside M&S stores (42%)	M&S website (55%)
Social media (34%)	M&S annual report, or strategic report (38%)	Social media (48%)

*Caution: very small sample size

Online survey: Q3x3. Through which of the following channels would you prefer receiving information on M&S in the future? (chart) Q3x2. How are you informed on M&S currently? (side box)

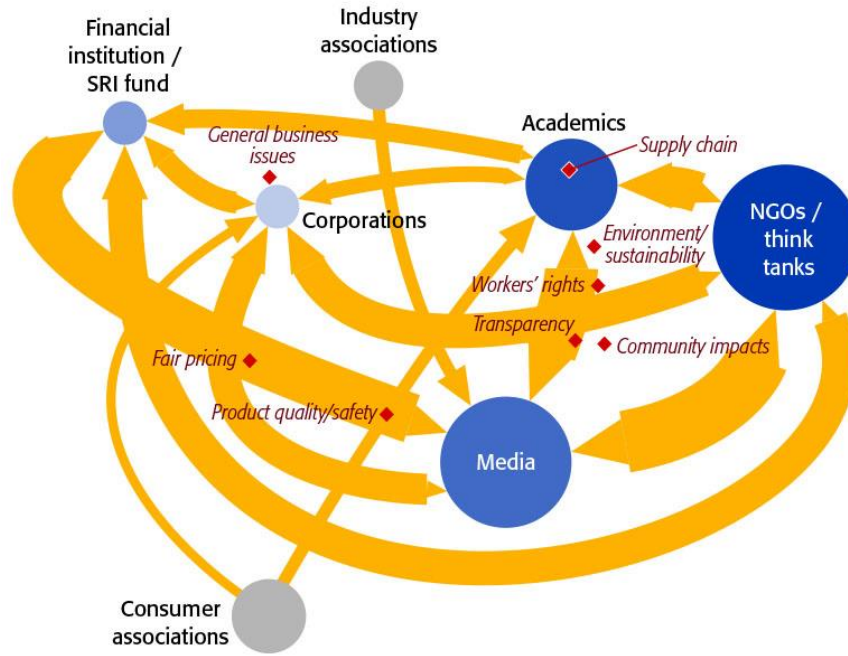
Opportunity to Enhance Communications Practices to Drive Trust and Transparency

M&S Communications and Engagement, Performance (Top 2 boxes), Total Sample, 2015



NGOs / Think Tanks and the Media are the Primary Sources of Influence, Followed by Academics

M&S Stakeholder Influence Map – Main Influence Flows, Total Sample, 2015



Legend

Arrow width indicates the strength of influence between stakeholder groups

Arrowhead size indicates the strength of influence each way between stakeholder groups. If an arrow has no arrowhead on one end, there is no influence in that direction.

Circle size indicates overall influence based on all mentions. The larger the circle, the more influential the stakeholder group.

Circle colour indicates amount of "endemic influence" or influence over itself

Strong endemic influence    Weak endemic influence

◆ The closer a stakeholder group is to a topic, the greater the influence they have on it.

Transparency Is Not Viewed In Isolation – Stakeholders Ultimately See It Core to Problem Solving And They Want To Be Involved

#1

Stakeholder dialogue and engagement to solve issues

“Move from one way information 'push' to **more real time dialogue.**”

(Online survey respondent)



#2

Addressing supply chain issues head on

“Try to push even harder in getting others to follow the example (...). Companies deliver a small amount individually – there is a need for **coalitions of companies** to provide change in favour of more business practices.”

(Telephone interview respondent)



Online survey: 4x1 Please share with us any suggestions you may have about how M&S can be even more transparent in the coming years. Telephone interviews: If you had one piece of advice to share with M&S on how to improve its transparency, what would it be?

M&S Communications and Engagement: Key Points

- Strong position with M&S-owned channels being the most preferred sources of information
- Opportunity to enhance communications effectiveness to drive trust and transparency
- Stakeholder dialogue and collaboration is critical



A large, diverse group of people, including men and women of various ages and ethnicities, are arranged in a semi-circle. They are dressed in professional or business-casual attire. The word "CONCLUSION" is overlaid in a bold, blue, sans-serif font across the middle of the group. The background is plain white.

CONCLUSION

M&S

Key Takeaways from the Study

- **Transparency goes beyond data**
- **M&S is well positioned**, among transparency leaders
- **Supply chain and consumer-related issues** top stakeholder expectations (consumption impact and end-of-life use)
- Transparency is not viewed in isolation: **dialogue and collaboration** is critical to stakeholders

APPENDIX

M&S

discover more
@ marksandspencer.com

*Delivery terms and conditions apply, see individual terms for details

M&S in store

M&S online

M&S on the go

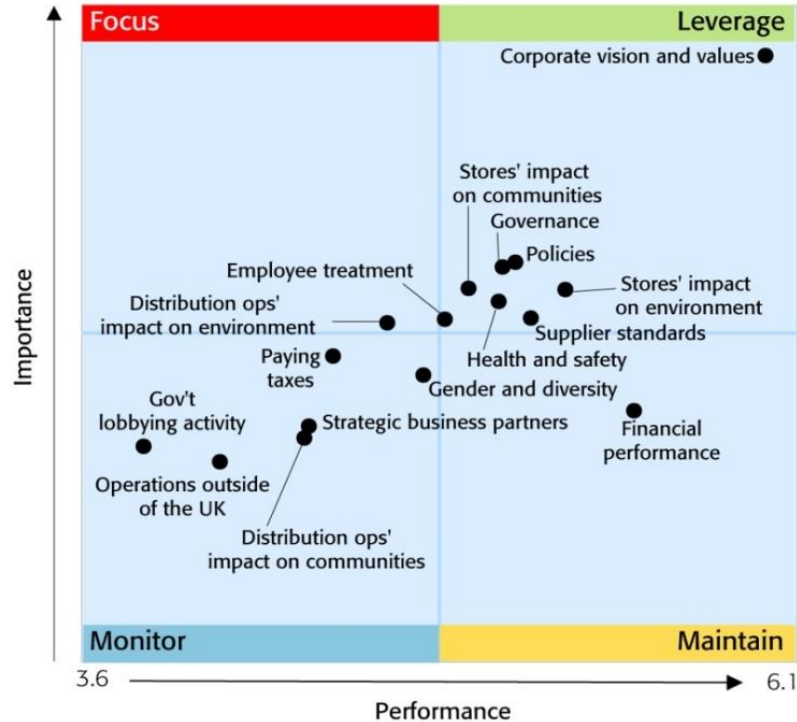
free delivery to this store*

marksandspencer.com

Transparency at M&S: General Issues



M&S General Transparency, Drivers Analysis – Performance vs Importance in Improving Trust, Total Sample, 2015

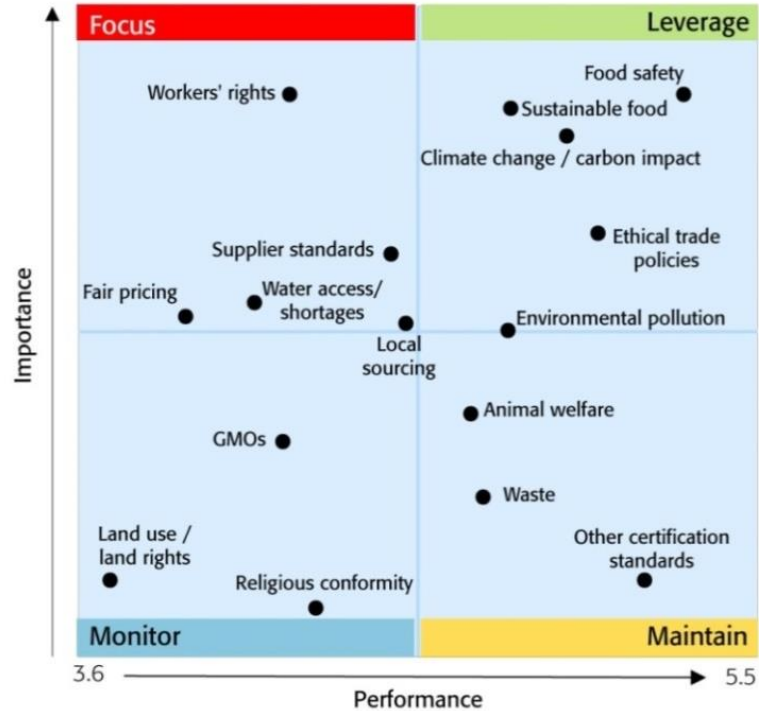


Online survey: Q2x1 Starting with general issues, please rate how M&S performs when it comes to sharing information with its stakeholders about the following areas.

Transparency at M&S: Food Retail Category



M&S Transparency Issues, Food, Perceived Performance vs Stated Importance, Sub Sample, 2015

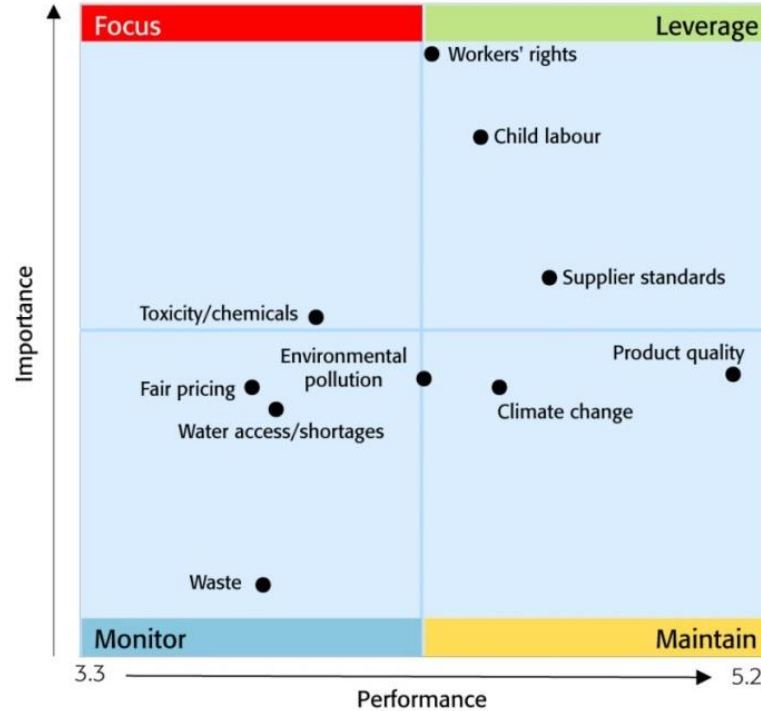


Online survey: Q2x5. Now, please rank how important it is for M&S to share information with its stakeholders on the following range of issues relevant to M&S' FOOD retail category. Q2x6. Please consider the top 5 most important food-related issues you have just selected and rate how M&S performs when it comes to sharing information with its stakeholders on these specific issues.

Transparency at M&S: Clothing Retail Category



M&S Transparency Issues, Clothing, Perceived Performance vs Stated Importance, Sub Sample, 2015

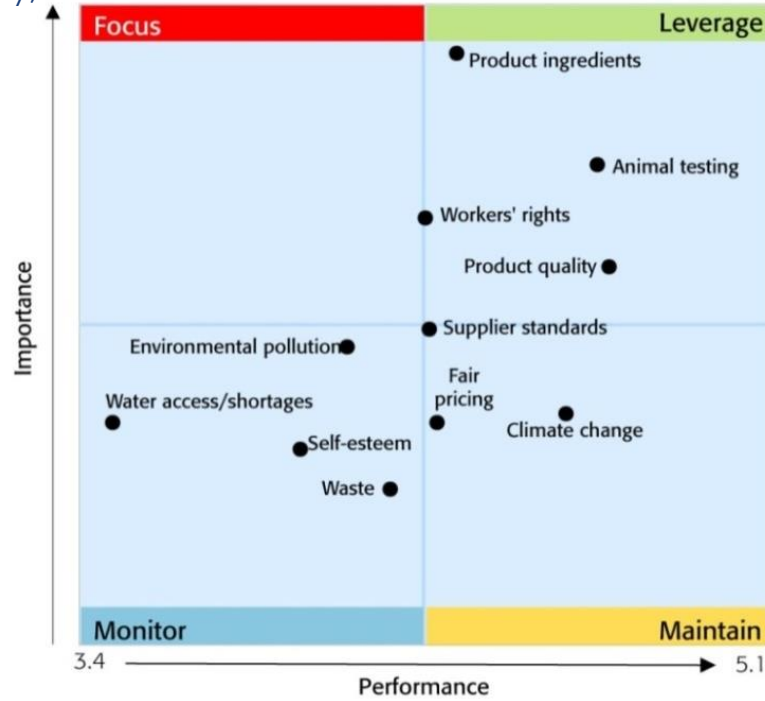


Online survey: Q2x7. Now, please rank how important it is for M&S to share information with its stakeholders on the following range of issues relevant to M&S' CLOTHING retail category. Q2x8 Please consider the top 5 most important clothing-related issues you have just selected and rate how M&S performs when it comes to sharing information with its stakeholders on these specific issues.

Transparency at M&S: Home/Beauty Retail Category



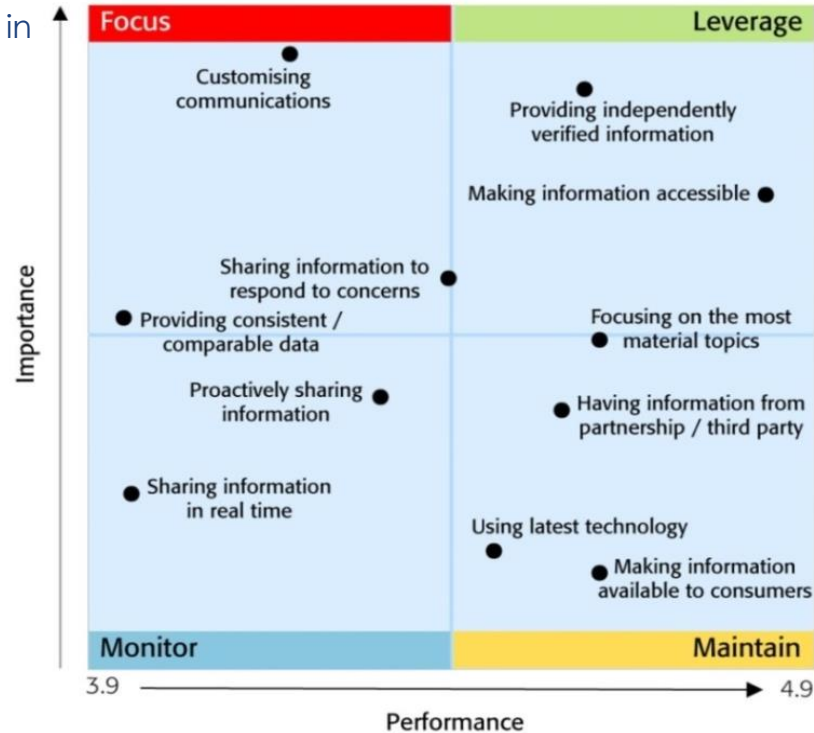
M&S Transparency Issues, Home/Beauty, Perceived Performance vs Stated Importance, Sub Sample, 2015



Online survey: Q2x9. Now, please rank how important it is for M&S to share information with its stakeholders on the following range of issues relevant to M&S HOME/BEAUTY retail category. Q2x10 Please consider the top 5 most important home/beauty-related issues you have just selected and rate how M&S performs when it comes to sharing information with its stakeholders on these specific issues.

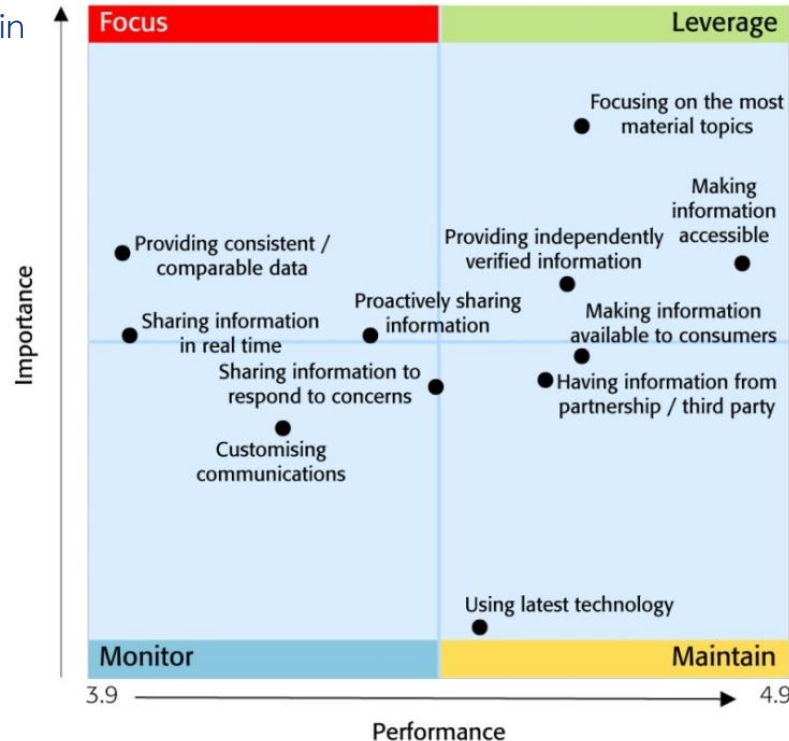
M&S Communications and Engagement (To Build Trust)

M&S Comms/Engagement, Drivers Analysis – Performance vs Importance in Improving Trust, Total Sample, 2015



M&S Communications and Engagement (To Enhance Transparency)

M&S Comms/Engagement, Drivers Analysis – Performance vs Importance in Improving Transparency, Total Sample, 2015



Online survey: Q3x1. In your view, how well does M&S communicate with its stakeholders in the following ways?