M&S has a long-term legal agreement with a Franchise licensee based in Turkey (FiBA) who hold the rights to trade under the M&S banner in Eastern Europe (Turkey, Ukraine, Russia).

The FiBA Group was founded by Hüsnü Özyeğin, with its first investment, Finansbank, in the finance sector in 1987. It has since expanded its range of activities with investments in energy, retail, tourism, real estate and asset management sectors. FiBA Retail is the franchise licensee for Banana Republic, Gap and Marks & Spencer and operate their brand portfolio in Turkey, Russia and Ukraine. At the outset of the invasion, FiBA operated 107 stores across the region, 49 in Turkey, 48 in Russia and 10 in Ukraine.

**Operations in Ukraine**

1. How long has your company or subsidiary been operating or investing in Ukraine? In summary, can you briefly describe the nature, sector, scale, and geographic area of these operations or investments?

Marks & Spencer’s Franchise licensee FiBA has held the rights to trade under the M&S banner in Ukraine since 2007. As at 2022, FiBA operates from 10 stores, with six stores in the capital Kyiv, and one each in the cities of Lviv, Odessa, Kharkiv and Dnipro. M&S has no employees in Ukraine, but our franchise licensee FiBA has 200 employees based in its stores and Head Office.

**Assessing risks**

2. How is your company enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law? a. What measures is your company taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with your workers, affected communities, human rights groups, and/or humanitarian organizations?

We have a long-standing relationship with FiBA and the safety of colleagues employed by our Franchise licensee is a shared priority. From the outset of the invasion, we have been in dialogue with FiBA about its approach to employees. Our International leadership team immediately increased frequency of communications with the Franchise licensee with a minimum of daily check ins as the situation on the ground unfolded rapidly.

Every communication with FiBA representatives begins with a focus on people and welfare. Topics discussed by management teams included the safety of colleagues, support offered to colleagues who wanted to relocate, the payment of wages due to store closures, and the safety measures in place as a store re-opens.

Within our own operation at M&S, we reviewed how many colleagues in our business are Ukrainian to ensure we could identify, prevent and mitigate heightened human rights risks to them as well as providing additional support as required. Guidance was issued to all line managers encouraging them to listen to individual colleagues, understand how they are personally affected and ask what M&S can do to help recognising that some colleagues may not want to talk to you about this subject, and if so, we should respect their privacy.

A ‘Ukraine Support’ portal was created. This portal signposted the support available to all colleagues who were feeling anxious or overwhelmed through our mental health support services. Any colleagues directly affected were encouraged to speak to their line manager or to call a dedicated
team at Colleague services to assess eligibility for support from our Colleague Support Fund. One example, demonstrating the positive impact of these initiatives was that, through our business continuity team, we repatriated family members of our UK colleagues.

**Mitigating risks and tracking effectiveness**

3. What measures is your company or subsidiary taking to ensure that your business relationships, products, services, operations, or other actions do not contribute to Russian military activities or occupation in Ukraine (including Crimea and occupied parts of Donetsk and Luhansk Oblasts)?

Given the unfolding humanitarian crisis following the invasion of Ukraine, M&S suspended shipments to our Turkish franchisee’s Russian business.

4. Is your company or subsidiary planning to scale-down or suspend your operations in Ukraine? If so, what are the immediate and longer-term steps that your company has taken or is prepared to take to mitigate the negative impacts of this decision on affected communities and your workers?

During March, FiBA temporarily closed all stores in Ukraine. Colleagues were paid 3 months wages in advance and offered the opportunity of accommodation in Romania or Moldova. There has been no damage to the stores although one third party warehouse used by our Franchise partner was destroyed at night with no one on site.

In April, a few stores have resumed trading on and off when it is safe to do so. This decision is taken in response to customer demand for essential clothing items particularly underwear and basic items and only for periods of time where FiBA have assessed it to be safe to do so.

5. What steps is your company or subsidiary taking to ensure that your risk prevention and/or mitigation measures do not negatively impact Ukrainian civilians?

Colleague safety is the first priority of FiBA. The M&S clothing ranges sold by our Franchise licensee include essential everyday items such as underwear and in response to customer demand for these items, FiBA has resumed trading in a small number of stores. However, the situation is constantly monitored, and stores are only open where and when it is safe to do so for customers and colleagues.

**Exercising leverage**

6. Is your company or subsidiary taking any other actions to promote respect for humanitarian law, human rights, democracy, and peace in Ukraine?

We are doing everything we can to support the people of Ukraine. We have a longstanding partnership with UNICEF and were quick to support their Ukraine emergency appeal. We have liaised with the main charities and aid agencies to establish how best to help them with the growing refugee crisis. The aid agencies were clear that cash funding is the optimal way to provide effective and targeted support at pace. We built on our existing support for UNICEF UK’s Ukraine appeal with a £1.5m package to support the UN Refugee Agency (UNHCR) and UNICEF to help children and families in need. This is made up of a kickstart £0.5m donation to UNHCR with a further £0.5m for
matched fundraising for all our global colleagues and double donations on Sparks transactions to support UNICEF. We activated online donations and till point donations for customers. As a result, our customers have donated £1.85m to, UNICEF’s Ukraine appeal.

We are also providing practical help through UNHCR; donating 20,000 units of coats and thermals for families in need totalling a further £0.5m. We also worked with our logistics partners and the Foreign, Commonwealth & Development Office to send ambient food products to Lviv.

**Operations in Russia**

**Nature of involvement**

1. How long has your company or subsidiary been operating or investing in Russia? In summary, can you briefly describe the nature, sector, scale, and geographic area of these operations or investments?

Marks & Spencer’s Franchise licensee FiBA has held the rights to trade under the M&S banner in Russia since 2005.

M&S has no employees in Russia, but FiBA has 1,000 employees based across its Head Office and its 48 stores – the majority of stores are in Moscow and St Petersburg, but the estate stretches as far as Vladivostok.

M&S has suspended shipments to FiBA’s Russian business. At the moment the FiBA business in Russia continues to trade selling stock which belongs to them, and which was ordered months ago. However, we are in active discussions about the future.

**Assessing risks**

2. How is your company enhancing its due diligence to identify, prevent, and mitigate heightened human rights risks and comply with international humanitarian law? a. What measures is your company taking to ensure it relies and acts upon robust monitoring of the situation, including through consultation with your workers, affected communities, human rights groups, and/or humanitarian organizations?

Within our own operation at M&S, we have reviewed how many colleagues in our business are Russian nationals to ensure we could identify, prevent and mitigate heightened human rights risks.

We have a relatively small number of colleagues who are Russian Nationals (less than 10), and they are spread across a number of locations. We are monitoring this closely and have re-iterated our existing zero tolerance approach and our Racial Equality and Anti-Racism Policy. “In light of the extremely distressing events in Ukraine, it is important that we respect and support all colleagues, regardless of their nationality and that any discriminatory behaviour from colleagues or customers is not tolerated. At M&S we recognise that Government decisions and actions do not reflect the thoughts, opinions and beliefs of our colleagues and any unwanted or aggressive behaviour as a result of the horrific situation in Ukraine is not acceptable. Any incidents of bullying, harassment, discrimination or victimisation must be taken seriously, and any allegations investigated immediately”.

**Mitigating risks and tracking effectiveness**
3. As the situation in Ukraine unfolds, is your company or subsidiary planning to cease operations in or divest from Russia?

M&S does not operate stores or have any employees in Russia. Our Turkish Franchise licensee holds the rights to trade under the M&S banner in Ukraine and Russia. We suspended deliveries to Russia and have no plans to reinstate them. We are actively discussing the future of the business with our franchise licensee.

4. If your company or subsidiary chooses to continue operating in Russia, what human rights due diligence has been undertaken and how are you planning to mitigate harm in Ukraine?

Our Franchise licensee has identified a small number of operational and process dependencies between their Russian and Ukraine business. As part of our ongoing discussion, FiBA are exploring all operational possibilities for Ukraine so it can continue to trade independent of what happens to the Russia business.

5. What kind of due diligence measures does your company use to ensure that it does not have any business relationships with sanctioned Russian individuals and entities? Beyond sanctions compliance, how does your company ensure that it does not have any business relationships with individuals or entities with a track record of rights violating conduct?

Across M&S, we do not source product from Russia. We have carried out a full review of our supply chain relationships with Russia and reminded our suppliers of their obligations to uphold sanctions under our Global Sourcing Principles.

**Exercising leverage**

6. How does your company intend to use your leverage to protect the rights of your workers and communities affected by your operations in Russia, including freedoms of association and expression?

M&S does not have any employees in Russia.

7. Is your company providing any support to Russian activists who are taking action against the war and in support of democracy and peace in Ukraine?