

Primark – Update on Ethical Trading, Monday 14 July 2008

Primark notes the comments of various non-governmental organisations (NGOs) following its announcement on 16th June that it had stopped buying from three factories in southern India for breaking its Code of Conduct.

Primark makes the following points:

- Primark is an ethical organisation with a clear and strict Code of Conduct which it expects all its suppliers to follow.
- Primark's relationships with its suppliers are based on trust and transparency and it will not tolerate systematic deceit. Many suppliers have traded with Primark over very many years.
- Suppliers regularly share their issues with our independent auditors and advisers. Suppliers comment positively upon the business stability they are assured by the large Primark orders and the fact that, unlike some of their other customers, payments are always prompt.
- Primark monitors its supply base against its Code of Conduct and the laws of the sourcing region, whichever is the higher standard. Unlike many of its high street competitors, and in support of these developing countries, Associated British Foods plc pays for all assessments (including regular follow-up).
- Primark totally refutes any of the recent allegations that it "cut and ran" when it announced that it was ceasing to trade with three suppliers. It is absolutely the last resort for Primark to stop buying from a supplier. Primark works with in excess of 400 suppliers around the world and is currently working with just over half of these to improve standards and conditions. Primark was already working with the three suppliers before the Panorama programme, in some cases for more than one year. Primark decided to stop sourcing from the suppliers because it was unable to rely on the integrity of the information received. Primark is not able to continue relationships where trust has broken down.
- Over the last year Primark achieved a 75% improvement rate on the first re-inspection. Primark has only ever stopped buying from one other factory for breaking its Code of Conduct and failing to meet its strict ethical standards. This decision was made in line with

advice from our own team, the ETI and trade union specialists.

- Recognising the issues around sub-contracting, Primark has monitored its suppliers' supply chains and had begun sub-contractor mapping. It is recognised that this is an enormous task which inevitably takes time.
- Primark improves the standard of living and quality of life of some two million people in the developing world through its supply contracts worth £700 million. Primark is establishing the 'Primark Better Lives Foundation' which will provide financial assistance to organisations devoted to improving the lives of young people.
- Primark is sympathetic to the NGOs' backing for properly conducted and controlled home working to bring economic benefit to a wider section of the local community. It continues to believe that unauthorised and unmonitored sub-contracting is detrimental to workers' interests. Primark already works in Bangladesh with an NGO specifically supporting women's issues and education.
- Primark is developing a home working policy and is an active member of the Ethical Trading Initiative Home Working Group in India as a prelude to its implementation. A major requirement for the success of the implementation is complete transparency of our suppliers' full supply chains.