

Investor Briefing – March 2025

Why Marks & Spencer shareholders should support the 2025 Living Wage resolution

Summary

Ask: Shareholders have filed a resolution requesting a report detailing the Company's UK wage policies, including base pay practices, oversight, pay levels relative to the real Living Wage, employee turnover, and a cost/benefit analysis of adopting the real Living Wage for its third-party workforce.

Why: Effective minimum pay policies are crucial for worker well-being and workforce retention and recruitment; business resilience and productivity; and the health of the social and economic systems on which investor returns rely.

Given the retail sector's high turnover and reliance on low-paid workers, investors need clarity on how M&S sets wages and balances costs with long-term sustainability.

Transparency on this issue is a crucial first step which would enhance investor understanding of M&S's human capital management strategy.

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1. Introduction

ShareAction and a group of institutional and individual investors have filed a shareholder resolution at the UK retailer M&S ahead of the company's 2025 Annual General Meeting (AGM). The shareholder resolution asks M&S to disclose its approach to pay, related data, and conduct a cost/benefit analysis of uplifting pay to the real Living Wage for its UK third-party workforce in addition to the directly employed staff whom it already pays the real Living Wage. We are looking to secure the same disclosures from all major retail firms, and would like to see enhanced disclosure on workforce risks and opportunities right across the UK retail sector to inform investor analysis of the implications of low rates of pay.

For retail companies, low pay represents a material risk to long term resilience and profitability. Staff are the face of these businesses, meaning the impact of employee turnover (which is particularly high in the retail industry) not only adds cost but also impacts the level of service to customers. Additionally, low pay presents significant risks to businesses by creating an increasingly volatile operating environment, supply chain insecurity, eroding productivity and innovation, as well as magnifying reputational risks. Recent rises in the cost of living have squeezed the living standards of low-paid workers and intensified disparities in income and wealth that have been building since 2008.

For investors, low pay and insecure work in the UK today represents a systemic risk.¹ The Business Commission to Tackle Inequality highlights that growing inequalities are eroding trust in political and economic systems, increasing division and fuelling civil and political unrest.² Retail is an industry with large, low-paid workforces that often fails to provide workers with an income that meets their everyday needs.³ When people don't have what they need to heat their homes or buy healthy food, and are constantly worrying about making ends meet, it can lead to chronic poor health. The status quo weakens long-term business success and contributes to systemic risks which undermine the social and economic systems on which investor returns rely, such as a healthy workforce and strong overall consumer spending power.⁴

Paying all staff in the retail sector, both directly employed and contracted workers, at least a real Living Wage will provide a much-needed boost to the living standards of hundreds of thousands of staff and protect the long-term interests of investors. We recognise the added cost pressures on businesses associated with the rise in employer National Insurance contributions announced in the Autumn Budget 2024. In this context, it is particularly important for companies to disclose their approaches to workforce management to enable investors to understand how these added cost pressures are being addressed and contribute to a responsible

investment approach to raise standards. Transparent human capital management strategies enable investors to evaluate how companies mitigate risks and leverage opportunities tied to workforce stability, productivity, and engagement. For retailers with large, low-paid workforces, such transparency is important to building investor confidence in a competitive sector facing rising regulatory and financial pressures.

2. What does this resolution ask?

To provide investors with the information needed to assess the Company's approach to human capital management, shareholders request that the Board and management oversee the preparation of a report outlining:

- The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this;
- Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees);
- Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours);
- The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this;
- Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage; and
- Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.

This Report will strengthen investors' understanding of the Company's human capital management strategy and its approach to ensuring its wage policies are reasonably designed to provide all workers with a wage that meets the cost of living. The Report should be prepared in a reasonable timeframe and omit any proprietary information.

N.B. Further details of this report can be found in the Appendix.

3. Background

Established by the [Living Wage Foundation](#), the real Living Wage is the minimum hourly rate necessary for workers to afford housing, food, and other basic needs. The new real Living Wage rates for 2024/25 are £12.60 per hour in the UK and £13.85 per hour in London.

Marks and Spencer Group Plc (M&S) is a British multinational retail company. It specialises in food, clothing and homeware but also has banking services. It is a constituent of the FTSE100 Index.

M&S's strategy in the last decade has focused on revitalising its brand through store refurbishments, a focus on online capabilities, and expanding its food business. This included a high-profile joint venture with online retailer Ocado to expand its food delivery services. The Company already matches the real Living Wage for directly employed staff and therefore any uplift would only affect its third-party contractors like security guards and cleaners. M&S continues to push forward with streamlining its business, with its CEO recently heralding a new era for the Company after reporting a significant rise in profits.⁵

M&S's strong financial performance indicates that wage rises are affordable

M&S has demonstrated a robust financial performance in recent years, with revenue reaching approximately £13 billion in the year 2023/2024, marking a significant increase from the previous year. In the first half of the 2024/25 fiscal year, M&S reported a 5.7% rise in revenue to £6.48 billion, driven by an 8.1% increase in food sales and a 4.7% rise in clothing and homeware sales. Profit before tax and adjusting items for this period grew by 17.2% to £407.8 million.

Analysts have responded positively, with some upgrading profit forecasts for 2025 to £780 million, reflecting confidence in M&S's strategic direction and market share growth.⁶ Last year, M&S CEO hailed "the beginnings of a new M&S" and that the Company was in the "strongest financial health since 1997".⁷ This is supported by strong Return on Invested Capital figures which have put it towards the top of its industry peer group.

We recognise that staff costs are a major operating expense for retailers, and recent political changes, such as National Insurance increases, have added an additional cost to business. However, M&S's sustained revenue growth and financial resilience indicate it can afford to increase wages while maintaining long-term financial stability. This is further supported when

considering how higher job satisfaction levels are beneficial for firm value⁸ and companies that deliver both stakeholder and financial value deliver better shareholder value.⁹

However, as outlined below, this resolution does not mandate the Company to raise wages.

Added cost pressures should not prevent an increase in wages

M&S have spoken to the impact of the 2024 Autumn Budget's rise in employer's National Insurance contributions and the National Living Wage. Stuart Machin, M&S's CEO, has called the rise in the National Living Wage a "good cost", adding £60 million to the Company's outgoings.¹⁰ Additionally, the rise in employer's National Insurance contributions would cost approximately an additional £60 million. Last year, M&S's employee operating costs were £1.5 billion. That year, M&S's CEO earned £4.729 million.¹¹ When announcing the Company's recent pay review, Stuart Machin noted that the financial headwinds facing the retail industry this year should not "impact our hourly paid colleagues".¹²

It is worth noting that M&S already matches the real Living Wage for directly employed staff and therefore any uplift would only affect its third-party contractors, such as security guards and cleaners. Given this, the additional cost would be manageable for a Company of M&S's profitability and resilience.

While we consider that the rises in National Insurance contributions do not mean that raising wages would be unaffordable for M&S, it is also important to state that this shareholder resolution does not mandate the Company to commit to paying the real Living Wage. Rather, it requires them to provide information that would enhance communication with shareholders about its capacity to do so.

M&S's disclosure practice could be enhanced

M&S identifies their employees as a material element in managing a number of their key risks, including delivering on future profitability.¹³ For retail companies, employees are on the front line; the faces of the Company for customers. M&S third-party staff protect their stores and ensure they are clean and safe for customers, regularly interacting with members of the public. Turnover in the retail industry is notoriously high and training staff takes time.¹⁴ Not only does this impact costs but it can also impact the level of service received by customers. Therefore, a failure to recruit and retain high quality, motivated and productive employees is a material risk to the long term resilience and profitability of the company.

Despite this, M&S does not disclose significant data on how staff are treated and incentivised. For example, in the Company's most recent Capital Markets Day presentation, the treatment of employees was only given a fleeting mention.¹⁵

It is, therefore, completely reasonable for shareholders to seek further disclosures on this hugely important issue to the Company.

M&S's pay and workforce practice could be improved

M&S directly employs 67,025 staff and does not recognise a union. From April 2025, its base rate of pay is £12.60 per hour nationally, with a higher rate of £13.85 in London. While this matches the real Living Wage, M&S does not impose pay levels or arrangements on regular third-party contractors in its stores and is therefore denying a large part of its workforce a wage that meets the cost of living. M&S has also been known to award large executive pay packages which has drawn controversy.¹⁶

Despite in some circles being known as a sustainable brand,¹⁷ MSCI score M&S poorly on social issues, with a labour management score extremely low and well below the industry average. It also ranks M&S very highly on risk exposure to labour unrest and reduced productivity due to job satisfaction.¹⁸

Overall, while M&S shows some commitment to addressing low pay, it still faces challenges to go one step further and guarantee the real Living Wage to regular on-site third-party contractors who work in its stores. Taking this step could enhance the strong brand that M&S has built in recent years.

Pay ratio

2024 total CEO pay: £4.729 million

25th percentile employee's pay: £24,000

50th percentile employee's pay (median): £26,000

75th percentile employee's pay: £31,000

CEO/25th percentile pay ratio: 200:1

Source: High Pay Centre, UK Pay Database

4. Next steps

Investors, especially those that look after our pensions and savings, have a responsibility to invest in a way that protects our planet and supports its people. Responsible investors can make a difference on critical challenges like social inequality, biodiversity and public health. Voting is a core part of an investor's fiduciary duty and a key way in which the sector can influence companies on social issues, as well as being in their long term financial interests.

We urge investors to:

- **All investors:** Communicate support for the resolution to M&S and other retailers.
- **All M&S shareholders:** Cast a vote in favour of this resolution at, or ahead of, the company's 2025 AGM in May.
- **All M&S shareholders:** Make your support for the resolution public. Post on social media about your voting intention, tagging @ShareAction. Pre-declare your support on your website, on the [PRI platform](#) or another platform of your choice.
- **Asset owners:** Engage with your asset managers to encourage them to vote in support of the resolution.
- **All investors:** Consider getting involved with the Good Work Coalition. You can reach out to the team at goodwork@shareaction.org.

5. FAQs

What are the objectives of this resolution?

M&S discloses the requested data points: The shareholder resolution calls for M&S to disclose the composition of its workforce and analyse the implications of paying at least the real Living Wage to its third-party contracted workforce. This includes transparency on how wages are currently set, the number of employees and third-party contractors earning below the real Living Wage, and an evaluation of the business impact of wage increases. Providing this information will establish a clear baseline for assessing M&S's commitment to fair pay and responsible human capital management.

Investors gain transparency: Low pay and job insecurity in the UK retail sector pose economic and social systemic risks that can impact business performance and investor returns. Increased transparency will enable investors to assess how M&S is managing workforce-related risks and opportunities, including retention, productivity, and resilience in a competitive retail

environment. With rising costs and regulatory pressures, investors need clear disclosures on how companies are addressing workforce pay and stability.

M&S demonstrates the feasibility of paying the real Living Wage and the benefits of such:

Through the requested disclosures and cost/benefit analysis, M&S can demonstrate its capacity to implement the real Living Wage and assess the potential benefits of doing so. Studies have shown that paying a real Living Wage to all staff can improve staff retention, reduce recruitment costs, enhance productivity, and strengthen brand reputation¹⁹. This disclosure process will allow M&S to highlight the strategic advantages of fair pay, contributing to a more sustainable and resilient business model.

This level of workforce disclosure becomes the norm: Setting a precedent for pay transparency in the retail sector will drive wider adoption of fair pay practices. As more companies follow suit, investors will increasingly expect disclosure on workforce pay and its impacts on long-term business performance. M&S has the opportunity to be at the forefront of this shift, reinforcing its reputation as a responsible employer and a leader in sustainable business practices.

The new Government is raising National Insurance contributions and increasing the National Living Wage. Is it the time for companies to voluntarily increase wages?

While recent increases in National Insurance contributions and the National Living Wage may impact operating costs, they do not diminish the ability or importance for companies to voluntarily increase wages to the real Living Wage. M&S has demonstrated strong financial recovery and resilience during and post-pandemic. By ensuring all wages meet the real Living Wage, employers foster greater employee loyalty, reduce turnover, and enhance productivity—all of which contribute positively to the bottom line, offsetting initial cost increases.

Moreover, the National Living Wage falls below the actual cost of living. Paying the real Living Wage not only benefits employees but strengthens the reputation and resilience of businesses, contributing to a sustainable, future-proofed workforce. Supporting employees by offering fair pay aligns with long-term stability and growth, making it a strategic investment rather than merely an added expense.

Furthermore, nothing in this resolution mandates the Company to implement wage rises; rather, to provide information that would enhance communication with shareholders about its capacity to implement the real Living Wage and the potential benefits of doing so.

Are minimum wage rates the job of governments, not investors?

While the UK's minimum wage process has been a remarkable policy success, serving as a carefully calculated floor for the economy, it is not designed as a universal recommendation for all employers. Given the large low-paid workforces of retailers, the sector operates in a context where paying the real Living Wage can serve their long-term interests and mitigate broader socio-economic risks. It is not a matter of overriding the wage-setting process but recognising that low pay and related challenges—such as inequality and insecure work—pose systemic risks. Against this backdrop, it is reasonable for investors to expect companies to play a proactive role in addressing these issues, particularly in sectors where higher wages could demonstrably benefit both employees and businesses.

Moreover, framing this as an engagement programme founded on a political viewpoint risks oversimplifying the issue. Investors advocating for the real Living Wage are not opposing the minimum wage process but complementing it, encouraging specific firms to exceed statutory requirements where evidence shows it could enhance long-term value. Paying the real Living Wage is not merely a cost – it is an investment in employee retention, productivity, and brand reputation – delivering returns that align with fiduciary duties. As the retail sector grapples with cost pressures, this approach reflects disciplined stewardship aimed at mitigating idiosyncratic and systemic risks alike, grounded in a forward-looking view of social and economic sustainability.

Do investors have ability to bring about change and/or comparative advantage to influence this issue compared to other stakeholders?

The Good Work Coalition has demonstrated that investors do have the ability to influence positive change for workers, businesses and, in turn, their portfolios; more than half of the FTSE100 have accredited as Living Wage Employers since the start of our Living Wage programme. In 2022, members of the Good Work Coalition filed a shareholder resolution at Sainsbury's calling on the Company to accredit as a Living Wage Employer. As a result, 19,000 workers in London immediately saw an uplift to the real Living Wage before the Company extended this to security guards the following year.

In 2023, the Good Work Coalition engaged companies on insecure work and, in particular, the Living Hours standard. As a result of this engagement, companies such as Severn Trent and Moneysupermarket have accredited as Living Hours Employers; positively impacting more than 2,600 workers.

Will higher wages benefit workers and alleviate poverty or will this be offset by increases in taxes and loss of benefits?

The analysis by the Smith Institute for the Living Wage Foundation²⁰ finds that the boost to incomes for the lowest paid workers and to the economy is significant, despite increased taxation and reduced benefits for individuals. However, even after tax and benefits, households on the lowest incomes benefit, seeing the biggest proportionate increase in incomes. The analysis also finds that concerns about loss of hours or jobs resulting from increases to the minimum wage have proven to be overplayed.

Not only will higher wages benefit workers' income and alleviate poverty, it will also improve their health. Low pay may make it difficult for workers to afford a healthy lifestyle, including access to nutritious food, exercise facilities or adequate housing. This can increase the likelihood of developing non-communicable diseases like obesity, diabetes, and heart disease.²¹ A 2021 report found 46% of full-time UK workers who earned less than the real Living Wage believed that their low pay had a detrimental impact on their anxiety levels.²² A real Living Wage provides the income necessary to meet basic needs and contributes to the overall wellbeing of workers. Research shows that increasing wages can contribute to worker wellbeing in multiple ways. A long-term study of 24 OECD countries over 31 years found that higher minimum wages are connected to lower overall death rates and fewer deaths from health problems that are more common among people with lower incomes, such as diabetes and heart diseases.²³ This improvement in people's health will reduce the strain on state expenditure.

Is it market practice to disclose the data required in this report?

By proactively disclosing this information the Company has an opportunity to position itself as leaders in effective human capital management and responsible business practice. Additionally, market practice often evolves in response to stakeholder demands, and further transparency of wage setting processes and workforce management is becoming a critical focus for investors. Finally, disclosing this data offers tangible benefits to the company, including greater investor confidence and resilience against reputational risk.

For retailers, employee wages constitute one of the largest costs, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the workforce disclosures required in the report are a key part of Company human capital management strategies and of material concern to investors. We will be engaging with a number of publicly-listed UK retailers to disclose against these requirements to improve investor understanding of Company practice and approaches, setting a baseline for disclosure on the real Living Wage.

Why are third-party contactors included in the report?

Third-party contracted workers are often in insecure work and low paid roles, such as cleaners, security guards and delivery drivers. They are therefore more likely to be in in-work poverty and exposed to fluctuating cost of living.

Companies often outsource these roles to save on costs, including wages, pension contributions and sick pay. These groups of workers are likely to be among the lowest paid and are therefore important to consider when assessing approaches to pay.

Using third-party contractors should not enable businesses to outsource responsibility for the pay and conditions of their workers. Third-party contractors work alongside their directly employed colleagues, are essential to the success of the business, and should have the same pay and conditions.

By paying third-party staff lower wages, companies have an incentive to increase their use of outsourcing, reinforcing the growth of insecure work and its societal cost. Accredited Living Wage Employers are required to bring regular third-party contracted staff onto the real Living Wage within three years of gaining accreditation. Given that many companies with complex third-party workforces (such as in construction) have been able to make this commitment, it is within the power of retailers, who have relatively simple outsourcing requirements, to ensure that workers on their contracts earn a real Living Wage or, at the very least, have oversight of this workforce.

Appendix

Supporting statement

Effective approaches to setting minimum pay rates are fundamental to human capital management, supporting retention, recruitment and productivity of a motivated workforce. Transparent reporting on approaches to pay will enable investors to assess how M&S balances operational costs with long-term sustainability, including the risks associated with wages that do not meet the cost of living for its employees.

M&S is an established retailer, with over 1000 stores and directly employing over 64,000 workers in the UK. The Company's stated aim is to make 'M&S a great place to work, where everyone has a voice, can be themselves and be their best' (Marks and Spencer Group plc, Annual Report & Financial Statements 2024), however its current pay policy may not fulfil this ambition.

M&S currently pays directly employed workers in line with the 2023 real Living Wage; £13.15 per hour in London and £12.00 per hour nationally. However, the Company has not made a long-term commitment to maintaining this alignment. It also does not extend payment of the real Living Wage to regular, on-site, third-party contractors, such as cleaners and security guards, who are vital its operations and likely to be in low-paid roles. The definition of third-party contracted workers refers to staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation). In engagement, the Company has been unable to quantify the number of third-party workers who are covered by this definition.

Employee wages constitute one of the largest costs for the Company, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the Company's approach to setting minimum wages is an important part of its human capital management strategy and of material concern to investors. Separate studies conducted by MIT Sloan School of Management,²⁴ University of Cambridge²⁵ and Cardiff University²⁶ show that, despite tight profit margins in the retail sector, improving pay helps to build resilient businesses by lowering staff turnover and absence, improving productivity and customer experience, as well as bringing reputational benefits.

The real Living Wage, as defined by the Living Wage Foundation, is the only independently calculated UK hourly wage which is based on the cost of living, with separate rates for London and the rest of the UK, providing an established and evidence-based benchmark for responsible Company practice. Over 15,000 businesses are accredited Living Wage Employers, including 50 of the FTSE100.

In April 2025, the National Living Wage will be £12.21 per hour and the National Minimum Wage will be £10 per hour. The real Living Wage is £12.60 per hour in the UK and £13.85 per hour in London.

By disclosing information that isn't currently available, the Report will support investors' understanding of the sources of information and the factors considered in setting base rates of pay, including the potential impact of wages on recruitment, retention and productivity, as well as the considerations of the Board in determining minimum wages that support the long-term sustainability of the business.

Why this is relevant for UK retailers

The retail and wholesale sector is one of the largest employers of low-paid workers in the UK, employing over 3.5 million workers with 23 per cent of jobs being paid below the real Living Wage.²⁷ The sector also has an employee turnover rate of 41.6%, above the national average of 34%.²⁸ The combination of large low-paid workforces and high employee turnover means that approaches to setting minimum pay rates are particularly important to UK retailers.

UK retailers are facing increases in employer National Insurance contributions announced in the Government's Autumn Budget 2024. Given the large number of low-paid workers in the sector, this policy will have a significant impact. In this context, it is important for retailers to disclose their approach to human capital management, particularly how they will address low pay in their workforce.

Rising prices of essential goods and services over the last three years have left families struggling to make ends meet, with 8.1 million working-age adults in the UK living in poverty.²⁹ While inflation has returned close to the Bank of England's 2 per cent target in the second half of 2024, food prices have risen by a third more than the rise in the overall price levels since 2021, while retail energy prices have increased by 90 per cent more.³⁰ These lasting rises in prices disproportionately affect the poorest people in society, who are forced to spend a larger proportion of their income on essentials.

Wages that do not meet the cost of living increase the burden on state support systems, worsen health outcomes and suppress aggregate demand, externalising the costs of low pay onto the wider economy. It is in the interests of diversified investors to support the overall health and resilience of the economy by addressing low pay and the inequality it creates.³¹ Providing wages that meet the cost of living is an action that retailers can take to protect the economic and social systems upon which prosperity is based.

There is recognition that pay practices which do not provide a real Living Wage perpetuate economic insecurity, which threatens both social and economic stability. As the Business Commission to Tackle Inequality notes, disparities in income and wealth contribute towards the long-term erosion of social cohesion, diminishing trust in institutions and fuelling political polarisation.³²

Paying the real Living Wage is also a key indicator of a Company's, and its investors', support for the achievement of the UN's Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, employment and decent work for all.

Living Wage report

The proposed Living Wage report sets a baseline for Company disclosures on its approach to setting adequate rates of base pay, data to understand where the Company does not currently pay the real Living Wage and transparency on how the Company views the costs and benefits of paying the real Living Wage as a minimum. We would expect companies to make the following disclosures in the Living Wage report:

Metric	Disclosure
The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this.	Discussion of the process and factors the Company takes into account when setting base pay for hourly paid direct employees. This could include forms of employee consultation or negotiation, financial considerations, statutory requirements and competitor practice. The Company should also disclose Board oversight and responsibility of direct employee pay.
Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees).	Quantitative disclosure of direct employees paid below the real Living Wage.
Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours).	Quantitative disclosure of direct employee turnover rate. Base pay ranges for segmentation should be determined as appropriate by the Company.
The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this.	Discussion of the process and factors the Company takes into account when setting base pay for regular, on-site, third-party contracted staff. This could include discussion of procurement processes, supplier requirements and due

	<p>diligence. The Company should also disclose Board oversight and responsibility of third-party contractor pay.</p>
<p>Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage.</p>	<p>Quantitative disclosure of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage.</p> <p>The Company should disclose base pay of third-party contracted staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).</p>
<p>Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p>	<p>Discussion and analysis of the costs and benefits to the Company of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p> <p>As well as considering the costs of implementation, the analysis should consider the potential cost savings associated with increasing wages to the real Living Wage and an assessment of the feasibility of implementing the real Living Wage as a minimum hourly rate.</p> <p>This should include, but not be limited to, the impact of paying the real Living Wage on:</p> <ul style="list-style-type: none"> • Direct employee salary cost; • Supplier cost; • Turnover and recruitment; • Staff productivity; • Customer experience; • Company reputation; • Ability to respond to legislative change.

	<p>The Company should also discuss how it considers the systemic risks associated with low-pay (such as reduced consumer spending power, social cohesion and political instability) when setting its pay rates.</p>
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Endnotes

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- ¹² M&S (2025) M&S announces biggest ever investment in retail pay, <https://corporate.marksandspencer.com/media/press-releases/ms-announces-biggest-ever-investment-retail-pay>. Accessed 06 March 2025.
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Investor Briefing – March 2025

Why Next shareholders should support the 2025 Living Wage resolution

Summary

Ask: Shareholders have filed a resolution requesting a report detailing the Company's UK wage policies, including base pay practices, oversight, pay levels relative to the real Living Wage, employee turnover, and a cost/benefit analysis of adopting the real Living Wage.

Why: Effective minimum pay policies are crucial for worker well-being and workforce retention and recruitment; business resilience and productivity; and the health of the social and economic systems on which investor returns rely.

Given the retail sector's high turnover and reliance on low-paid workers, investors need clarity on how Next sets wages and balances costs with long-term sustainability.

Transparency on this issue is a crucial first step which would enhance investor understanding of Next's human capital management strategy.

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3. What does this resolution ask for?
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1. Introduction

ShareAction and a group of institutional and individual investors have filed a shareholder resolution at the UK retailer Next ahead of the company's 2025 Annual General Meeting (AGM). The shareholder resolution asks Next to disclose its approach to pay, related data, and conduct a cost/benefit analysis of uplifting pay for all UK workers to the real Living Wage. We are looking to secure the same disclosures from all major retail firms, and would like to see enhanced disclosure on workforce risks and opportunities right across the UK retail sector to inform investor analysis of the implications of low rates of pay.

For retail companies, low pay represents a material risk to long term resilience and profitability. Staff are the face of these businesses, meaning the impact of employee turnover (which is particularly high in the retail industry) not only adds cost but also impacts the level of service to customers. Additionally, low pay presents significant risks to businesses by creating an increasingly volatile operating environment, supply chain insecurity, eroding productivity and innovation, as well as magnifying reputational risks. Recent rises in the cost of living have squeezed the living standards of low-paid workers and intensified disparities in income and wealth that have been building since 2008.

For investors, low pay and insecure work in the UK today represents a systemic risk.¹ The Business Commission to Tackle Inequality highlights that growing inequalities are eroding trust in political and economic systems, increasing division and fuelling civil and political unrest.² Retail is an industry with large, low-paid workforces that often fails to provide workers with an income that meets their everyday needs.³ When people don't have what they need to heat their homes or buy healthy food, and are constantly worrying about making ends meet, it can lead to chronic poor health. The status quo weakens long-term business success and contributes to systemic risks which undermine the social and economic systems on which investor returns rely, such as a healthy workforce and strong overall consumer spending power.⁴

Paying all staff in the retail sector, both directly employed and contracted workers, at least a real Living Wage will provide a much-needed boost to the living standards of hundreds of thousands of staff and protect the long-term interests of investors. We recognise the added cost pressures on businesses associated with the rise in employer National Insurance contributions announced in the Autumn Budget 2024. In this context, it is particularly important for companies to disclose their approaches to workforce management to enable investors to understand how these added cost pressures are being addressed and contribute to a responsible investment approach to raise standards. Transparent human capital management strategies

enable investors to evaluate how companies mitigate risks and leverage opportunities tied to workforce stability, productivity, and engagement. For retailers with large, low-paid workforces, such transparency is important to building investor confidence in a competitive sector facing rising regulatory and financial pressures.

2. What does this resolution ask for?

To provide investors with the information needed to assess the Company's approach to human capital management, shareholders request that the Board and management oversee the preparation of a report outlining:

- The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this;
- Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees);
- Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours);
- The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this;
- Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage; and
- Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.

This Report will strengthen investors' understanding of the Company's human capital management strategy and its approach to ensuring its wage policies are reasonably designed to provide all workers with a wage that meets the cost of living. The Report should be prepared in a reasonable timeframe and omit any proprietary information.

N.B. Further details of this report can be found in the Appendix.

3. Background

Established by the [Living Wage Foundation](#), the real Living Wage is the minimum hourly rate necessary for workers to afford housing, food, and other basic needs. The new real Living Wage rates for 2024/25 are £12.60 per hour in the UK and £13.85 per hour in London.

Next plc is a British multinational clothing, footwear and homeware retailer. It has around 500 stores in the UK and Ireland, and 206 franchised stores in 33 countries.⁵ It is the UK's largest fashion retailer by sales.⁶

Next finds itself at a critical juncture, demonstrating strong financial resilience while grappling with various challenges. The company's ability to exceed sales expectations and report bumper profits has reinforced its status as a retail leader in the UK. However, this success is contrasted by growing scrutiny over its labour practices.⁷ A major legal victory for shop workers in an equal pay claim has cast a spotlight on wage disparities within the company,⁸ raising questions about fairness, particularly as CEO Lord Wolfson's substantial £4.5 million pay package comes under criticism.⁹ In this legal battle, Next said that pay rates for warehouse workers were higher than for retail workers in the wider labour market, which justified the different rates for the Company.

Next's strong financial performance indicates that wage rises are affordable

Next's recent financial performance reflects its strong recovery from the challenges of the pandemic, with revenue growing steadily from 2022 to 2024. The Company has seen a resurgence in consumer spending with last financial year seeing over £1 billion in profit before tax. Next has also maintained strong cash flow and reduced debt.¹⁰

We recognise that staff costs are a major operating expense for clothing retailers, and recent political changes, such as National Insurance increases, have added an additional cost to business. However, Next's sustained revenue growth and financial resilience indicate it can afford to increase wages while maintaining long-term financial stability. This is further supported when considering how higher job satisfaction levels are beneficial for firm value¹¹ and companies that deliver both stakeholder and financial value deliver better shareholder value.¹²

However, as outlined below, this resolution does not mandate the Company to raise wages.

Added cost pressures should not prevent an increase in wages

Next have disclosed the impact of the 2024 Autumn Budget's rise in employer's National Insurance contributions and the National Living Wage.¹³ It states that these measures will raise its £1.05 billion wage bill by £67 million for the year ending January 2026.¹⁴ Of this, £21 million (2.3% of wages) is the total effect of National Living Wage changes and £26 million (2.9% of wages) is the total impact of National Insurance changes. Next have highlighted that these added costs can be offset by 'operational efficiencies and other cost savings and a one percent increase in prices on like-for-like goods, which is unwelcome, but still lower than UK general inflation'.¹⁵

Going by Next's own calculations, raising hourly pay to the national real Living Wage rate for directly employed staff would constitute an extra £5.6 million which represents just 21% of the added cost of Next's National Insurance contributions. In 2024, Next's CEO was paid £4.52 million.

While we consider that the rises in National Insurance contributions do not mean that raising wages would be unaffordable for Next, it is also important to state that this shareholder resolution does not mandate the Company to commit to paying the real Living Wage. Rather, it requires them to provide information that would enhance communication with shareholders about its capacity to do so.

Next's disclosure practice could be enhanced

For retail companies, employees are on the front line; the faces of the Company for customers. Turnover in the retail industry is notoriously high and training staff takes time.¹⁶ Not only does this impact costs but it can also impact the level of service received by customers. Therefore, a failure to recruit and retain high quality, motivated and productive employees is a material risk to the long term resilience and profitability of the company.

Despite this, Next does not disclose extensive data on how staff are treated and incentivised. For example, in the Company's most recent Annual Report and Accounts, the treatment of employees was only given a fleeting mention.

It is, therefore, completely reasonable for shareholders to seek further disclosures on this hugely important issue to the Company.

Next's pay and workforce practice could be improved

With a base pay of £11.44 per hour in 2024, tens of thousands of Next workers earn at or near the National Living Wage (the statutory minimum for anyone aged 21 and over). The National Living Wage is rising to £12.21 from April 2025. Age-related pay bands and performance-based progression create additional barriers to fair wages. While London-based employees benefit

from regional pay weighting, insecure work remains a concern—59% of employees self-report schedule changes with less than two weeks' notice, and 20% worry about getting enough contracted hours.¹⁷ These figures are unverified.

The Company has faced significant controversy regarding its supply chain.¹⁸ It has been linked to wage issues in Bangladesh, where garment workers have protested low pay and poor conditions. Next investigated these conditions and noted it was a member of the Ethical Trading Initiative. It was also claimed that the Company were paying Bangladeshi suppliers less than the production cost. Next refuted these claims and said that it paid these suppliers more.¹⁹ In 2024, Next lost an equal pay dispute after store workers—predominantly women—challenged pay disparities with warehouse operatives, reinforcing concerns about gender-based wage gaps.²⁰

Next's governance has also drawn criticism such as accusations of nepotism²¹, while remuneration practices have faced shareholder pushback²². Next says its remuneration policies are designed to support strategy and promote long term sustainable success.²³ While London Stock Exchange Group ranks Next moderately in ESG performance, its labour management score is very poor and high exposure to labour unrest score highlight deep-rooted human capital management challenges.²⁴

Pay ratio

2024 total CEO pay: £4.52 million

25th percentile employee's pay: £19,965

50th percentile employee's pay (median): £20,465

75th percentile employee's pay: £27,412

CEO/25th percentile pay ratio: 226:1

Source: High Pay Centre, UK Pay Database

4. Next steps

Investors, especially those that look after our pensions and savings, have a responsibility to invest in a way that protects our planet and supports its people. Responsible investors can make

a difference on critical challenges like social inequality, biodiversity and public health. Voting is a core part of an investor's fiduciary duty and a key way in which the sector can influence companies on social issues, as well as being in their long term financial interests.

We urge investors to:

- **All investors:** Communicate support for the resolution to Next and other retailers.
- **All Next shareholders:** Cast a vote in favour of this resolution at, or ahead of, the company's 2025 AGM in May.
- **All Next shareholders:** Make your support for the resolution public. Post on social media about your voting intention, tagging @ShareAction. Pre-declare your support on your website, on the [PRI platform](#) or another platform of your choice.
- **Asset owners:** Engage with your asset managers to encourage them to vote in support of the resolution.
- **All investors:** Consider getting involved with the Good Work Coalition. You can reach out to the team at goodwork@shareaction.org.

5. FAQs

What are the objectives of this resolution?

Next discloses the requested data points: The shareholder resolution calls for Next to disclose the composition of its workforce and analyse the implications of paying at least the real Living Wage. This includes transparency on how wages are currently set, the number of employees and third-party contractors earning below the real Living Wage, and an evaluation of the business impact of wage increases. Providing this information will establish a clear baseline for assessing Next's commitment to fair pay and responsible human capital management.

Investors gain transparency: Low pay and job insecurity in the UK retail sector pose economic and social systemic risks that can impact business performance and investor returns. Increased transparency will enable investors to assess how Next is managing workforce-related risks and opportunities, including retention, productivity, and resilience in a competitive retail environment. With rising costs and regulatory pressures, investors need clear disclosures on how companies are addressing workforce pay and stability.

Next demonstrates the feasibility of paying the real Living Wage and the benefits of such:

Through the requested disclosures and cost/benefit analysis, Next can demonstrate its capacity to implement the real Living Wage and assess the potential benefits of doing so. Studies have

shown that paying a real Living Wage can improve staff retention, reduce recruitment costs, enhance productivity, and strengthen brand reputation²⁵. This disclosure process will allow Next to highlight the strategic advantages of fair pay, contributing to a more sustainable and resilient business model.

This level of workforce disclosure becomes the norm: Setting a precedent for pay transparency in the retail sector will drive wider adoption of fair pay practices. As more companies follow suit, investors will increasingly expect disclosure on workforce pay and its impacts on long-term business performance. Next has the opportunity to be at the forefront of this shift, reinforcing its reputation as a responsible employer and a leader in sustainable business practices.

The new Government is raising National Insurance contributions and increasing the National Living Wage. Is it the time for companies to voluntarily increase wages?

While recent increases in National Insurance contributions and the National Living Wage may impact operating costs, they do not diminish the ability or importance for companies to voluntarily increase wages to the real Living Wage. Next has demonstrated strong financial recovery and resilience during and post-pandemic. By ensuring wages meet the real Living Wage, employers foster greater employee loyalty, reduce turnover, and enhance productivity—all of which contribute positively to the bottom line, offsetting initial cost increases.

Moreover, the National Living Wage falls below the actual cost of living. Paying the real Living Wage not only benefits employees but strengthens the reputation and resilience of businesses, contributing to a sustainable, future-proofed workforce. Supporting employees by offering fair pay aligns with long-term stability and growth, making it a strategic investment rather than merely an added expense.

Furthermore, nothing in this resolution mandates the Company to implement wage rises; rather, to provide information that would enhance communication with shareholders about its capacity to implement the real Living Wage and the potential benefits of doing so.

Are minimum wage rates the job of governments, not investors?

While the UK's minimum wage process has been a remarkable policy success, serving as a carefully calculated floor for the economy, it is not designed as a universal recommendation for all employers. Given the large low-paid workforces of retailers, the sector operates in a context where paying the real Living Wage can serve their long-term interests and mitigate broader socio-economic risks. It is not a matter of overriding the wage-setting process but recognising that low pay and related challenges—such as inequality and insecure work—pose systemic risks. Against this backdrop, it is reasonable for investors to expect companies to play a proactive role

in addressing these issues, particularly in sectors where higher wages could demonstrably benefit both employees and businesses.

Moreover, framing this as an engagement programme founded on a political viewpoint risks oversimplifying the issue. Investors advocating for the real Living Wage are not opposing the minimum wage process but complementing it, encouraging specific firms to exceed statutory requirements where evidence shows it could enhance long-term value. Paying the real Living Wage is not merely a cost – it is an investment in employee retention, productivity, and brand reputation – delivering returns that align with fiduciary duties. As the retail sector grapples with cost pressures, this approach reflects disciplined stewardship aimed at mitigating idiosyncratic and systemic risks alike, grounded in a forward-looking view of social and economic sustainability.

Do investors have ability to bring about change and/or comparative advantage to influence this issue compared to other stakeholders?

The Good Work Coalition has demonstrated that investors do have the ability to influence positive change for workers, businesses and, in turn, their portfolios; more than half of the FTSE100 have accredited as Living Wage Employers since the start of our Living Wage programme. In 2022, members of the Good Work Coalition filed a shareholder resolution at Sainsbury's calling on the Company to accredit as a Living Wage Employer. As a result, 19,000 workers in London immediately saw an uplift to the real Living Wage before the Company extended this to security guards the following year.

In 2023, the Good Work Coalition engaged companies on insecure work and, in particular, the Living Hours standard. As a result of this engagement, companies such as Severn Trent and Moneysupermarket have accredited as Living Hours Employers; positively impacting more than 2,600 workers.

Will higher wages benefit workers and alleviate poverty or will this be offset by increases in taxes and loss of benefits?

The analysis by the Smith Institute for the Living Wage Foundation²⁶ finds that the boost to incomes for the lowest paid workers and to the economy is significant, despite increased taxation and reduced benefits for individuals. However, even after tax and benefits, households on the lowest incomes benefit, seeing the biggest proportionate increase in incomes. The analysis also finds that concerns about loss of hours or jobs resulting from increases to the minimum wage have proven to be overplayed.

Not only will higher wages benefit workers' income and alleviate poverty, it will also improve their health. Low pay may make it difficult for workers to afford a healthy lifestyle, including access to nutritious food, exercise facilities or adequate housing. This can increase the likelihood of developing non-communicable diseases like obesity, diabetes, and heart disease.²⁷ A 2021 report found 46% of full-time UK workers who earned less than the real Living Wage believed that their low pay had a detrimental impact on their anxiety levels.²⁸ A real Living Wage provides the income necessary to meet basic needs and contributes to the overall wellbeing of workers. Research shows that increasing wages can contribute to worker wellbeing in multiple ways. A long-term study of 24 OECD countries over 31 years found that higher minimum wages are connected to lower overall death rates and fewer deaths from health problems that are more common among people with lower incomes, such as diabetes and heart diseases.²⁹ This improvement in people's health will reduce the strain on state expenditure.

Is it market practice to disclose the data required in this report?

By proactively disclosing this information the Company has an opportunity to position itself as leaders in effective human capital management and responsible business practice. Additionally, market practice often evolves in response to stakeholder demands, and further transparency of wage setting processes and workforce management is becoming a critical focus for investors. Finally, disclosing this data offers tangible benefits to the company including greater investor confidence and resilience against reputational risk.

For retailers, employee wages constitute one of the largest costs, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the workforce disclosures required in the report are a key part of Company human capital management strategies and of material concern to investors. We will be engaging with a number of publicly-listed UK retailers to disclose against these requirements to improve investor understanding of Company practice and approaches, setting a baseline for disclosure on the real Living Wage.

Why are third-party contactors included in the report?

Third-party contracted workers are often in insecure work and low paid roles, such as cleaners, security guards and delivery drivers. They are therefore more likely to be in in-work poverty and exposed to fluctuating cost of living.

Companies often outsource these roles to save on costs, including wages, pension contributions and sick pay. These groups of workers are likely to be among the lowest paid and are therefore important to consider when assessing approaches to pay.

Using third-party contractors should not enable businesses to outsource responsibility for the pay and conditions of their workers. Third-party contractors work alongside their directly employed colleagues, are essential to the success of the business, and should have the same pay and conditions.

By paying third-party staff lower wages, companies have an incentive to increase their use of outsourcing, reinforcing the growth of insecure work and its societal cost. Accredited Living Wage Employers are required to bring regular third-party contracted staff onto the real Living Wage within three years of gaining accreditation. Given that many companies with complex third-party workforces (such as in construction) have been able to make this commitment, it is within the power of retailers, who have relatively simple outsourcing requirements, to ensure that workers on their contracts earn a real Living Wage or, at the very least, have oversight of this workforce.

Appendix

Supporting statement

Effective approaches to setting minimum pay rates are fundamental to human capital management, supporting retention, recruitment and productivity of a motivated workforce. Transparent reporting on approaches to pay will enable investors to assess how Next balances operational costs with long-term sustainability, including the risks associated with wages that do not meet the cost of living for its employees.

Next is an established retailer, with over 450 stores and directly employing over 40,000 workers in the UK. The Company's stated aim is to 'provide a workplace in which everyone is supported, treated fairly and with respect, listened to, [and] motivated to achieve their full potential',³⁰ however its current pay policy may not fulfil this ambition.

Indeed:

- Next currently pays retail workers in line with statutory minimums, including use of age-related National Minimum Wage rates. Payment of the National Living Wage as a baseline for all staff is only guaranteed after one year in service and there is a performance requirement attached to the uplift.
- The Company has higher rates of pay for Inner and Outer London, however these do not meet the real Living Wage rate for London.

The Company has not disclosed the pay rates of regular, on-site, third-party contractors, such as cleaners and security guards. The definition of third-party contracted workers refers to staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).

Employee wages constitute one of the largest costs for the Company, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the Company's approach to setting minimum wages is an important part of its human capital management strategy and of material concern to investors. Separate studies conducted by MIT Sloan School of Management,³¹ University of Cambridge³² and Cardiff University³³ show that, despite tight profit margins in the retail sector, improving pay helps to build resilient businesses by lowering staff turnover and absence, improving productivity and customer experience, as well as bringing reputational benefits.

The real Living Wage, as defined by the Living Wage Foundation, is the only independently calculated UK hourly wage which is based on the cost of living, with separate rates for London and the rest of the UK, providing an established and evidence-based benchmark for responsible Company practice. Over 15,000 businesses are accredited Living Wage Employers, including 50 of the FTSE100.

In April 2025, the National Living Wage will be £12.21 per hour and the National Minimum Wage will be £10 per hour. The real Living Wage is £12.60 per hour in the UK and £13.85 per hour in London.

By disclosing information that isn't currently available, the Report will support investors' understanding of the sources of information and the factors considered in setting base rates of pay, including the potential impact of wages on recruitment, retention and productivity, as well as the considerations of the Board in determining minimum wages that support the long-term sustainability of the business.

Why this is relevant for UK retailers

The retail and wholesale sector is one of the largest employers of low-paid workers in the UK, employing over 3.5 million workers with 23 per cent of jobs being paid below the real Living Wage.³⁴ The sector also has an employee turnover rate of 41.6%, above the national average of 34%.³⁵ The combination of large low-paid workforces and high employee turnover means that approaches to setting minimum pay rates are particularly important to UK retailers.

UK retailers are facing increases in employer National Insurance contributions announced in the Government's Autumn Budget 2024. Given the large number of low-paid workers in the sector, this policy will have a significant impact. In this context, it is important for retailers to disclose their approach to human capital management, particularly how they will address low pay in their workforce.

Rising prices of essential goods and services over the last three years have left families struggling to make ends meet, with 8.1 million working-age adults in the UK living in poverty.³⁶ While inflation has returned close to the Bank of England's 2 per cent target in the second half of 2024, food prices have risen by a third more than the rise in the overall price levels since 2021, while retail energy prices have increased by 90 per cent more.³⁷ These lasting rises in prices disproportionately affect the poorest people in society, who are forced to spend a larger proportion of their income on essentials.

Wages that do not meet the cost of living increase the burden on state support systems, worsen health outcomes and suppress aggregate demand, externalising the costs of low pay onto the wider economy. It is in the interests of diversified investors to support the overall health and resilience of the economy by addressing low pay and the inequality it creates.³⁸ Providing wages that meet the cost of living is an action that retailers can take to protect the economic and social systems upon which prosperity is based.

There is recognition that pay practices which do not provide a real Living Wage perpetuate economic insecurity, which threatens both social and economic stability. As the Business Commission to Tackle Inequality notes, disparities in income and wealth contribute towards the long-term erosion of social cohesion, diminishing trust in institutions and fuelling political polarisation.³⁹

Paying the real Living Wage is also a key indicator of a Company's, and its investors', support for the achievement of the UN's Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, employment and decent work for all.

Living Wage report

The proposed Living Wage report sets a baseline for Company disclosures on its approach to setting adequate rates of base pay, data to understand where the Company does not currently pay the real Living Wage and transparency on how the Company views the costs and benefits of paying the real Living Wage as a minimum. We would expect companies to make the following disclosures in the Living Wage report:

Metric	Disclosure
The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this.	Discussion of the process and factors the Company takes into account when setting base pay for hourly paid direct employees. This could include forms of employee consultation or negotiation, financial considerations, statutory requirements and competitor practice. The Company should also disclose Board oversight and responsibility of direct employee pay.
Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees).	Quantitative disclosure of direct employees paid below the real Living Wage.
Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours).	Quantitative disclosure of direct employee turnover rate. Base pay ranges for segmentation should be determined as appropriate by the Company.
The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this.	Discussion of the process and factors the Company takes into account when setting base pay for regular, on-site, third-party contracted staff. This could include discussion of procurement processes, supplier requirements and due diligence. The Company should also disclose Board oversight and responsibility of third-party contractor pay.
Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage.	Quantitative disclosure of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage. The Company should disclose base pay of third-party contracted staff: i. providing a service, ii. on premises the

	<p>employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).</p>
<p>Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p>	<p>Discussion and analysis of the costs and benefits to the Company of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p> <p>As well as considering the costs of implementation, the analysis should consider the potential cost savings associated with increasing wages to the real Living Wage and an assessment of the feasibility of implementing the real Living Wage as a minimum hourly rate.</p> <p>This should include, but not be limited to, the impact of paying the real Living Wage on:</p> <ul style="list-style-type: none"> • Direct employee salary cost; • Supplier cost; • Turnover and recruitment; • Staff productivity; • Customer experience; • Company reputation; • Ability to respond to legislative change. <p>The Company should also discuss how it considers the systemic risks associated with low-pay (such as reduced consumer spending power, social cohesion and political instability) when setting its pay rates.</p>

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Investor Briefing – March 2025

Why JD Sports Fashion shareholders should support the 2025 Living Wage resolution

Summary

Ask: Shareholders have filed a resolution requesting a report detailing the Company's UK wage policies, including base pay practices, oversight, pay levels relative to the real Living Wage, employee turnover, and a cost/benefit analysis of adopting the real Living Wage.

Why: Effective minimum pay policies are crucial for worker well-being and workforce retention and recruitment; business resilience and productivity; and the health of the social and economic systems on which investor returns rely.

Given the retail sector's high turnover and reliance on low-paid workers, investors need clarity on how JD Sports sets wages and balances costs with long-term sustainability.

Transparency on this issue is a crucial first step which would enhance investor understanding of JD Sports's human capital management strategy.

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1. Introduction
2. What does this resolution ask for?
3. Company background
4. Next steps
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1. Introduction

ShareAction and a group of institutional and individual investors have filed a shareholder resolution at the UK retailer JD Sports ahead of the company's 2025 Annual General Meeting (AGM). The shareholder resolution asks JD Sports to disclose its approach to pay, related data, and conduct a cost/benefit analysis of uplifting pay for all UK workers to the real Living Wage. We are looking to secure the same disclosures from all major retail firms, and would like to see enhanced disclosure on workforce risks and opportunities right across the UK retail sector to inform investor analysis of the implications of low rates of pay.

For retail companies, low pay represents a material risk to long term resilience and profitability. Staff are the face of these businesses, meaning the impact of employee turnover (which is particularly high in the retail industry) not only adds cost but also impacts the level of service to customers. Additionally, low pay presents significant risks to businesses by creating an increasingly volatile operating environment, supply chain insecurity, eroding productivity and innovation, as well as magnifying reputational risks. Recent rises in the cost of living have squeezed the living standards of low-paid workers and intensified disparities in income and wealth that have been building since 2008.

For investors, low pay and insecure work in the UK today represents a systemic risk.¹ The Business Commission to Tackle Inequality highlights that growing inequalities are eroding trust in political and economic systems, increasing division and fuelling civil and political unrest.² Retail is an industry with large, low-paid workforces that often fails to provide workers with an income that meets their everyday needs.³ When people don't have what they need to heat their homes or buy healthy food, and are constantly worrying about making ends meet, it can lead to chronic poor health. The status quo weakens long-term business success and contributes to systemic risks which undermine the social and economic systems on which investor returns rely, such as a healthy workforce and strong overall consumer spending power.⁴

Paying all staff in the retail sector, both directly employed and contracted workers, at least a real Living Wage will provide a much-needed boost to the living standards of hundreds of thousands of staff and protect the long-term interests of investors. We recognise the added cost pressures on businesses associated with the rise in employer National Insurance contributions announced in the Autumn Budget 2024. In this context, it is particularly important for companies to disclose their approaches to workforce management to enable investors to understand how these added cost pressures are being addressed and contribute to a responsible investment approach to raise standards. Transparent human capital management strategies enable investors to evaluate how companies mitigate risks and leverage opportunities tied to

workforce stability, productivity, and engagement. For retailers with large, low-paid workforces, such transparency is important to building investor confidence in a competitive sector facing rising regulatory and financial pressures.

2. What does this resolution ask for?

To provide investors with the information needed to assess the Company's approach to human capital management, shareholders request that the Board and management oversee the preparation of a report outlining:

- The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this;
- Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees);
- Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours);
- The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this;
- Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage; and
- Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.

This Report will strengthen investors' understanding of the Company's human capital management strategy and its approach to ensuring its wage policies are reasonably designed to provide all workers with a wage that meets the cost of living. The Report should be prepared in a reasonable timeframe and omit any proprietary information.

N.B. Further details of this report can be found in the Appendix.

3. Background

Established by the [Living Wage Foundation](#), the real Living Wage is the minimum hourly rate necessary for workers to afford housing, food, and other basic needs. The new real Living Wage rates for 2024/25 are £12.60 per hour in the UK and £13.85 per hour in London.

JD Sports Fashion plc, commonly known as JD Sports, is a British sports-fashion retail Company based in Manchester. It is listed on the London Stock Exchange as a constituent of the FTSE100 Index, and directly employs over 100,000 people globally.⁵ In 2005, Pentland Group brought 51.89% of the company, a controlling stake.

Financial strength coupled with continued global expansion contrasts with backlash over executive pay (with a shareholder revolt signalling concerns about excessive bonuses in 2021⁶), and increased scrutiny over workforce practices.⁷ In this challenging market and changing regulatory environment it is essential that JD Sports commits to strong workforce disclosure and to improving pay for its workers.

JD Sports's financial performance indicates that wage rises are affordable

JD Sports's financial growth, with revenue projected to more than double from 2019 to 2025, and EBITDA (earnings before interest, taxes, depreciation and amortisation) margins consistently above 15%, demonstrates financial health. This stability, alongside increased labour expenses in 2024 that did not impact earnings, supports the case for increasing its base wages to the real Living Wage without compromising its operational viability. However, as outlined below, this resolution does not mandate the Company to raise wages.

We recognise that staff costs are a major operating expense for clothing retailers, and recent political changes, such as National Insurance increases, have added an additional cost to business. However, JD Sports's sustained revenue growth and financial resilience indicate it can afford to increase wages while maintaining long-term financial stability. This is further supported when considering how higher job satisfaction levels are beneficial for firm value⁸ and companies that deliver both stakeholder and financial value deliver better shareholder value.⁹

Added cost pressures should not prevent an increase in wages

JD Sports has spoken to the impact of the 2024 Autumn Budget's rise in employer's National Insurance contributions and the National Living Wage.¹⁰ It states that these measures will cost about £30 million combined for the Company. In 2024, the Company spent £1.55 billion on total

staff costs.¹¹ The Company's Chief Financial Officer said that each measure contributes to "about half and half" to the £30 million figure. When asked how it would manage these added costs, the CFO stated "the UK is a smaller part of our overall group" and that it is working on plans to mitigate these costs.

Using JD Sports's own figures, raising hourly pay to the national real Living Wage rate would constitute an extra £8.7 million. In 2023, the JD Sports CEO earned £4 million.¹²

While we consider that the rises in National Insurance contributions do not mean that raising wages would be unaffordable for JD Sports, it is also important to state that this shareholder resolution does not mandate the Company to commit to paying the real Living Wage. Rather, it requires them to provide information that would enhance communication with shareholders about its capacity to do so.

JD Sports's disclosure practice could be enhanced

For retail companies, employees are on the front line; the faces of the Company for customers. Turnover in the retail industry is notoriously high and training staff takes time.¹³ Not only does this impact costs but it can also impact the level of service received by customers. Therefore, a failure to recruit and retain high quality, motivated and productive employees is a material risk to the long term resilience and profitability of the company.

Despite this, JD Sports does not disclose significant data on how staff are treated and incentivised. For example, in the Company's most recent Annual Report and Accounts, the treatment of employees was only given a fleeting mention.

It is, therefore, completely reasonable for shareholders to seek further disclosures on this hugely important issue to the Company.

JD Sports's pay and workforce practice could be improved

JD Sports has been repeatedly criticised for its poor treatment of workers, particularly concerning hourly base pay.¹⁴ JD Sports does not recognise a union, leaving employees without formal third-party representation to address grievances. The company's base rate of pay sat at £11.54 per hour from April 2024, just above the then National Living Wage of £11.44, and it has no regional pay weighting to reflect geographical differences in the cost of living. The National Living Wage (the statutory minimum) is rising to £12.21 from April 2025.

JD Sports has also been criticised for its workplace conditions, which serve to exacerbate the impacts of low pay on worker health. A leaked document in 2016 revealed that workers at its Rochdale warehouse were subject to a "strike system" for minor infractions, alongside "prison-like" conditions with strict monitoring, limited break times, and exhausting targets.¹⁵ Following

this, JD Sports got Deloitte to review its policies which was overseen by a non-executive director. This was followed by more controversy during the COVID-19 pandemic, when workers claimed a lack of safety measures, prompting over 1,000 complaints to the Greater Manchester Mayor.¹⁶ JD Sports responded to the issue by increasing hygiene measures and implementing social distancing. Ambulance callouts to the Rochdale site further spotlighted conditions, with union leaders comparing it to the "dark satanic mills" of the 19th century.¹⁷ JD Sports said the number of ambulance callouts were proportionally very low.

With a poor London Stock Exchange Group ESG social pillar score, a ranking in the bottom half of its peers¹⁸ and a very low MSCI labour management score,¹⁹ JD Sports's poor performance in social responsibility further underscores claims of neglect.

Pay ratio

2024 total CEO pay: £1.586 million

25th percentile employee's pay: £17,719

50th percentile employee's pay (median): £22,271

75th percentile employee's pay: £31,667

CEO/25th percentile pay ratio: 88:1

Source: High Pay Centre, UK Pay Database

4. Next steps

Investors, especially those that look after our pensions and savings, have a responsibility to invest in a way that protects our planet and supports its people. Responsible investors can make a difference on critical challenges like social inequality, biodiversity and public health. Voting is a core part of an investor's fiduciary duty and a key way in which the sector can influence companies on social issues, as well as being in their long term financial interests.

We urge investors to:

- **All investors:** Communicate support for the resolution to JD Sports and other retailers.
- **All JD Sports shareholders:** Cast a vote in favour of this resolution at, or ahead of, the company's 2025 AGM in June.

- **All JD Sports shareholders:** Make your support for the resolution public. Post on social media about your voting intention, tagging @ShareAction. Pre-declare your support on your website, on the [PRI platform](#) or another platform of your choice.
- **Asset owners:** Engage with your asset managers to encourage them to vote in support of the resolution.
- **All investors:** Consider getting involved with the Good Work Coalition. You can reach out to the team at goodwork@shareaction.org.

5. FAQs

What are the objectives of this resolution?

JD Sports discloses the requested data points: The shareholder resolution calls for JD Sports to disclose the composition of its workforce and analyse the implications of paying at least the real Living Wage. This includes transparency on how wages are currently set, the number of employees and third-party contractors earning below the real Living Wage, and an evaluation of the business impact of wage increases. Providing this information will establish a clear baseline for assessing JD Sports's commitment to fair pay and responsible human capital management.

Investors gain transparency: Low pay and job insecurity in the UK retail sector pose economic and social systemic risks that can impact business performance and investor returns. Increased transparency will enable investors to assess how JD Sports is managing workforce-related risks and opportunities, including retention, productivity, and resilience in a competitive retail environment. With rising costs and regulatory pressures, investors need clear disclosures on how companies are addressing workforce pay and stability.

JD Sports demonstrates the feasibility of paying the real Living Wage and the benefits of such: Through the requested disclosures and cost/benefit analysis, JD Sports can demonstrate its capacity to implement the real Living Wage and assess the potential benefits of doing so. Studies have shown that paying a real Living Wage can improve staff retention, reduce recruitment costs, enhance productivity, and strengthen brand reputation.²⁰ This disclosure process will allow JD Sports to highlight the strategic advantages of fair pay, contributing to a more sustainable and resilient business model.

This level of workforce disclosure becomes the norm: Setting a precedent for pay transparency in the retail sector will drive wider adoption of fair pay practices. As more companies follow suit, investors will increasingly expect disclosure on workforce pay and its impacts on long-term business performance. JD Sports has the opportunity to be at the forefront of this shift,

reinforcing its reputation as a responsible employer and a leader in sustainable business practices.

The new Government is raising National Insurance contributions and increasing the National Living Wage. Is it the time for companies to voluntarily increase wages?

While recent increases in National Insurance contributions and the National Living Wage may impact operating costs, they do not diminish the ability or importance for companies to voluntarily increase wages to the real Living Wage. JD Sports has demonstrated strong financial recovery and resilience during and post-pandemic. By ensuring wages meet the real Living Wage, employers foster greater employee loyalty, reduce turnover, and enhance productivity—all of which contribute positively to the bottom line, offsetting initial cost increases.

Moreover, the National Living Wage falls below the actual cost of living. Paying the real Living Wage not only benefits employees but strengthens the reputation and resilience of businesses, contributing to a sustainable, future-proofed workforce. Supporting employees by offering fair pay aligns with long-term stability and growth, making it a strategic investment rather than merely an added expense.

Furthermore, nothing in this resolution mandates the Company to implement wage rises; rather, to provide information that would enhance communication with shareholders about its capacity to implement the real Living Wage and the potential benefits of doing so.

Are minimum wage rates the job of governments, not investors?

While the UK's minimum wage process has been a remarkable policy success, serving as a carefully calculated floor for the economy, it is not designed as a universal recommendation for all employers. Given the large low-paid workforces of retailers, the sector operates in a context where paying the real Living Wage can serve their long-term interests and mitigate broader socio-economic risks. It is not a matter of overriding the wage-setting process but recognising that low pay and related challenges—such as inequality and insecure work—pose systemic risks. Against this backdrop, it is reasonable for investors to expect companies to play a proactive role in addressing these issues, particularly in sectors where higher wages could demonstrably benefit both employees and businesses.

Moreover, framing this as an engagement programme founded on a political viewpoint risks oversimplifying the issue. Investors advocating for the real Living Wage are not opposing the minimum wage process but complementing it, encouraging specific firms to exceed statutory requirements where evidence shows it could enhance long-term value. Paying the real Living Wage is not merely a cost – it is an investment in employee retention, productivity, and brand

reputation – delivering returns that align with fiduciary duties. As the retail sector grapples with cost pressures, this approach reflects disciplined stewardship aimed at mitigating idiosyncratic and systemic risks alike, grounded in a forward-looking view of social and economic sustainability.

Do investors have ability to bring about change and/or comparative advantage to influence this issue compared to other stakeholders?

The Good Work Coalition has demonstrated that investors do have the ability to influence positive change for workers, businesses and, in turn, their portfolios; more than half of the FTSE100 have accredited as Living Wage Employers since the start of our Living Wage programme. In 2022, members of the Good Work Coalition filed a shareholder resolution at Sainsbury's calling on the Company to accredit as a Living Wage Employer. As a result, 19,000 workers in London immediately saw an uplift to the real Living Wage before the Company extended this to security guards the following year.

In 2023, the Good Work Coalition engaged companies on insecure work and, in particular, the Living Hours standard. As a result of this engagement, companies such as Severn Trent and Moneysupermarket have accredited as Living Hours Employers; positively impacting more than 2,600 workers.

Will higher wages benefit workers and alleviate poverty or will this be offset by increases in taxes and loss of benefits?

The analysis by the Smith Institute for the Living Wage Foundation²¹ finds that the boost to incomes for the lowest paid workers and to the economy is significant, despite increased taxation and reduced benefits for individuals. However, even after tax and benefits, households on the lowest incomes benefit, seeing the biggest proportionate increase in incomes. The analysis also finds that concerns about loss of hours or jobs resulting from increases to the minimum wage have proven to be overplayed.

Not only will higher wages benefit workers' income and alleviate poverty, it will also improve their health. Low pay may make it difficult for workers to afford a healthy lifestyle, including access to nutritious food, exercise facilities or adequate housing. This can increase the likelihood of developing non-communicable diseases like obesity, diabetes, and heart disease.²² A 2021 report found 46% of full-time UK workers who earned less than the real Living Wage believed that their low pay had a detrimental impact on their anxiety levels.²³ A real Living Wage provides the income necessary to meet basic needs and contributes to the overall wellbeing of workers. Research shows that increasing wages can contribute to worker wellbeing in multiple ways. A long-term study of 24 OECD countries over 31 years found that higher minimum wages are

connected to lower overall death rates and fewer deaths from health problems that are more common among people with lower incomes, such as diabetes and heart diseases.²⁴ This improvement in people's health will reduce the strain on state expenditure.

Is it market practice to disclose the data required in this report?

By proactively disclosing this information the Company has an opportunity to position itself as leaders in effective human capital management and responsible business practice. Additionally, market practice often evolves in response to stakeholder demands, and further transparency of wage setting processes and workforce management is becoming a critical focus for investors. Finally, disclosing this data offers tangible benefits to the company, including greater investor confidence and resilience against reputational risk.

For retailers, employee wages constitute one of the largest costs, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the workforce disclosures required in the report are a key part of Company human capital management strategies and of material concern to investors. We will be engaging with a number of publicly-listed UK retailers to disclose against these requirements to improve investor understanding of Company practice and approaches, setting a baseline for disclosure on the real Living Wage.

Why are third-party contactors included in the report?

Third-party contracted workers are often in insecure work and low paid roles, such as cleaners, security guards and delivery drivers. They are therefore more likely to be in in-work poverty and exposed to fluctuating cost of living.

Companies often outsource these roles to save on costs, including wages, pension contributions and sick pay. These groups of workers are likely to be among the lowest paid and are therefore important to consider when assessing approaches to pay.

Using third-party contractors should not enable businesses to outsource responsibility for the pay and conditions of their workers. Third-party contractors work alongside their directly employed colleagues, are essential to the success of the business, and should have the same pay and conditions.

By paying third-party staff lower wages, companies have an incentive to increase their use of outsourcing, reinforcing the growth of insecure work and its societal cost. Accredited Living Wage Employers are required to bring regular third-party contracted staff onto the real Living Wage within three years of gaining accreditation. Given that many companies with complex third-party workforces (such as in construction) have been able to make this commitment, it is within the power of retailers, who have relatively simple outsourcing requirements, to ensure

that workers on their contracts earn a real Living Wage or, at the very least, have oversight of this workforce.

Appendix

Supporting statement

Effective approaches to setting minimum pay rates are fundamental to human capital management, supporting retention, recruitment and productivity of a motivated workforce. Transparent reporting on approaches to pay will enable investors to assess how JD Sports balances operational costs with long-term sustainability, including the risks associated with wages that do not meet the cost of living for its employees.

JD Sports is an established retailer, with 432 stores and directly employing around 20,000 workers in the UK. The Company's stated aim is for its employees 'to be the best partner for the brands and the best partner for the communities where' it operates²⁵ however its current pay policy may not fulfil this ambition. Notably:

- JD Sports currently guarantees all workers £11.54, 10p over the statutory minimum for workers over the age of 21.
- The Company does not have regional pay weighting.

The Company has not disclosed the pay rates of regular, on-site, third-party contractors, such as cleaners and security guards. The definition of third-party contracted workers refers to staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).

Employee wages constitute one of the largest costs for the Company, with a significant proportion of the workforce being paid at, or near, statutory minimums. Therefore, the Company's approach to setting minimum wages is an important part of its human capital management strategy and of material concern to investors. Separate studies conducted by MIT Sloan School of Management,²⁶ University of Cambridge²⁷ and Cardiff University²⁸ show that, despite tight profit margins in the retail sector, improving pay helps to build resilient businesses by lowering staff turnover and absence, improving productivity and customer experience, as well as bringing reputational benefits.

The real Living Wage, as defined by the Living Wage Foundation, is the only independently calculated UK hourly wage which is based on the cost of living, with separate rates for London

and the rest of the UK, providing an established and evidence-based benchmark for responsible Company practice. Over 15,000 businesses are accredited Living Wage Employers, including 50 of the FTSE100.

In April 2025, the National Living Wage will be £12.21 per hour and the National Minimum Wage will be £10 per hour. The real Living Wage is £12.60 per hour in the UK and £13.85 per hour in London.

By disclosing information that isn't currently available, the Report will support investors' understanding of the sources of information and the factors considered in setting base rates of pay, including the potential impact of wages on recruitment, retention and productivity, as well as the considerations of the Board in determining minimum wages that support the long-term sustainability of the business.

Why this is relevant for UK retailers

The retail and wholesale sector is one of the largest employers of low-paid workers in the UK, employing over 3.5 million workers with 23 per cent of jobs being paid below the real Living Wage.²⁹ The sector also has an employee turnover rate of 41.6%, above the national average of 34%.³⁰ The combination of large low-paid workforces and high employee turnover means that approaches to setting minimum pay rates are particularly important to UK retailers.

UK retailers are facing increases in employer National Insurance contributions announced in the Government's Autumn Budget 2024. Given the large number of low-paid workers in the sector, this policy will have a significant impact. In this context, it is important for retailers to disclose their approach to human capital management, particularly how they will address low pay in their workforce.

Rising prices of essential goods and services over the last three years have left families struggling to make ends meet, with 8.1 million working-age adults in the UK living in poverty.³¹ While inflation has returned close to the Bank of England's 2 per cent target in the second half of 2024, food prices have risen by a third more than the rise in the overall price levels since 2021, while retail energy prices have increased by 90 per cent more³². These lasting rises in prices disproportionately affect the poorest people in society, who are forced to spend a larger proportion of their income on essentials.

Wages that do not meet the cost of living increase the burden on state support systems, worsen health outcomes and suppress aggregate demand, externalising the costs of low pay onto the wider economy. It is in the interests of diversified investors to support the overall health and resilience of the economy by addressing low pay and the inequality it creates.³³ Providing wages

that meet the cost of living is an action that retailers can take to protect the economic and social systems upon which prosperity is based.

There is recognition that pay practices which do not provide a real Living Wage perpetuate economic insecurity, which threatens both social and economic stability. As the Business Commission to Tackle Inequality notes, disparities in income and wealth contribute towards the long-term erosion of social cohesion, diminishing trust in institutions and fuelling political polarisation.³⁴

Paying the real Living Wage is also a key indicator of a Company's, and its investors', support for the achievement of the UN's Sustainable Development Goal 8, promoting inclusive and sustainable economic growth, employment and decent work for all.

Living Wage report

The proposed Living Wage report sets a baseline for Company disclosures on its approach to setting adequate rates of base pay, data to understand where the Company does not currently pay the real Living Wage and transparency on how the Company views the costs and benefits of paying the real Living Wage as a minimum. We would expect companies to make the following disclosures in the Living Wage report:

Metric	Disclosure
The Company's approach to setting base pay for hourly paid direct employees and which committee of the Board has oversight of this.	Discussion of the process and factors the Company takes into account when setting base pay for hourly paid direct employees. This could include forms of employee consultation or negotiation, financial considerations, statutory requirements and competitor practice. The Company should also disclose Board oversight and responsibility of direct employee pay.
Number of direct employees whose base pay is below the real Living Wage, broken down by contract type (permanent or fixed-term) and working hours (full-time, part-time or non-guaranteed hours employees).	Quantitative disclosure of direct employees paid below the real Living Wage.

<p>Hourly paid direct employee turnover rates, broken down by base pay and working hours (full-time, part-time or non-guaranteed hours).</p>	<p>Quantitative disclosure of direct employee turnover rate. Base pay ranges for segmentation should be determined as appropriate by the Company.</p>
<p>The Company's approach to setting base pay for regular, on-site, third-party contracted staff and which committee of the Board has oversight of this.</p>	<p>Discussion of the process and factors the Company takes into account when setting base pay for regular, on-site, third-party contracted staff. This could include discussion of procurement processes, supplier requirements and due diligence. The Company should also disclose Board oversight and responsibility of third-party contractor pay.</p>
<p>Number of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage.</p>	<p>Quantitative disclosure of regular, on-site, third-party contracted staff whose base pay is below the real Living Wage.</p> <p>The Company should disclose base pay of third-party contracted staff: i. providing a service, ii. on premises the employer is currently occupying (rented or owned) or premises necessary to the work being carried out, iii. for two or more hours a week for eight or more consecutive weeks (in line with the requirements of Living Wage Employer accreditation).</p>
<p>Cost/benefit analysis of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p>	<p>Discussion and analysis of the costs and benefits to the Company of implementing the real Living Wage as a minimum rate of pay for direct employees and regular, on-site, third-party contracted staff.</p> <p>As well as considering the costs of implementation, the analysis should consider the potential cost savings associated with increasing wages to the real Living Wage and an assessment of the feasibility of implementing the real Living Wage as a minimum hourly rate.</p> <p>This should include, but not be limited to, the impact of paying the real Living Wage on:</p>

- Direct employee salary cost;
- Supplier cost;
- Turnover and recruitment;
- Staff productivity;
- Customer experience;
- Company reputation;
- Ability to respond to legislative change.

The Company should also discuss how it considers the systemic risks associated with low-pay (such as reduced consumer spending power, social cohesion and political instability) when setting its pay rates.

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