

M&S

EST. 1884





## CEO'S INTRODUCTION

# MAKING PLAN A PART OF THE M&S FAMILY OF BUSINESSES

“As we emerge from the Covid-19 crisis, there will be many uncertainties, but we believe customers will be looking even more to brands they can trust and have confidence in to offer value through trading ethically.”



Whilst this report is designed to provide an update on our 2019/20 activity, those efforts are now contextualised by the once in a lifetime challenge that the Covid-19 crisis has presented to our business, our country and indeed our world.

Throughout our 136 year history, M&S has faced into challenges - big and small - by pulling together and drawing on the strength of our heritage, our values, and most of all, our people. In times such as these, our customers and communities rely on M&S to deliver for them and that trust is precious to me and to our colleagues across the M&S family. The whole team has rallied in response and the care and commitment our extraordinary colleagues have shown to our customers, their teammates and our communities has been inspiring to see. I have never been more proud to lead this business.

Leadership on social and environmental issues remains central to our brand, our promise to our customers and colleagues and our wider commitment to the Ten Principles of the UN Global Compact. Shareholders have encouraged us to update them on our sustainability agenda as part of our transformation plan and within this report we deliver an update on our performance in 2019/20.

Our transformation programme aims to return M&S to sustainable, profitable growth and to deliver long term value for all stakeholders. An important part of the transformation is the evolution of Plan A to reflect our new operating model as a family of accountable

businesses, building it into the core strategy rather than having it exist in parallel with our operations. Over the past year, we have begun this transition, embedding sustainability into our business operations. This has created a simplified framework (on page 3) that:

- is aligned to the business strategy;
- has clear deliverables owned and actioned by each business unit;
- maintains our position as a committed sustainable retailer; and
- provides a programme to build competitive advantage in selected areas and to engage our customers on the issues that matter to them.

We've been clear that we must continue to work across the wide range of environmental and social issues even as we streamline our key Plan A targets to focus on the issues that matter most to our customers, colleagues, shareholders and regulators.

In 2019, concerns about plastics, climate change, sustainable fashion, animal welfare and the provenance of food continued to be a big focus. Customers have high expectations of M&S quality and standards and maintaining their trust is critical. Our colleagues are proud to work for a business with a long heritage of doing the right thing and our business is stronger for having one of most passionate and dedicated workforces in UK retail.

Covid-19 has brought a firm focus on how companies put the welfare of people (customers, colleagues, suppliers and

communities) at the heart of decision making. Our commitment is very clear: we will always treat people in our business and supply chain fairly. As we emerge from the Covid-19 crisis, there will be many uncertainties, but we believe customers will be looking even more to brands they can trust and have confidence in to offer value through trading ethically. In the coming year, we will use the new Plan A framework to build a programme to engage customers and demonstrate that M&S understands – and is taking action on – the issues that matter most to them.

Steve Rowe, CEO

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## ABOUT THIS REPORT

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This 2020 M&S Plan A Report was published in May 2020 and covers our financial year from April 2019 to March 2020. It has been designed to provide an additional level of detail to supplement our 2020 Annual Report and to direct stakeholders with a specialist interest in social, environmental and ethical matters to further relevant content on our corporate website.

The update covers a limited range of issues identified by the 2017 refresh of our Plan A sustainability plan and is independently assured by DNV GL where denoted by \*\*. It includes information relating to M&S operated locations and activities, our joint venture in India and M&S products sold worldwide. It excludes information relating to our business partners, franchisees and Ocado Retail.

### DATA

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Most of the data and statements in this update relate to the financial years 2019/20, 2018/19 and the original baseline year for Plan A which is 2006/07.

Greenhouse gas emissions for 2019/20 have been calculated using DEFRA/BEIS 2019 Greenhouse Gas Reporting Conversion Factors, which include a 10% lower carbon intensity rating for UK grid electricity that reduces our emissions by around 16,000 tonnes CO<sub>2</sub>e compared with our 2018/19 figures. Renewable electricity tariffs have been calculated in accordance with the March 2015, WRI/WBCSD Scope 2 Guidance on procured renewable energy to show a market-based figure alongside the legally mandated location-based data. Due to the Covid-19 pandemic and other factors, around 3% of emissions, mainly from our international operations, have had to be estimated.

### CARBON NEUTRALITY AND SCIENCE-BASED TARGETS

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Stores, offices, warehouses and delivery fleets operated by M&S have been self-certified as carbon neutral – in accordance with the British Standards Institution's PAS2060 specification – on 30 April 2020 for the period 1 April 2019 to 31 March 2020. This means that, in addition to reducing emissions significantly and purchasing renewable electricity tariffs, we have sourced a portfolio of high-quality carbon credits and a quantity equal to the remaining gross carbon emissions has been retired.

In April 2017, the Science Based Targets Initiative approved our target to reduce operational and value chain greenhouse gas emissions in line with current climate science to 'well under 2 degrees'.

### REPORTING TECHNICAL STANDARDS

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To provide a common index, we've also referenced the UN Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI) Sustainability Reporting Standards, Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). As a signatory to the United Nations Global Compact, this Report forms part of our Communication of Progress as indicated by the Reference table on page 17. You can find further information on our social, environmental and ethical policies at:

<https://corporate.marksandspencer.com/sustainability>

### STAKEHOLDERS

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Across all stakeholders there continues to be high levels of interest in plastic/packaging, food waste and sustainable fashion which are all addressed in this update. More specialist stakeholders, including investors, are engaging with us on the use of reporting technical standards listed in the previous paragraph, and human rights pressure groups and campaign bodies are discussing supply chain 'worker-voice'. More recently, the Covid-19 pandemic has impacted all our stakeholders worldwide.



## OUR EVOLVING FRAMEWORK

# PEOPLE, PRODUCT AND PLANET



## PEOPLE

Everyone can belong, and get on

We want the people working in our business and our supply chains to have a voice, and to progress. We support the causes our customers care about, and the communities where we trade.

### Areas of focus

- Human rights and combating modern slavery
- Access to employment
- Colleague health and wellbeing
- Diversity and inclusion
- Accessibility
- Ethical trading standards
- Improving lives of workers in supply chains
- Community engagement

### Relevant Sustainable Development Goals



## PRODUCT

We source with care and nothing we make will go to waste

We source our products responsibly, working closely with our suppliers to ensure high standards. We ensure no food or clothing goes to waste.

### Areas of focus

- Sustainable raw materials
- Reducing food waste
- Animal welfare
- Farming standards
- Health and nutrition

### Relevant Sustainable Development Goals



## PLANET

Our actions today protect the planet for tomorrow

We are driving down greenhouse gas emissions. We reduce, reuse and recycle. We work with the factories we source from to take good care of the planet's natural resources, while being open about the progress we've made.

### Areas of focus

- Net zero emissions
- Sustainable manufacturing
- Reducing, reusing and recycling packaging
- Zero waste to landfill

### Relevant Sustainable Development Goals





## 2020 HIGHLIGHTS

# A YEAR OF TRANSITION

Our priority this year was to evolve Plan A to reflect our new operating model and embed the programme into the core strategy rather than continuing to exist in parallel with our operations. We have made good progress on this objective. A detailed review of Plan A was conducted considering the views of colleagues, customers, shareholders, pressure groups and campaign bodies. We also carried out a benchmarking exercise against the wider consumer goods and retail sector. As a result, a new simplified framework was developed to focus on the issues that matter most to our customers, colleagues, shareholders and regulators. This new framework is aligned to the core strategy with clear deliverables owned and actioned by each business unit brought together into a shared programme to engage our customers and report on performance at Group level. As we neared the end of this process, the business's focus was rightly on managing the impacts of Covid-19 on colleagues, customers and communities through the pandemic, particularly the most vulnerable and healthcare workers. Therefore, confirmation of Group-level governance and sign-off of targets will now be completed in 2020/21.

This report is the final update on performance against commitments last updated in 2017. As we embed sustainability activity closer to our operations, how we measure and report against our targets is continually evolving so the read across on performance this year is not as straightforward as last year.

The new operating model will drive accountability into the business units, including through the reporting on, and delivery of, robust sustainability metrics. We will continue to be open and honest about our progress in our external reporting.

This year we have seen a step change in performance on redistributing surplus food supported by digital technology solutions. A bespoke app connecting all M&S stores with their local charity partners was developed. This app is now embedded as a key part of daily operations in all stores. As a result, we are seeing many stores more than double their rates of food redistribution to local community organisations.

Good progress has also been made on packaging with 77% of our packaging now widely recyclable. We maintained our commitment to be carbon neutral in our UK and international operations and continue to invest in energy efficiency in our store estate.

M&S has always played a key role in harnessing our customers' and colleagues' desire to support good causes. Throughout this Covid-19 crisis, external partnerships were critical in ensuring we were responding to the real needs in the most appropriate and effective way. In the early weeks of the crisis, our long-standing partnerships with Neighbourly.com enabled the business to respond quickly to the needs of grassroots communities, with M&S kickstarting the Neighbourly

Community Fund to support the most vulnerable. As the situation developed, we then wanted to play our part in supporting the NHS so a new partnership was established with NHS Charities Together.

In the last few months, the simplified structure of our new Plan A operating model helped us to deliver a quick and coordinated response to the crisis which is outlined in more detail on pages 50-53 of our Annual Report. As we emerge from the crisis, the priority is to embed the new Plan A framework and set the new targets that will drive change and a more sustainable future for M&S.

# 160%

**More surplus food donated to charities compared with 2017/18**

## Supporting the NHS

We sold over 65,000 of the specially designed t-shirts with all profits going to NHS Charities Together

### Recognition

**Corporate Human Rights Benchmark**

2019 second retailer in Apparel & Agriculture

**Business Benchmark on Farm Animal Welfare**

2019 top retailer

**Climate Change Coalition**

2019 Large Business Award

**The Times**

2019 Top 50 Employers for Women

**Stonewall UK Workplace Equality Index**

2020 123rd (up from 220th)

**EcoAct climate and sustainability reporting**

2019 top retailer

**Greenpeace/ Environmental Investigation Agency supermarket plastic packaging benchmark**

2020 fourth retailer

**WWF Palm oil buyer's scorecard**

2020 top tier

**Access to Nutrition Initiative and ShareAction Supermarket Spotlight**

2020 second retailer

**Farm Animal Investment Risk and Return animal welfare investor benchmark**

2020 second retailer

**CDP carbon and forestry**

2019 B ratings

**Canopy viscose sourcing**

2020 top tier

**Fashion Transparency Index**

2020 top tier





## SUMMARY OF PLAN A PERFORMANCE

Topic	Description	Measurement	Progress
<b>COMMUNITY &amp; CHARITIES</b>	Contribute to society and help our customers support causes that matter to them.	Total donated by M&S and raised by customers and employees.	<b>£22.9m</b> -7% on 2018/19
		Funds raised by customers, suppliers and employees.	<b>£6.6m</b> -33% on 2018/19
<b>COLLEAGUE VOLUNTEERING</b>	Supporting local communities.	Number of paid volunteering hours provided by M&S colleagues.	<b>46,398</b> -2% on 2018/19
<b>MARKS &amp; START</b>	Provide work placements to help disadvantaged people in the community find employment.	Number of UK placements offered.	<b>1,863</b>
		Percentage of participants who find work after completion.	<b>65%</b>
<b>HUMAN RIGHTS</b>	Respect and champion human rights.	People in the supply chain supported by the M&S Global Community Programme.	<b>254,147</b> Since 2017
<b>FOOD WASTE</b>	Halve UK retail food waste by 2030, maximising donations of surplus.	Tonnes of retail food waste.	<b>N/A</b> This year while we improve our systems
		Donations of surplus in meals equivalents.	<b>5.2 million</b> +160% on 2017/18
<b>CLIMATE &amp; ENERGY</b>	Carbon-neutral global operations.	Net GHG emissions (carbon neutral/net zero).	<b>Zero</b>
	Reduce M&S CHG emissions by 80% by 2030, 90% by 2035.	Percentage change on 2006/07 baseline.	<b>-70%</b>
	Improve UK and ROI store energy efficiency by 50% by 2020.	Percentage change on 2006/07 baseline.	<b>-44%</b>
<b>PACKAGING</b>	100% recyclable packaging in the UK by 2022.	Percentage of packaging classified as being easily recyclable.	<b>77%</b>
	Contribute to UK Plastics Pact nationwide targets.	Progress on eliminating 8 'problem' plastics by 2020.	<b>On plan</b>
<b>WASTE FROM M&amp;S OPERATIONS</b>	Zero waste to landfill from M&S operated UK and ROI stores, offices and warehouses.	Percentage sent to landfill.	<b>Zero</b>



## PEOPLE

# EVERYONE CAN BELONG AND GET ON

### Relevant Sustainable Development Goals



### COMMUNITY & CHARITIES\*\*

#### Donated and funds raised

	This year 2019/20	Last year 2018/19	% change
Cash	£4.8m	£6.0m	-20%
Time	£1.1m	£1.2m	-8%
In-kind	£10.4m	£7.6m	+37%
<b>Total</b>	<b>£16.3m</b>	<b>£14.8m</b>	<b>+10%</b>
Leveraged (additional funds raised from other sources as a result of M&S activities)	^£6.6m	^£9.9m	-33%
<b>Grand total</b>	<b>£22.9m</b>	<b>£24.7m</b>	<b>-7%</b>

^ Leveraged data includes proceeds from the carrier bag charge which is much lower for 2019/20 due to a reduction in single-use bags. 2018/19 figures have been reduced by £1.6m due to one of the fundraising lines being incorrectly counted twice in last year's calculation. These proceeds are used to support existing M&S community activities.

#### Colleague volunteering

Activities included our Marks in Action UK and ROI wide volunteer week in June 2019 in which teams from 600 M&S stores supported 428 charities and community organisations including schools, food banks, youth clubs, scout and guide groups, and health and education charities.

	This year 2019/20	Last year 2018/19	% change
<b>Number of paid hours of work-time volunteering</b>	<b>46,398</b>	<b>47,218</b>	<b>-2%</b>



### HELPING TRANSFORM COMMUNITIES\*\*

Having successfully completed our trials in 2018/19 (see page 2 of our **2019 Plan A Performance Update**), we've now collated all the best practices we developed ready to be used in a Transforming Communities Toolkit when relaunched in the future.

### MARKS & START\*\*

Our Marks & Start work experience programme has been running since 2004. Last year, we worked in partnership with Business in the Community, The Prince's Trust and Remploy to offer work placements at M&S stores and warehouses.

	This year 2019/20	Last year 2018/19	% change
<b>Number of work placements offered</b>	<b>^1,863</b>	<b>2,554</b>	<b>-27%</b>
<b>Percentage into work of those who completed</b>	<b>65%</b>	<b>63%</b>	<b>+2%</b>

^ This year's data is for the UK only.

### HUMAN RIGHTS

+ Please see our 2020 Modern Slavery Statement





## PEOPLE CONTINUED

### GLOBAL COMMUNITY PROGRAMME\*\*

Between April 2019 and March 2020, we directly helped 4,704 people in our supply chains through our partnership with the Emerging Leaders training programme (last year: 15,000). In addition, an estimated 56,875 people have benefited indirectly according to the Emerging Leaders multiplier methodology (last year: 177,568). This gives an overall total of 254,147 beneficiaries since 2017.

	<b>This year 2019/20</b>	Last year 2018/19	<b>% change</b>	<b>Progressive to date</b>
Number of people helped directly	4,704	15,000	-69%	19,704
Number of people helped indirectly	56,875	177,568	-68%	234,443
<b>Total number of people helped directly and indirectly</b>	<b>61,579</b>	<b>192,568</b>	<b>-68%</b>	<b>254,147</b>

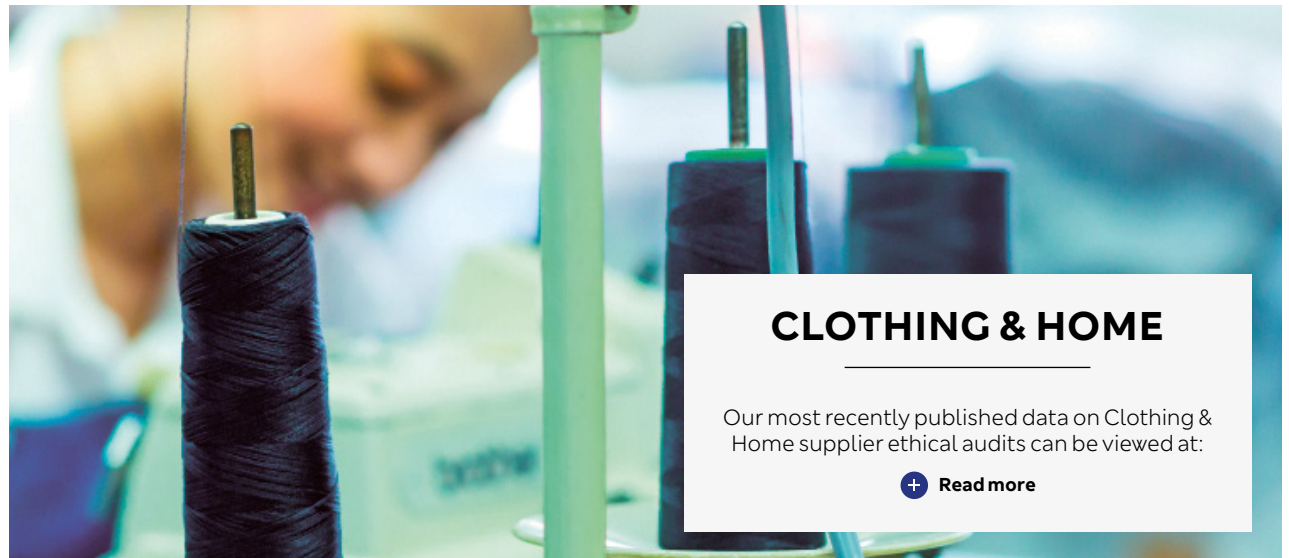
### SUPPLIER ETHICAL AUDITS



#### FOOD

Our most recently published data on Food supplier ethical audits can be viewed at:

[+ Read more](#)



#### CLOTHING & HOME

Our most recently published data on Clothing & Home supplier ethical audits can be viewed at:

[+ Read more](#)

\*\* Assured by DNV GL





## PRODUCTS

# WE SOURCE WITH CARE AND NOTHING WE MAKE WILL GO TO WASTE

**Relevant Sustainable Development Goals**



### FOOD WASTE\*\*

#### Halve UK retail food waste by 2030, maximising donations of surplus

Having published our UK retail food waste data in November 2019 (see the table below) we are now working to improve its accuracy with a surplus food app which is being used by our store colleagues to scan potential and actual food surplus. This will provide a more accurate measurement than our previous data which relied on estimates and had become increasingly difficult to calculate due to changes in waste disposal processes.

As of April 2020, this surplus food app technology is now live in all M&S operated UK stores. We will provide a more accurate figure for total food surplus next year.

We have also been working with our partners Neighbourly.com to increase the amount of surplus food donated to charities which this year totalled 2,209 tonnes, up 88% on last year and equivalent to over 5.2m meals.

	This year 2019/20	Last year 2018/19	Baseline 2017/18	% change on 2017/18
Surplus food (in tonnes)	N/A	14,991	19,016	N/A
Food surplus distributed (in tonnes)	2,209	1,177	840	+163%
Redistributed in meal equivalents (@420g/meal)	5.2m	2.8m	2.0m	+160%
*Retail food waste (in tonnes)	N/A	13,814	18,176	N/A

\* Calculated by taking the total weight of unsold food collected and deducting averaged estimations for packaging, café and other types of waste. These figures have been calculated in conformance with the Food Loss and Waste (FLW) accounting standard based on the 2018/19 and 2017/18 financial years for all M&S operated stores in the UK. Our definition of food waste is all retail surplus food (edible and inedible) net of deductions for packaging. The weights have been calculated from disposable collections and average estimates of redistributed food provided by our Neighbourly.com partners.

### SUSTAINABLE RAW MATERIALS \*\*

#### Source 100% sustainable cotton clothing

During the calendar year 2019 we adopted a policy of sourcing 100% sustainable cotton for M&S clothing. M&S sustainable cotton included materials sourced through the Better Cotton Initiative, organic and recycled. We're no longer reporting measured percentages which at over 95% are difficult to reconcile exactly across complex global supply chains.

Information on how we source sustainable raw materials is published online at:

- [+ Read more](#)
- [+ Read more](#)



### CLOTHING & HOME CHEMICALS POLICY

#### + Our policies on how we manage chemicals for Clothing & Home products



## Food redistribution

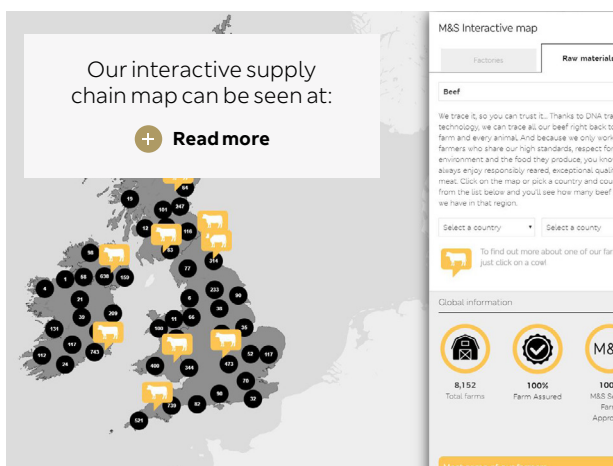
With the help of our partners Neighbourly we donated over 5.2m meals from our surplus food

\*\* Assured by DNV GL

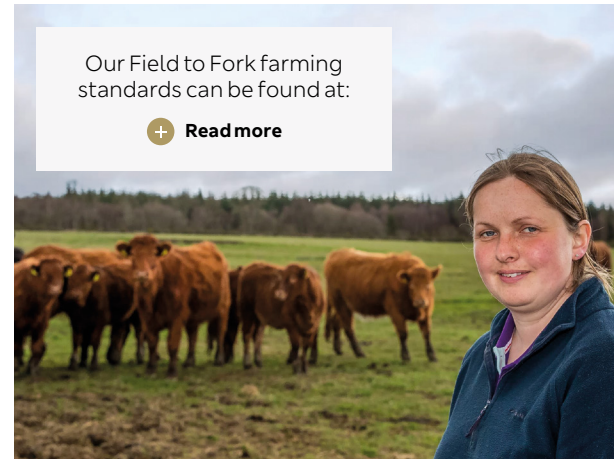


## PRODUCTS CONTINUED

### SUPPLY CHAIN DISCLOSURE



### FIELD TO FORK FARMING STANDARDS



### SUSTAINABLE SUPPLIERS \*\*

In January 2020, we informed our key Tier One Clothing & Home product suppliers and key Tier Two fabric mills that, from April 2020, they will be required to make Sustainable Apparel Coalition's Higg Index Facility Environmental Module (FEM) submissions. This will cover over 50 Tier One product suppliers and around 20 Tier Two fabric mills totalling around 200 locations. We will define how we report progress in future years.

In addition, our key Tier Two fabric mills will also be required to complete the Higg Index Facility Social and Labour Module (FSLM).

### PRODUCT PLAN A ATTRIBUTES \*\*

#### 100% of M&S products to have at least one Plan A special quality by 2020

This is the final year of our original 'by 2020' target for all M&S products to have at least one special social or environmental quality. We believe this approach has helped to drive innovation and the adoption of best practices and we will aim to build these lessons into our future activities. See page 12 in our **2019 Plan A Performance Update** for our last reported performance.

[+ Read more](#)

### MAKING FASHION CIRCULAR

In 2019/20, our customers donated 1.8 million garments (last year 2.8 million), mainly through our UK and ROI partnership with Oxfam. For further information on our policies and actions to make fashion circular and sustainable:

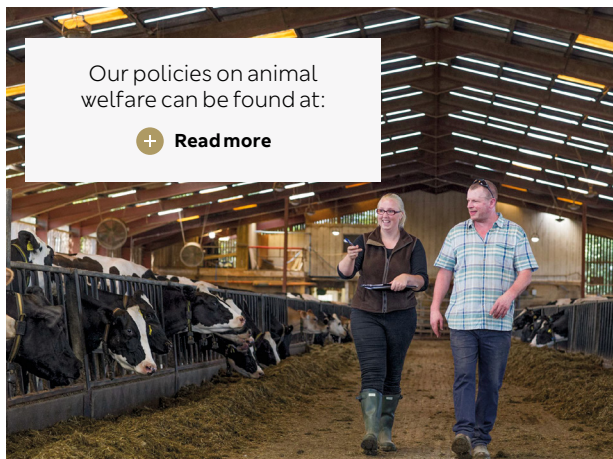
[+ Read more](#)

# Shwopping

Our Shwopping clothes reuse and recycling scheme has been in operation since 2008, collecting 35 million unwanted garments



### ANIMAL WELFARE POLICIES



### HEALTH & NUTRITION



\*\* Assured by DNV GL

**PLANET**

# OUR ACTIONS TODAY PROTECT THE PLANET FOR TOMORROW

**Relevant Sustainable Development Goals**



**SCIENCE BASED TARGET\*\***

**80% reduction by 2030 compared with 2006/07, en route to a 90% reduction by 2035 (classified as being ‘well under 2°C’ by the Science Based Targets Initiative)**

Our Market-method emissions were 195,000 tonnes CO<sub>2</sub>e, down by 70% on 2006/07 (640,000 tonnes CO<sub>2</sub>e), putting us in a good position to achieve our science-based target reduction of 80% by 2030. Market-method emissions were up 23% on last year due to a reduced number of electricity contracts classified as being renewable.

Our Location-method emissions were 338,000 tonnes CO<sub>2</sub>e, down by 47% on 2006/07 (640,000 tonnes CO<sub>2</sub>e). Around 16,000 tonnes of the reduction achieved in 2019/20 was due to the further lowering of UK grid factors.

More detailed data by source covering several years can also be accessed at:

[+ Read more](#)



**M&S Group greenhouse gas emissions**

	This year 2019/20 000t CO <sub>2</sub> e	Last year 2018/19 000t CO <sub>2</sub> e	Baseline 2006/07 000t CO <sub>2</sub> e	% change on 2006/07
<b>Location method (using national grid averages)</b>				
Direct emissions from operations (scope 1)	173	167	246	-30%
Indirect energy emissions from operations (scope 2)	165	193	394	-58%
<b>Total of scope 1 and scope 2 emissions</b>	<b>338</b>	<b>360</b>	<b>640</b>	<b>-47%</b>
<b>Total Location method emissions per 1,000 sq ft of salesfloor</b>	<b>18</b>	<b>19</b>	<b>40</b>	<b>-55%</b>
<b>Market method (using contracted energy supplies &amp; other instruments)</b>				
Direct emissions from operations (scope 1)	173	158	246	-30%
Indirect energy emissions from operations (scope 2)	22	0	394	-
<b>Total of scope 1 and scope 2 emissions</b>	<b>195</b>	<b>158</b>	<b>640</b>	<b>-70%</b>
<b>Total Market method emissions per 1,000 sq ft of salesfloor</b>	<b>10</b>	<b>8</b>	<b>40</b>	<b>-75%</b>

Emissions are shown in compliance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised and have been calculated using revised carbon conversion factors published by BEIS in July 2019. For international electricity, 2019 IEA scope 2 factors have been used. Additional refrigeration gases are drawn from Bitzer Report 19. This includes all activities where we have operational control. It excludes all non-metered premises and shopping service contract supplies. Renewable electricity tariffs have been calculated in accordance with the March 2015 WRI/WBCSD GHG Scope 2 Guidance on procured renewable energy. We have also added a conservatively estimated 2006/07 baseline for our international operations based on 2013/14 data. 2019/20 data for our international operations has been estimated based on rounded 2018/19 data and accounts for 3% of total emissions.



## PLANET CONTINUED

### CARBON-NEUTRAL GLOBAL OPERATIONS\*\*

For the eighth year, we achieved carbon neutrality by a combination of reductions, procuring renewable energy, and purchasing and retiring high-quality carbon offsets. As a signatory to the United Nation's Climate Neutral Now initiative, we procured 10% of the offsets retired for 2019/20, through the Clean Development Mechanism (CDM) process.

[+ Read more](#)

#### M&S Group CO<sub>2</sub>e emissions

	This year 2019/20 000t CO <sub>2</sub> e	Last year 2018/19 000t CO <sub>2</sub> e	Baseline 2006/07 000t CO <sub>2</sub> e	% change on 2006/07
Carbon offsets purchased and retired	195	158	0	-
<b>Total net emissions</b>	<b>0</b>	<b>0</b>	<b>640</b>	<b>-</b>
<b>Total net emissions per 1,000 sq ft of salesfloor</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>-</b>

### RENEWABLE ELECTRICITY\*\*

This year, 86% of the electricity purchased for M&S operated stores, offices and warehouses worldwide came from on-site generation or green tariff renewable sources. This is down from 100% last year due to the exclusion of international stores, Food warehouses and some Clothing & Home warehouses where renewable electricity tariffs are not in place.

### UK AND ROI ENERGY EFFICIENCY\*\*

#### By 2020, we aim to improve energy efficiency in M&S operated stores in the UK and ROI by 50% compared with 2006/07

Store energy efficiency was 44% improved at 37.8 kWh/sq ft, compared to 67.9 kWh per sq ft in 2006/07. Gas usage included in our calculation has been adjusted using standard degree days to reflect changes in the number of cold days (39.8 kWh/sq ft before adjustment). This modest progress is due to a number of factors, including the opening of more energy-intensive food footage in stores which cancelled out some improvements in efficiency. Without this change in store footage usage towards a greater proportion of food, overall performance would have been very close to the original 50% improvement target.

Energy efficiency in our warehouses was improved by 47% at 14.1 kWh/sq ft compared with 2006/07: 26.4 kWh/sq ft and in our offices by 6% at 46.6 kWh/sq ft (2006/07: 49.4 kWh/sq ft).

**UK and ROI energy efficiency:** total store energy usage in kWh/sq ft

Target 2020	This year 2019/20	Last year 2018/19	Baseline 2006/07	% change on 2006/07
34.0	37.8	41.2	67.9	-44%

### INTERNATIONAL ENERGY EFFICIENCY\*\*

#### By 2020, we aim to improve energy efficiency in M&S operated international stores and warehouses outside of ROI by 30% compared to 2013/14

Last year we operated stores in the Czech Republic, Greece and a joint-venture business in India. Around a quarter of these international stores' total footage uses energy provided by the landlord and is outside our operational control.

2019/20 data was not available and has been estimated based on rounded 2018/19 values and as such no further progress from last year is shown.

**International stores (outside of ROI):** total store energy usage in kWh/sq ft

Target 2020	Est. this year 2019/20	Last year 2018/19	Baseline 2013/14	% change on 2013/14
19.5	20.9	20.9	27.9	-25%

\*\* Assured by DNV GL



## PLANET CONTINUED

### REFRIGERATION\*\*

#### By 2025, we aim to reduce refrigeration gas carbon emissions by 80% in all M&S operated stores in the UK and ROI

This year, our emissions from UK and ROI refrigeration and air-conditioning were 47,000 tonnes CO<sub>2</sub>e which were up 15% on last year due to several leakages. Allowing for increases in store footage, emissions were down 72% at 2.6 tonnes CO<sub>2</sub>e/1,000 sq ft compared with our baseline (2006/07: 9.4 tonnes CO<sub>2</sub>e/1,000 sq ft).

#### UK and ROI store refrigeration and air-conditioning emissions in tonnes CO<sub>2</sub>e per 1,000 sq ft

Target 2020	This year 2019/20	Last year 2018/19	Baseline 2006/07	% change on 2006/07
1.9	2.6	2.4	9.4	-72%

119 M&S stores have HFC-free salesfloor refrigeration systems.

#### Clothing & Home store delivery fuel efficiency data\*\*

	This year 2019/20	Last year 2018/19	Baseline 2006/07	% change on 2006/07
Litres of fuel	2.5m	2.5m	4.3m	-42%
Litres of fuel/1,000 singles	10	10	10	Level

#### Food store delivery fuel efficiency data\*\*

	This year 2019/20	Last year 2018/19	Baseline 2006/07	% change on 2006/07
Litres of fuel	17.6m	17.2m	15.0m	+17%
Litres per store per month	1,366	1,357	2,556	-47%



\*\* Assured by DNV GL



## PLANET CONTINUED



### PLASTIC & PACKAGING\*\*

#### 100% recyclable plastic packaging in the UK by 2022

**Contribute to the UK Plastics Pact's nationwide targets** (by 2025, 100% of plastic packaging will be widely recycled, reused or composted. Problematic or unnecessary packaging will be eliminated).

To ensure all M&S packaging that ends up with our customers is easy to recycle, we are aiming for it to be classified as 'widely recycled' or 'recycled in-store'. The figures below show how much of our current packaging as used in the 2019 calendar year is measured as recyclable in the UK compared with 2018. We believe that the percentage of plastic packaging that is widely recycled is understated and we continue to improve the accuracy of our database.

	^All materials that are widely recycled (by weight)		^^Plastic that is widely recycled (by weight)	
	2019	2018	2019	2018
<b>Total sales packaging</b>	<b>77%</b>	<b>70%</b>	<b>45%</b>	<b>30%</b>
<b>Food sales packaging</b>	<b>81%</b>	<b>74%</b>	<b>52%</b>	<b>31%</b>
<b>Clothing &amp; Home sales packaging</b>	<b>47%</b>	<b>48%</b>	<b>7%</b>	<b>1%</b>

^ Includes all packaging that ends up with our customers with the exception of carrier bags.  
^^ Undefined types of plastic have been considered as not recyclable.

We're members of the UK Plastics Pact which is working towards 100% widely recycled, reusable or compostable by 2025. To speed up the process, in January 2019 we launched an in-store plastic-take-back scheme which is now in 16 locations. We still intend to extend these facilities to all UK stores.

As part of our membership of the UK Plastics Pact collaboration, by the end of 2020 we're committed to phasing out eight problem single-use plastic items: cutlery, polystyrene food and drinks containers, cotton buds with plastic stems, stirrers, oxo-degradable plastics, straws, PVC packaging, and plates and bowls. In 2019, we submitted data showing good progress and believe we will have achieved these phase-outs by the end of 2020. In addition, it is part of our packaging strategy to replace all non-recyclable black trays made from a type of plastic called CPET plastic with recyclable alternatives.

### OPERATIONAL WASTE\*\*

#### Zero waste to landfill policy for M&S operated stores, warehouses and offices in the UK and ROI

In 2019/20, our UK and ROI operations generated 65,000 tonnes of waste materials on a like-for-like basis. This was down 11% on last year. None went to landfill.

#### UK and ROI store, office and warehouse waste in 000 tonnes

	This year 2019/20	Last year 2018/19	% change
Total waste	^^65	73	-11%
Waste to landfill	0	0	-
Percentage recycled or recovered	^100%	100%	-

^ Includes a wide range of recycling technologies with energy-from-waste as a last option.  
^^ We believe that lower weights may be due to the transition to a new service provider.

### WATER

As a retailer, we use relatively small and unchanged amounts of water every year, of around one million m<sup>3</sup>. For this reason, our main actions on water are as part of raw material sourcing and supply chain management activities.



## GOVERNANCE

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In the 2019 Annual Report we said our priority was to evolve Plan A to reflect our new operating model and embed the programme into the core strategy rather than continuing to exist in parallel with our operations. This year's Annual Report 2020 provides an update on progress against this objective. We have started the transition to a new Plan A operating model – with a leaner central sustainability team, reporting to the General Counsel, who will be accountable for the governance and reporting of a simplified Plan A framework that:

- is aligned to the business strategy;
- has clear deliverables owned and actioned by each business unit;
- maintains our position as a committed sustainable retailer; and
- provides a programme to build competitive advantage in selected areas and to engage our customers on the issues that matter to them.

In the last 12 months, a detailed review of Plan A was conducted by the central Plan A team. This involved benchmarking across the wider retail and consumer products sector, considering the views of pressure groups and campaign bodies, colleagues and customers. As a result, a new simplified framework was developed to focus on the issues that matter most to our customers, colleagues, shareholders and regulators. M&S remains committed to maintaining our engagement in many collaborative efforts on environmental and social issues, but we will now focus on fewer key targets to drive change in M&S. This new streamlined framework has been signed off by the M&S Operating Committee and CEO.

Sustainability is core to the M&S brand and the Plan A framework brings together individual business unit strategies into a shared programme to engage our customers and enable us to report on performance at Group level. The CEO has ultimate accountability for sustainability in M&S and the managing directors of the business will have responsibility for setting new performance metrics to drive behavioural change and ensure their business operates in a more sustainable way. The newly formed Executive Committee, as M&S's senior leadership team with responsibility for the day-to-day operation of the business, will be accountable for the whole programme in addition to compliance with M&S policies and regulations to help drive change and a more sustainable future for M&S.

As we emerge from the Covid-19 crisis, the priority is to confirm Group-level governance and sign-off on targets. This will be completed in 2020/21.



**GOVERNANCE** CONTINUED

# TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

**Relevant Sustainable Development Goals**



A full description of our principal risks and risk management process can be found in our **2020 Annual Report** on pages 33–42.

At present, M&S has not designated climate-related risk as being among our principal uncertainties, but we acknowledge the long-term implications and are already taking action. Climate experts (the Intergovernmental Panel on Climate Change) believe that all possible temperature scenarios up to 2030 will be similar. However, after 2030 there could then be significant differences in impact depending on whether 1.5°C, 2°C or over 4°C scenarios are applied. Using the Carbon Disclosure Projects framework for reference, our review of possible impacts and current actions is shown below.

	Up to 2030	Post 2030	Actions taken to date
<b>REPUTATION</b>	Growing stakeholder expectations of responsible corporate behaviour.	Behaviour on climate-related matters could become critical to corporate reputation.	<ul style="list-style-type: none"> <li>– We've had Carbon-neutral/net zero global operations since 2014.</li> <li>– We published an approved Science Based Target (SBT) for reducing greenhouse gas emissions in 2017.</li> </ul>
<b>REGULATION</b>	Additional regulatory requirements on reporting and taxes applying to cross-border trade or consumption (e.g. meat tax).	Carbon taxes and regulatory policy interventions could be critical in defining business models.	<ul style="list-style-type: none"> <li>– Streamlined Energy &amp; Carbon Reporting (SECR) and TCFD included in 2020 M&amp;S reports.</li> </ul>
<b>PHYSICAL ASSETS</b>	Low-level risk of disruption from severe weather patterns.	Increasing risk of disruptions from severe weather and potential stranded assets in areas designated as managed flood retreats.	<ul style="list-style-type: none"> <li>– Climate risk tool developed in 2015 to assess climate-related risks across new and existing stores.</li> </ul>
<b>SUPPLY CHAIN CONTINUITY</b>	Low-level risk of disruption to continuity of global Food and Clothing & Home supply chains.	High levels of disruption to global supply chains will require flexible and agile sourcing strategies.	<ul style="list-style-type: none"> <li>– We are participating in a range of collaborative supply chain programmes including the Sustainable Clothing Action Plan, Sustainable Apparel Coalition, Courtauld 2025 and Target, Measure, Act.</li> </ul>
<b>PRODUCTS AND SERVICES</b>	Changes in customer demand for products and services.	High-carbon goods and services become socially unacceptable.	<ul style="list-style-type: none"> <li>– We launched Plant Kitchen food and Vegan clothing and footwear ranges in 2019.</li> </ul>





**FRAMEWORKS AND ASSURANCE**

# PLAN A AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Launched in 2015, the 17 SDGs form a shared global agenda for environmental improvement, social empowerment and greater equality. This table shows how the M&S business aligns with these Goals and how Plan A addresses 14 of them. Goal number 17, on Partnerships, underpins all of these.

**PEOPLE**



- Our greatest contribution to eradicating poverty and hunger will be through championing human rights, inclusivity and fair pay across supply chains. In addition, any edible surplus food from our stores will be consumed by people.
- We want our workforce to reflect the diversity of the communities in which we trade. We run programmes to combat gender discrimination and work to promote gender equality at our suppliers.
- M&S employability programmes (Marks & Start) will continue to help disadvantaged parts of society into employment.
- We aim to be an inclusive business that empowers colleagues and those working in our supply chains.
- Store closures impacting negatively on town centre social wellbeing:
  - We'll relocate colleagues to nearby stores where possible and continue to run community programmes.

**PRODUCT**



- We sell a range of different food and drinks including those that should be consumed in moderation such as indulgent treats and alcohol:
  - We aim to provide our customers with healthy choice food products and information to maintain a healthy lifestyle.
- Supply chain production processes can degrade local community's accessibility and quality of water:
  - We'll use sustainability standards and partnerships to improve water efficiency and stewardship across our supply chains.
- As a retailer, our main contribution will be as a catalyst for product and supply chain management innovation by developing new standards of social and environmental sustainability.
- Depletion of natural resources through the production of M&S products:
  - We'll ensure all packaging is easy to recycle and we will halve food waste.
- Depletion of natural resources through the production of M&S seafood products:
  - We'll ensure all marine-based raw materials respect ecosystem sustainability standards.
- Depletion of natural habitats through the production of M&S products:
  - We'll ensure raw materials are sustainably sourced.

**PLANET**



- We'll continue to improve our energy efficiency. We'll also support the development of renewable energy markets by procurement.
- Greenhouse gas emissions contributing to climate change from M&S and supplier operations:
  - We'll maintain our position of operational carbon neutrality while also achieving a Science Based Target for reducing greenhouse gas emissions by 80% by 2030 and by 90% by 2035.



## FRAMEWORKS AND ASSURANCE CONTINUED

### GLOBAL REPORTING INITIATIVE STANDARDS/SUSTAINABILITY ACCOUNTING STANDARDS BOARD AND UN GLOBAL COMPACT CONTENT INDEX

This table provides GRI, United Nations Global Compact and SASB content inclusion references to assist those who wish to use this Plan A Report for benchmarking purposes.

Description	GRI Standards 2018	UN Global Compact Ten Principles	SASB	Inclusion	Page
<b>General disclosures</b>	102	–	–	<b>Yes</b>	<b>p02 and AR</b>
<b>Additional material topics</b>	–	–	Health & nutrition	<b>Partial</b>	<b>p09</b>
<b>Economic performance</b>	201	–	–	<b>Yes</b>	<b>AR</b>
<b>Market presence</b>	202	–	–	<b>Yes</b>	<b>AR</b>
<b>Materials</b>	301	Environment	Materials/chemicals	<b>Partial</b>	<b>p08</b>
<b>Energy</b>	302	Environment	Energy	<b>Yes</b>	<b>p11 and AR</b>
<b>Water</b>	303	Environment	–	<b>Partial</b>	<b>p13</b>
<b>Biodiversity</b>	304	Environment	Materials	<b>Partial</b>	<b>p08–09</b>
<b>Emissions</b>	305	Environment	Refrigeration & fleet	<b>Yes</b>	<b>p10–12</b>
<b>Effluent and waste</b>	306	Environment	Food waste	<b>Yes</b>	<b>p08, 13</b>
<b>Supplier environmental assessment</b>	308	Environment	Higg Index	<b>Partial</b>	<b>p09</b>
<b>Labour/employment</b>	308/401	Human rights/Labour	Labour	<b>Partial</b>	<b>AR</b>
<b>Diversity/non-discrimination/ freedom of association/child labour/forced labour</b>	405/406/407/408/409	Human rights/Labour	Labour	<b>Partial</b>	<b>AR and MSS</b>
<b>Communities</b>	413	Human rights/Labour	–	<b>Yes</b>	<b>p06</b>
<b>Supplier social assessment</b>	414	Human rights/Labour	Labour	<b>Yes</b>	<b>p06</b>
<b>Political donations</b>	415	–	–	<b>Yes</b>	<b>AR</b>

**AR** 2020 Annual Report

**MSS** Modern Slavery Statement



**FRAMEWORKS AND ASSURANCE** CONTINUED

# INDEPENDENT ASSURANCE STATEMENT

Marks and Spencer plc (“M&S”) commissioned **DNV GL Business Assurance Services UK Limited** (“DNV GL”, “we”, or “us”) to undertake independent assurance of the 2020 Plan A Report (the “Report”) for the 52 weeks ended 28th March 2020.

**Our Assurance Opinion:**

- On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe M&S adherence to the Principles of stakeholder inclusiveness, materiality, sustainability context, completeness, reliability and quality.
- In terms of reliability of the Selected Performance Information, nothing came to our attention to suggest that this data has not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Without affecting our Assurance Opinion, we also provide the following observations:

**STAKEHOLDER INCLUSIVENESS**

**The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.**

We saw evidence of M&S engagement and partnerships with external stakeholders for the Selected Performance Information we reviewed including Marks & Start, Plastics, Food Waste, Community Donations and the Global Community Programme.

M&S is simplifying Plan A around a new central framework to better reflect its operating model. As the central framework evolves over the next reporting cycle, we recommend the outcome of engagement with priority stakeholders (customers, colleagues, suppliers, investors, Government, regulators and wider civil society) is communicated externally.

**MATERIALITY**

**The process for determining the issues that are most relevant to an organisation and its stakeholders.**

For the Selected Performance Information we reviewed, we found that the management approach for issues M&S has reported on for many years was well embedded within the business.

Packaging has always been a material issue for M&S and plastic packaging in particular has become more important to stakeholders. M&S have responded by setting targets and reporting its progress against them. Going forward, M&S will need to focus its management approach to drive the performance improvements needed to meet these targets.

As the governance for the central framework develops, we recommend that the management approach for reporting material topics is formally agreed.

Once finalised, we recommend M&S publish details of the materiality work it has undertaken to help stakeholders understand how material issues have fed into the development of the central framework.

**SUSTAINABILITY CONTEXT**

**The presentation of the organisation’s performance in the wider context of sustainability.**

M&S continues to align the Report with global standards and map its achievements against the SDGs, in line with reporting good practice. M&S may wish to consider using the SDGs as a framework to raise ambition on its most material topics.

**COMPLETENESS**

**How much of all the information that has been identified as material to the organisation and its stakeholders is reported.**

M&S is in the process of simplifying Plan A. As a result, the number of Plan A commitments and Plan A performance updates included in the Report has reduced from 79 to 27. Nevertheless, material topics no longer included in the Report were signposted, for instance the inclusion of People and HR performance information in the Annual Report.

As the central framework develops, we recommend all agreed material topics are included in future Reports.

**RELIABILITY AND QUALITY**

**The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.**

During the review of Selected Performance Information, all the material errors we identified were corrected by M&S prior to publication.

For International Energy Efficiency, data for the reporting period was unavailable and so M&S disclosed that it published the previous year’s data instead. This will limit the ability of M&S and its stakeholders to meaningfully gauge performance for the reporting period. Consequently, we recommend using actual data for future reporting.



## FRAMEWORKS AND ASSURANCE CONTINUED

For Refrigeration and the Global Community Programme, M&S relies upon external partners to provide performance data. Because we found material errors in the consolidation of this data, we recommend M&S works with its external partners to monitor the performance and accuracy of data throughout the year, to reduce the risk of future misstatements.

The reliability and quality of performance data and accompanying narrative in the Report should be underpinned by robust data collection processes including periodic reviews, checks against source evidence and formal sign-off. This is applied to several topics, but is not systematically implemented across all. We recommend that these processes form part of the new performance metrics agreed as part of the central framework.

### SCOPE AND APPROACH

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines. We evaluated the Report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, sustainability context, completeness, reliability and quality.

We understand that the reported financial data and information are based on data from M&S Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

### DATA IN SCOPE

We evaluated the 2020 narrative and performance data for 7 Plan A commitments and 12 Plan A performance updates, annotated with '\*\*' in the Report (together the "Selected Performance Information"), using the reliability principle together with **M&S Basis of Reporting** for how the data is measured, recorded and reported.

### BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists were scheduled to perform work at the Waterside Support Centre in London. Due to Covid-19 related travel restrictions, this work was conducted remotely. We undertook the following activities:

- Review of the current sustainability issues that could affect M&S and are of interest to stakeholders;
- Review of the M&S approach to stakeholder engagement and recent outputs;
- Review of information provided to us by M&S on its reporting and management processes relating to the Principles;
- Interviews with selected senior managers responsible for management of sustainability issues, selected in conjunction with DNV GL, and review of selected evidence to support issues discussed;
- Interviews with content and data owners and review of progress made in relation to Selected Performance Information, annotated with '\*\*' in the Report, and review of how related data is measured, recorded and reported using the reliability and quality principle together with M&S data protocols.

These commitments and indicators were selected based on materiality at a consolidated corporate level; and

- Visits to the Waterside Support Centre in London, United Kingdom to review processes and systems for gathering, preparing and consolidating the Selected Performance Information, including sample checking of source data and data consolidation.

For and on behalf of DNV GL Business Assurance Services UK Limited

**London, UK  
3 June 2020**

**Gareth Manning**

Principal Consultant and Lead Assuror UK Sustainability, DNV GL – Business Assurance

**Shaun Walden**

Principal Consultant and Reviewer UK Sustainability, DNV GL – Business Assurance

### RESPONSIBILITIES OF THE DIRECTORS OF M&S AND OF THE ASSURANCE PROVIDERS

The Directors of M&S have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of M&S; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

### LEVEL OF ASSURANCE

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion. We are providing a 'limited level' of assurance. A 'reasonable level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our Assurance Opinion.

### INDEPENDENCE

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with M&S.

### DNV GL BUSINESS ASSURANCE

DNV GL Business Assurance Services UK Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnvgl.co.uk/BetterAssurance](http://www.dnvgl.co.uk/BetterAssurance)

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