

Martin Hearson
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Labour Behind the Label
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Dear Martin,

Thank you for the invitation to update you and Labour behind the Label with our progress since our last correspondence with regard to this matter nearly 12 months ago.

Our paths have crossed on several occasions during the past year; it will not be a surprise to you that the past 12 months has marked a very active period for Primark and the development of our Ethical Trade team and policies.

We joined the ETI (Ethical Trading Initiative) in May 2006. We did not arrive at this decision in haste. Being the first 'Value Retailer' to actively and publicly pursue an Ethical Trade policy meant that none of the UK based initiatives were familiar with our model. We chose the ETI as we strongly believe that the tri-partite approach of the corporate, NGO and Trade Union members is essential to remediation and is best suited to our supply base, whilst understanding that we could benefit from some of the shared learning we would also generate learning within our own particular specialism of 'Value Retailing', for other members, NGO's and Trade Unions.

Gradually, the direction and focus became clearer and the work was galvanised in the company's Ethical Trade Strategy which was signed off in early 2007. Its implementation began immediately, initially focussing on process and procedure to support the programme and then identifying our priorities for assessment.

During this initial period, Primark's profile on the high street had heightened with store expansion (the acquisition of Littlewoods Retail) and the increasing popularity of Primark's fashion lead merchandises.

In December 2006 War on Want produced their report, 'Fashion Victims', which focussed on Primark, Asda and Tesco's activities in Bangladesh. Having tried to meet with War on Want and establish the identification of the six factories they highlighted in their report, we were unsuccessful. This information would have helped us to focus resource on these initial problem areas, however in recognising the seriousness of the issues; we decided to prioritise all Bangladeshi units, regardless of the volume they produced for Primark, as Phase 1 of our assessments. All suppliers making for Primark in

Bangladesh have been audited and half of these were unannounced. The process ran between the end of February and the middle of May.

Phase two of our assessment programme (which covers the rest of the world) is running in parallel to the follow-up activity currently underway in Bangladesh.

Turning to the specifics of your report

Wages

The Primark Code, in line with that of the ETI, does require wages to be paid at the legal minimum or industry accepted standard where a legal minimum does not exist, whichever is the higher.

Where factories do not meet these requirements we have actively engaged with them on a measured remediation plan, and progress has been positive.

We are very aware of the complexities of identifying a living wage which can be applicable to an industry and region, and have actively requested support from the ETI in doing so. There is now a considerable amount of interest in identifying a mechanism which will enable companies to do this, and we are hopeful a pilot group will begin to focus its efforts on this.

Freedom of Association

Our audit programme ensures that workers in the facilities visited are made aware of their rights as part of our process. With our audit programme now well underway we are building up a clear picture of relative levels of understanding and intend to direct specific actions using local NGO's and Trade Unions to assist in awareness raising where required.

Methods of Monitoring and Verification

Whilst we agree that as a long term strategy auditing is not the most sustainable approach to the improvement of working conditions within our factories we do agree that it offers the best route to gain a good understanding of a supply base initially and remedy many of the Health and Safety issues commonly identified within factory environments. Audits have to link to rigorous and regular follow-up.

We are now working with the information from the initial audits and follow-ups to direct more specific activities to encourage remediation of some of the more difficult non-compliances identified. We are already focussing at ways of building capacity within the supply base focussing on efficiency improvements. This training will be delivered directly to factory management, using the expertise of several specialists in a multi stake holder approach.

We have been very careful in the selection of our chosen auditing partners and have clearly defined and tested the process they work with to ensure

consistency and accuracy in their results. We have made great efforts to bridge the gap between our organisations and work in close partnership with our chosen Auditors, our own Buying teams, Suppliers' management and our own Ethical Trade team.

Over half of our audits have been unannounced and the rest semi-announced, in the hope of the most realistic findings. To ensure against inflation (or possible negative impact on the workers benefits) and, as an indication of the companies commitment to Ethical Trade and to our Suppliers, all audits have been paid for by Primark/ABF. The company is committed to resourcing in-country expertise in two of our key sourcing areas, and is actively recruiting to fill these positions. Both will be critical in establishing collaboration with responsible local stakeholders, and progressing remediation further.

I trust this gives you a thorough update on our activity, but if you require any additional information or further clarification do not hesitate to contact me. I would welcome the chance to comment further on your updated report before it is published.

Yours sincerely,

Rosalyn Mendelsohn

Director of Company Secretariat and Solicitor