

## Headlines:

Ranked *Achiever* status by the ETI. Now in the top 10 of ETI member brands, up from Improver status last year. This reflects strong growth in auditing, remediation and training.

The Ethical Trade team is currently comprised of 21 highly experienced individuals, with the majority based 'on the ground' in our key sourcing locations.

Source for Good (Trade not Aid)

- Our business directly contributes to the employment of more than 700,000 workers across three continents. We estimate that 2 million people are supported indirectly, if you count the other family members who benefit from the factory worker.

- We spent £850 million in developing countries.

- We share at least 98% of our factories with other high street brands.

## The Ethical Trade Team

- **Primark's Ethical Trade Director reports directly to the Primark Chief Executive** and serves on Primark's **Executive Committee**.
- Supported by **20 full-time** staff members, including 2 Senior Ethical Trade Managers – one in the UK and the other in Asia. Latter is responsible for management of the global ethical teams and audit programme.

## Suppliers

- Over the last 12 months we have built **stronger relationships** with our **suppliers** and their **factories** through regular, direct, and open communication; strategic auditing and remediation; and locally-delivered supplier training.
- We pay all our suppliers within 30 days, and are signed up to the Prompt Payment Scheme in the UK.

## ETI Ranking

- **The Ethical Trading Initiative graded Primark 'Achiever' status.** (The four categories being Beginner, Improver, Achiever, Leader). An achiever is categorised as a company which is "achieving sustainable improvements in working conditions and respect for worker rights by engagement with suppliers, trade unions, governments and customers. These actions are informed by, but go beyond its supplier assessment programme".
- Of the 59 corporate members of the ETI, Primark is **now ranked in the Top 10 (joint 9<sup>th</sup>)** and its progress is **well-ahead of its peers** when set against length of ETI membership.

## Auditing & Remediation

- **We have improved the efficiency of our supplier selection process.** All new suppliers must meet certain core standards, assessed through an audit, before approval to produce our goods is granted.
- We are conducting more than a **significant number of factory audits – 1266 in 2010** compared to 1,136 in 2009 and 533 in 2008. This was well ahead of our target of 1,000 audits for

the year. We are on target to conduct the same number in 2011, supported by more intensive remediation and training.

- **We prioritise audits based on risk.** Criteria include **level of turnover** with a supplier, proportion of a supplier's **production that is dedicated to Primark**, **country** of manufacture, and **production process**. In 2010 we audited all except two of the factories for our top 250 suppliers which accounted for 89.4% of our business at retail value in FY2010. By the end of August 2011 we will have audited all first tier factories.
- We have increased the amount of **support and remediation** we give to suppliers; over half of the audits conducted in 2010 were follow-up audits.
- We use audit-based **analysis to help us address common issues in the supply chain**, through training, development, research and support for our suppliers.
- We have launched an **online BSCI supplier management system (Entropy database)** to help us keep track of non-compliances and their root causes and identify additional training needs at individual production sites as well as at aggregate country and buying department levels.

### Training

- **All** staff starting with the business are given an appropriate element of Ethical Trade training within their induction.
- All Primark buyers in the UK and Ireland, as well as other key personnel, received a full-day's training on ethical issues – in all, 211 staff in 2009. One day training sessions for buyers take place regularly for all new staff. Ethical trade features in induction training for **all** new staff. All buying and merchandising staff have also had a two hour Ethical Trade update session in early 2011.
- In total over **300 factories** have received dedicated formal training from Primark in the last 12 months.
- Our **Suppliers' Extranet** will go live in 2011 and will provide detailed guidance on our Code of Conduct, translations of the Code, practical implementation guides, plus local sources of information and services to assist with implementation.

### External partnerships

- **Bangladesh: Women's rights and labour standards** 15 of our contract factories have been working with NUK, a Dhaka-based NGO which focuses on women's rights, to improve labour standards. This project includes training of management on how to improve and more fairly manage their workforce, as well as providing education for workers about their rights. In 2009, 974 workers received training through this programme.
- **Bangladesh: Women's health and well-being** We are working with Business for Social Responsibility to implement the HER (Health Enabled Returns) programme focusing on health and well-being of female workers in Dhaka and Chittagong. Strong evidence from previous pilots shows a direct correlation between female health and productivity and reduced absenteeism.
- **China: Living wages project** Our aim is to create long-term improvements in labour standards and wages for workers. We have begun collecting data from the participating factories and will begin the delivery of the technical training with our local specialist partners next month.
- **China: Environmental impacts in the garment industry** We conducted an environmental impact project with a team from a leading Swedish university to look at the key impacts from the garment industry. Our findings show that waste management and raw materials are the key environmental impacts; these findings are being used to inform our environmental approach.
- **India: Grassroots engagement with workers and communities** We are working at grassroots level with an NGO to understand and address the challenges faced by workers in communities where our products are made. The programme includes surveys to identify workers, families and children at risk, living wage analysis and a counselling service and helpline for workers. A

core part of the programme is worker education, on issues from hygiene and personal development to gender equality and workers' rights.

- **India: Financial access and inclusion** We are working with Geosansar and the State Bank of India on a pilot in Southern India to provide bank accounts for garment workers – a demographic normally uncatered for by traditional banking. The One Rupee bank as the media has called it provides banking services for workers in their communities, and at times to suit the workers. In addition, the service offers financial advice to encourage workers to become financially aware. The programme builds on the G20 agenda of financial inclusion. This project featured in an article run in The Telegraph business section on May 9<sup>th</sup> 2011.
- **Vietnam, Cambodia and Lesotho: Better Work** We are members of the United Nation's International Labour Organisation (ILO) Better Work programme. For factories in these countries, Primark along with brands such as Levi Strauss, Gap and H&M, work collaboratively with the ILO in-country team who deliver a unique range of assessments, advisory services, and worker-led remediation. Dan Rees, formerly Director of the Ethical Trading Initiative, took up the post of Director of Better Work in summer 2010.
- **Philippines: A whole industry approach** We are part of a unique collaboration with the Philippines jewellery and accessories industry with the European Chamber of Commerce, the German development agency, the Philippines government, and suppliers and workers. Workshops were conducted in June to assess the needs of all stakeholders in the industry. Phase 2 began in 2011, which sees the previous stakeholders, including workers, collaborating to address needs and prioritise improvements.
- **Multi-location: Ethical Trading Initiative working groups** We are actively involved in a large number of apparel-based working groups including the General Merchandise Group, the Homeworking Working Group, the National Homeworking Group in India, the Principles of Implementation Process Group, the Annual Report Working Group, the Purchasing Practices Group, the China Forum and China Corporate Caucus.
- **Multi-location: Brand collaboration groups** We have significantly increased our collaboration with other brands, including membership of cross-brand forums in a number of countries as well as more informal joint efforts on supplier remediation. As we share more than 98% of our factories with other brands we believe this joined up approach is the best way to achieve progress.

Further details of our Ethical Trade Programme and the work that we do can be found on our website :

[www.primark.co.uk/ethical](http://www.primark.co.uk/ethical)