

PLAN A  
REPORT  
2021

M&S

EST. 1884





## IN THIS REPORT

### M&S Plan A Report





## OVERVIEW

# PLAN A REPORT



Plan A drives us to make better choices to ensure M&S, and the precious resources and planet we rely on, are in better shape for the future.”



Much of this update is rightly focused on the activity and progress we have made against our Plan A priorities this year. However, throughout the timeframe covered by the report, families, communities, businesses and governments across the world have all faced the once-in-a-lifetime challenge that the pandemic has placed on our society.

For that reason, I want to start with a thank you to our entire M&S family. The enduring community spirit of this business has been borne out by our response to this crisis, and I feel immensely proud of how our incredible colleagues stepped up to deliver for each other, our customers and the communities they serve. Through their extraordinary efforts and innovation, we played our part in feeding the nation, distributed more than 11.8 million meals to those most in need, launched new digital services such as Sparks Book & Shop to make shopping safer, and collectively through our Rainbow Sale raised over £8.3m for **NHS Charities Together**.

In turn, we supported our M&S family by topping up pay for colleagues on furlough, providing a financial hardship fund and investing in the wellbeing of the team by providing all colleagues with free access to **Unmind** – an independent workplace mental health app. We stood alongside our trusted supplier partners, including a renewed commitment to back British farming. And at a time when site visits were not always possible, we used technology effectively to find new ways to listen to worker concerns across our supply base.

### REINVIGORATING PLAN A

In the face of unprecedented crisis, we did not lose sight of the goal of our transformation; to return M&S to sustainable, profitable growth and deliver long-term value for all our stakeholders.

It is through Plan A – our multi-year sustainability action plan – that we address the risks and opportunities that environmental and societal issues present to us as a business. It drives us to make better choices to ensure M&S, and the precious resources and planet we rely on, are in better shape for the future.

While Plan A was launched in 2007, its roots can be traced back to our founders, who recognised the enormous value derived from building trusted partnerships, treating people fairly and taking a long-term approach to innovation and investment.

As the pages of this report set out, this year we have made progress in embedding Plan A into our operating model as a family of accountable businesses and have put sustainability into the heart of their commercial plans. In doing so, we delivered on our customer promise of trusted value; for example, in spring 2021, we launched our most sustainable denim range yet – finished with 86% less water, kinder chemicals and 100% responsibly sourced cotton. It also enables us to find better solutions, such as the collaborative efforts of our colleagues in Food and Retail, which delivered a 120% increase in food redistribution and rolled out a new digital app to all our food stores.

Taking a leadership position on the issues that matter most to our stakeholders – particularly our customers and colleagues – is part of our DNA and supports our wider commitment to the **Ten Principles of the UN Global Compact**. Alongside the operational delivery of our Plan A priorities, over the course of the year we have committed to action on the biggest sustainability challenges facing businesses, our society and our planet.

#### Environment:

*From carbon neutral now towards net zero*

In November 2020, we extended our climate change commitment from the carbon neutral operations we have today to reach a net zero emissions status by 2035. This builds on our existing science-based targets with a greater emphasis on delivering reductions in emissions that we currently offset. This year we set out our climate disclosures in line with the Task Force on Climate-related Disclosures recommendations in our **Annual Report on page 74**.



## OVERVIEW CONTINUED

### Social:

### *Leading on human rights*

Sourcing ethically – and reporting transparently on our supply chain practices – is core to how we do business and the promise we make to our customers. This year we have provided customers with additional assurance that they can shop from M&S with confidence. Earlier this year, we were one of the first major retailers to formally sign up to the Coalition to End Forced Labour in the Uyghur Region’s ‘Call to Action’ for a Brand Commitment to exit the Uyghur Region’ (see page 38). Setting standards in our own supply chains, however rigorous, can only set a baseline. To be serious about ensuring everyone who works with M&S is treated with decency and respect, we must hold a mirror up to make sure the reflection is true. That is why we asked Oxfam to conduct a gap analysis of our supply chain (see page 39). In January, we published the findings in full and as part of our response, we have taken action to scale our worker voice programmes and committed to share our learning to help drive meaningful industry-wide change.

### Governance:

### *Robust oversight and rigorous challenge*

Helping our customers, colleagues, and communities lead happier, healthier and fulfilling lives is core to the M&S brand and great work continues to be delivered; but we need to continue to reinvigorate Plan A and put it back at the centre of our customer story. In December, we established a new Board Sub-Committee on Environmental, Social & Governance (ESG), chaired by Tamara Ingram, to provide focus and oversight of our Plan A programme across the business.

The invaluable insight and experience of our Committee members provides robust challenge to our thinking as we look to reinvigorate Plan A in 2021.

### COLLABORATING FOR CHANGE

We have always said we cannot deliver Plan A alone and the social issues we faced during 2020/21 reaffirmed the need to collaborate for maximum impact. M&S is involved in active partnerships globally and locally, including my personal participation and leadership roles within the **Consumer Goods Forum** and **Business in the Community**. We are playing our part in industry-wide collaborations and during the year we signed up to the British Retail Consortium’s Climate Action Roadmap and **WRAP’s Textiles 2030** alongside our existing support for and **WRAP’s Textiles 2030** alongside our existing support for **WRAP’s Courtauld 2025 Commitment**.

### Our reinvigorated Plan A

As the world emerges from the pandemic, we believe customers will look to brands they can trust to offer quality and value through trading ethically. Under our Never the Same Again programme, we have begun forging a reshaped M&S, that is set up to compete in a post-Covid marketplace. This includes reinvigorating Plan A for 2021 to invoke the original pioneering spirit of the programme and put sustainability at the centre of our customers story.

Steve Rowe, Chief Executive Officer



I am delighted to chair our new ESG Committee. M&S is a very special business, with loyal customers, passionate committed colleagues and a wonderful legacy of caring service, environmental leadership and deep-rooted community values.”

At its core, sustainability is about securing the long-term future of a business and protecting the resources we all depend on. How a business approaches the key environmental and social challenges is of increasing importance to all stakeholder groups – but most of all it matters to consumers and colleagues – providing an opportunity for growth and a route to attract and retain talent. In simple terms, sustainability considerations influence where customers choose to shop and where individuals want to work; seeking out brands they can be proud of and trust to do the right thing.

Plan A has been truly pioneering and continues to lead the way in many areas – particularly sourcing and supply chain standards from both an environmental and human rights perspective. At a time when societal expectations are changing fast and consumers are turning towards brands they can have confidence in to deliver better quality and value through sustainable, ethical trading, we need to push ourselves and stretch our thinking, so Plan A continues to be a leading platform to communicate the M&S point of difference.

As a Committee, our role is to provide the additional rigour, support and challenge for the business as we reinvigorate our Plan A programme to uphold its leadership and keep it at the very heart of M&S’s customer proposition.

Tamara Ingram, ESG Committee Chair





## ABOUT THIS REPORT

This 2021 M&S Plan A Report was published in June 2021 and covers our financial year from April 2020 to March 2021.

It has been designed to provide an additional level of detail to supplement our 2021 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 where denoted by \*\*.

It includes information relating to M&S operated locations and activities, our joint venture in India and Greece and M&S products sold worldwide. It excludes information relating to our business partners, franchisees and Ocado Retail.



## DATA

Most of the data and statements in this update relate to the financial years 2020/21, 2019/20 and the original baseline year for Plan A which was 2006/07. Percentage change figures in this report may not align precisely to the figures shared in data tables due to rounding.

Greenhouse gas emissions for 2020/21 have been calculated using DEFRA/BEIS 2020 Greenhouse Gas Reporting Conversion Factors, which include a 9% lower carbon intensity rating for UK grid electricity that reduces our emissions by 14,787 tonnes CO<sub>2</sub>e compared with our location-based 2019/20 figures.

Renewable electricity tariffs have been calculated in accordance with the GHG Protocol Scope 2 Guidance on procured renewable energy to show a market-based figure alongside the legally mandated location-based data.

## CARBON NEUTRALITY AND SCIENCE-BASED TARGETS

Stores, offices, warehouses and delivery fleets operated by M&S were self-certified as carbon neutral – in accordance with the British Standards Institution’s PAS2060 specification – on 30 April 2021 for the period 1 April 2020 to 31 March 2021. This means that, in addition to reducing emissions significantly and purchasing renewable electricity tariffs, we have sourced a portfolio of high-quality carbon credits, certified to Clean Development Mechanism (CDM), Gold Standard and Verified Carbon Standard (VCS), 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

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 44**. You can find further information on our social, environmental and ethical policies at: <https://corporate.marksandspencer.com/sustainability>

## STAKEHOLDERS

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 climate change and human rights. Campaign bodies are discussing supply chain worker-voice. The Covid-19 pandemic has impacted on all our stakeholders worldwide.



## OVERVIEW CONTINUED

## PLAN A MEASUREMENTS

	Measurement	Progress	
<b>FOOD WASTE</b>	Donations of surplus in meals equivalent	<b>11.8m</b> <i>meals</i>	+126% on 2019/20
<b>PACKAGING</b>	Percentage of packaging classified as being easily recyclable	<b>87%</b>	+10% on 2019/20
<b>WASTE TO LANDFILL</b>	Percentage sent to landfill	<b>Zero</b>	Zero in 2019/20
<b>M&amp;S GREENHOUSE GAS EMISSIONS (CO<sub>2</sub>e)</b>	The gross carbon dioxide emissions from M&S operated stores, offices, warehouses and delivery fleets worldwide	<b>298,000</b> <i>tonnes CO<sub>2</sub>e</i>	-13% on 2019/20
<b>MARKS &amp; START</b>	Number of UK placements offered	<b>350</b>	-81% on 2019/20
<b>COLLEAGUE VOLUNTEERING</b>	Number of paid volunteering hours provided by M&S colleagues	<b>Paused due to Covid-19</b>	n/a
<b>COMMUNITY AND CHARITIES</b>	Donations raised with our customers and employees	<b>£2.4m</b>	-64% on 2019/20
	M&S cash donations relating to the Sparks loyalty scheme, the NHS Charities Together Rainbow Sale and cause related marketing	<b>£14.9m</b>	+ 210% on 2019/20

In 2020/21, a number of Plan A measurements were materially impacted by the consequences of Covid-19. Whilst colleagues continued to support their local communities, a number of our structured programmes were suspended or disrupted. In 2021/22 we will rebuild participation in the Marks & Start scheme in addition to supporting the UK Government's Kickstart programme with 360 placements.



# Better today, better tomorrow

At M&S we've been offering our customers quality and value since 1884, working closely with trusted suppliers to source the materials and ingredients that make our products special.

We source with care, so customers can be sure that the M&S products they enjoy have a positive impact on people and the planet. We make better choices today for a better tomorrow – setting higher product standards, finding more efficient packaging solutions, and taking care of people in our product supply chains.





Set new standards for 

# SUSTAINABLE DENIM

As a destination retailer for denim in the UK, with one in 10 of all denim purchases made at M&S, we're committed to high quality and responsible sourcing.

In 2021, we launched our most sustainable denim range yet – offering our customers quality, style and complete confidence that every pair of jeans has been sourced with care.

This new collection is manufactured with 86% less water and kinder chemicals, and 100% of the cotton we source for our clothing is responsibly sourced. We've considered every detail – the fabric, the dye, the wash – through a sustainability lens.



Sustainability is not a box that you tick, rather it's a responsibility for each one of us for the betterment of lifestyle and planet and our denim meets both because we produce it responsibly.

**Shwapna Bhowmick, Head of country – Bangladesh**

- 100% of the cotton sourced for M&S clothing is responsibly sourced and has been since 2019
- Thanks to our collaboration with **Jeanologia**, a leader in sustainable finishing technology, we have been able to measure the environmental impact of more than 5 million pieces of denim
- Results for 2020 show an average use of 9.65 litres of water to finish one pair of M&S jeans compared to the industry standard of 70 litres – a reduction of 86%
- We ensure our suppliers meet our environmental and chemical standards and we're actively phasing out the use of potassium permanganate to make our denim kinder to people and the planet
- We're working to replace standard indigo fabric dyes with pre-reduced indigo which is a cleaner, more resource efficient alternative

Discover more 





# SUPPORTED WOMEN FARMERS

*in our coffee  
supply chain*

*Discover more*

All of our M&S coffee is **Fairtrade** and has been since 2004. We promote the benefits of Fairtrade in our stores, including our cafés, and we've been working with our suppliers to find ways of supporting smallholder coffee growers.

As part of this ongoing process, in 2020 we launched a new rich tasting, hand-processed guest coffee, which directly benefits women farmers in Rwanda. The coffee is made in the Muhanga by the Sholi co-operative, founded in 2008 by around 30 women farmers.

The co-operative, which is Fairtrade and **Rainforest Alliance** certified, has achieved some impressive changes: it has built a community centre; and a regional health centre, and has invested in using water more sustainably and prioritised the use of organic fertiliser.



# REDUCED FOOD WASTE

We believe that M&S Food is too good to waste, so we have continued to donate more surplus through our redistribution programme in partnership with **Neighbourly**.

Founded in 2015, the programme has been updated with new technology to enable more stores to donate more surplus more often. Stores across the UK and ROI are matched to a network of more than 1,400 community partners who collect surplus food and flowers daily. Donations include fresh fruit and vegetables, grocery items and bakery.

The success of the programme is founded on the great relationships built between community partners and store colleagues and the way that the app is integrated into our store routines. Since the launch of the new process, most of our stores have more than doubled the amount of stock that they are donating. Our store colleagues have helped us design the app and processes and feel proud to see the finished result benefiting their local communities.

- 11.8 million meals donated in 2020/21
- More than 1,400 community organisations participating
- Reduced food waste in-store by almost 5,000 tonnes
- Good progress on our commitment to redistribute all edible surplus by 2025

*Discover more*





We're always looking for new opportunities to reduce the quantity of unsold food as part of our commitment to halving food waste by 2030.

This year we launched a new initiative to turn freshly baked, unsold baguettes and boules into garlic bread. Following a successful eight-store trial, we've extended the initiative, with the products being prepared and filled with garlic butter at the end of each day.

Following a positive response from the trial, we will be communicating the message to our customers using shelf-edge signage across 200 stores that are selling the products.

- Innovative process for preventing waste in 200 stores
- Garlic bread is prepared in store and sold as frozen
- An additional 30 days of shelf-life



*Discover more*

Turned surplus baguettes into  
**GARLIC BREAD**



*Tested new approaches to*



# REDUCE PACKAGING



*Discover more*

We're testing new approaches to reducing packaging with our Fill your Own Concept.

Customers can bring in or purchase reusable containers, or alternatively free, recyclable paper bags are on offer for those who wish to use them. The extensive refillable grocery range spans over 50 product lines, including pasta, rice, cereal and confectionery, as well as refillable frozen fruit.

- Fill Your Own has continued to prove popular among customers this year and, despite shifting consumer behaviour during the pandemic, over 40% of the lines have outsold the packaged alternatives. To encourage our customers to choose refillable lines, all Fill Your Own products offer even better value per gram than the packaged alternatives.
- As a completely new way of shopping, we're keen to better understand refill across the entire store process, from behind the scenes operations to working together with our customers to encourage behaviour change.
- We will continue to test innovative new concepts such as Fill Your Own in our new format stores, which will then inform our plans for all stores across our wider estate.



M&S **FILL YOUR OWN**  
BRITISH QUINOA  
NOT SUITABLE FOR WHEAT ALLERGY  
SUFFERERS AND COELIACS

M&S **FILL YOUR OWN**  
GREEN LENTILS  
NOT SUITABLE FOR WHEAT ALLERGY  
SUFFERERS AND COELIACS  
£3.00 per kg

RED LENTILS  
NOT SUITABLE FOR WHEAT ALLERGY  
SUFFERERS AND COELIACS  
£3.00 per kg



Around 75% of the workers within the global textile, clothing and footwear industry are women. Unfortunately we know violence, exploitation, sexual harassment and other forms of abuse of female garment workers is a pervasive problem.

# SUPPORTED EQUAL RIGHTS

*in the textile, clothing and footwear industry*

In order to address this industry-wide issue we've worked in partnership with the British High Commission and **Change Alliance** since 2016 on programmes in India promoting gender equality and creating safe environments for female workers in their place of work.

The POWER, Providing Opportunities to Women for Equal Rights, programme has evolved to encourage women to actively join and lead the labour market. The programme also focuses on community outreach, positively affecting social norms for the prevention of gender discrimination

and violence, and equitable practices in the communities around factories.

- Since its initial pilot phase in 2016, 36,436 women have been through the programme in Bengaluru, Curugram and Manesar
- The project has had far reaching impacts not only on women, but on their households and communities
- The programme was paused from March 2020 due to Covid restrictions and will restart as soon as it's safe to do so





# HELPED TO PROTECT THE WORLD'S FORESTS

Our planet's forests are a vitally important ecosystem. They regulate our climate, protect water supplies, and provide a home for people, animals and plants.

We want to play our part in protecting the world's forests for future generations and we run an active programme focused on deforestation – setting out policies and actions to stop deforestation associated with the production of palm oil, soy, meat, man-made cellulosic fibres and wood in M&S products.

We can't solve these issues on our own, so we're working with other retailers and NCOs, including **WWF**. Together, we aim to present the UK government with a clear position that stresses the need for stronger legislation to ensure deforestation-free supply chains.



*Discover more*



# IMPLEMENTED SMART SOLUTIONS

←  
*to engage  
factory workers*

Factory audits are traditionally carried out during planned or unplanned visits. They can be very effective and we know there will always be a place for them but in face-to-face situations workers can also feel inhibited about voicing their concerns so we have taken steps to improve the feedback we receive.

Both in our Food and our Clothing & Home operations we've launched two projects that can help us reach workers in our supply chain in new and more effective ways.

In Food, we've introduced a device-based app developed with nCaje, which asks workers directly about their experience of working in factories in the UK and Ireland. In Clothing & Home, we've worked with the software company Ulula and the ethical trade consultancy Impact to hear directly from factory workers in India using similar smart solutions.

- We've connected digitally with almost 3,000 workers at 54 food sites in the UK and Ireland
- We've trained 230 food suppliers to use the technology and 97% say they find it useful
- We're rolling out nCaje to more than 500 food sites by April 2022
- In India we've reached more than 4,000 factory workers through smart solutions



*Discover more*





# Products

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.





PRODUCTS CONTINUED

# RAW MATERIALS

Sourcing raw materials impacts on the world's natural resources and systems and the communities that co-exist within them. We have taken significant steps to respect environmental boundaries and the need for social equity, while sourcing the ingredients that make good value and high-quality products for our customers.

## Our top 20 raw materials



We are committed to tackling the sustainability and human rights issues associated with sourcing our key raw materials. We use a blended approach of external certifications, working collaboratively with the wider retail and consumer goods industry and our own capacity building programmes to drive change in the areas we source from.

We define our top 20 key materials as ingredients that are most important to our business in terms of the volumes we buy, as well as those raw materials that have known environmental and social issues that we can positively impact. We are committed to making sure that 100% of these key materials are sustainably and ethically sourced.



Product category	Raw material	Product category	Raw material
Aquaculture & Fisheries	Farmed fish & shellfish	Commodities	Tea
	Wild-caught fish & shellfish		Coffee
Livestock	Beef		Cocoa
	Lamb	Nuts	
	Pork	Palm & Soy	Palm oil
	Chicken		Soy
	Milk (cows)	Wood	Timber/paper/card
Eggs	Clothing & Home	Cotton	
Produce		Fresh produce	Polyester
	Flowers & plants	Man-made cellulosic fibres	



## PRODUCTS CONTINUED

### AQUACULTURE & FISHERIES

Our aim is to ensure that all wild-caught and farmed seafood and aquafeed come from the most responsibly managed sources. This helps safeguard our supply chains and aquatic ecosystems as well as the livelihoods of coastal communities. We only work with fisheries and farms that meet our **M&S Seafood Sourcing Standard for Wild-Caught, Farmed Fish & Shellfish**, which covers all fish and shellfish found in M&S products – be it fresh, frozen, canned or within our meals. In 2020/21, we continued to meet our commitment to sourcing 100% responsibly sourced seafood under the **Sustainable Seafood Coalition**. 99.5% of M&S wild-caught fish and shellfish is either sourced from a **Global Sustainable Seafood Initiative (GSSI)** recognised third-party certified source or engaged in improvement actions, with the remaining 0.5% working with **WWF** towards improvement. All farmed fish and shellfish is sourced from third-party certified sources.

We are transparent about our supply chain and can trace all our fish back to where it's caught or farmed, and in 2018 we were the first retailer to disclose our suppliers on our **M&S interactive sourcing map**. We have worked with WWF on specific sustainable fishing initiatives since 2004, and in 2010 became the first company to sign up to the **WWF Seafood Charter**. We are also founding members of the Sustainable Seafood Coalition, a UK cross-industry group tackling seafood sustainability issues.



*M&S seafood sourcing standard*



### LIVESTOCK

All the farms that supply us with meat, poultry, farmed fish, milk and eggs meet M&S Select Farm Standards, meaning we only work with farmers, growers and producers we know and trust to source our products with care – whether that's the highest animal welfare standards or protecting the natural environment. Farms supplying our meat, poultry, farmed salmon, farmed trout, milk and eggs are also all independently assured to **UK Red Tractor** Farm Standards or an equivalent independently assured M&S accepted standard.

In April 2021, we reaffirmed our commitment to British farming with the launch of our four-month "Fresh Market Update" customer campaign, which showcases the commitment our Select Farm partners make to delivering exceptional quality M&S food. Ahead of the launch of this campaign, during 2020 we fully transitioned all M&S products containing EU poultry to 100% British chicken and transitioned 100% of M&S pork to a new minimum welfare standard of British, **RSPCA Assured**, Outdoor Bred, finished on deep straw bedding.

[Discover more about M&S sourcing:](#)

*RSPCA Assured*



In April 2020, we expanded our range to offer more RSPCA Assured products than any other retailer.

#### Animal welfare

We recognise the integral role of animal health and welfare in sustainable food production and continue to progress towards the highest welfare standards through implementation of our **M&S Policy for Farm Animal Health and Welfare**. We work closely with animal welfare experts such as FAI Farms and NGOs such as **Compassion In World Farming** and the **RSPCA** to improve our standards continually.

100% of M&S branded eggs are free-range and we are still the only retailer to offer 100% RSPCA Assured milk to customers. In April 2021 we expanded our range to offer more RSPCA Assured products than any other retailer – which includes all fresh eggs, pork, farmed salmon, farmed trout, Oakham Gold chicken and milk.

RSPCA Assured is the only farm assurance scheme in the UK dedicated purely to farm animal welfare, where specially trained professionals carry out annual assessments and spot checks to ensure their higher welfare standards covering health, diet, environment and care are being met.

Since 2013, we have engaged with **The Business Benchmark for Farm Animal Welfare**, and in 2020 maintained our Tier 1 status, making us the longest recognised UK retailer in this leading tier.



## PRODUCTS CONTINUED

### LIVESTOCK CONTINUED

#### Monitoring the farms that supply us

The farms that supply us are responsible for undertaking the M&S Select Farm Sourcing Standard Audit to a specified frequency (every 12-18 months depending on species). In 2020/21, 11,511 farms were audited and 96% of our supplier farms met or exceeded our expectations. The 4% that were unable to meet our standards are no longer a part of our supply chain. During the year, **Lloyds Register** also trained 677 Select Farm assessors and performed a number of shadow audits and spot checks to ensure consistency with the M&S Select Farm Sourcing Standard.

#### Antibiotic usage

We actively support responsible use of antibiotic medicines in our livestock and fish & shellfish supply chains to reduce the threat of antibiotic resistance to global human health. Our **Antibiotic Usage Policy** has been developed in consultation with sustainability advisers, veterinary staff and suppliers and takes into account the views of the **World Health Organization**, **The World Health Organization for Animal Health** and the **European Medicines Authority**.

### FARMING WITH NATURE

Underpinning our commitment to our Select Farm Partners, during 2020 we worked with suppliers and external stakeholders to develop our “Farming with Nature” programme; a nature-friendly farming approach to sourcing our fresh British products, which aims to help our UK farmers become more resilient to the biggest environmental challenges – such as climate change, biodiversity, soil health and water usage. During 2021, we will be working with our farmers to:

- Help scale nature-friendly farming approaches, supporting farmer resilience to environmental pressures
- Empower M&S Select Farms through advice, tools and networks
- Help farmers demonstrate their positive impact by measuring improvements along the way, from soil to wildlife habitats
- Tell our customers stories from M&S Select Farms about the lengths they go to in producing M&S fresh produce and protecting nature

As part of the programme:

- M&S has established 17 Indicator and Innovation Farms across the UK, spanning fresh produce, dairy, beef, lamb, pork, turkey, chicken and eggs. The farms will be supported by M&S-funded specialist industry partners from the **Wildlife Trusts**, the **Farming & Wildlife Advisory Group (FWAG)**, the **Game & Wildlife Conservation Trust** and **FERA**. The farms will be trialling new ways of farming in harmony with nature and measuring environmental improvements and benefits over time – including testing of novel measurements

like E-DNA and remote sensing approaches – to provide farmers with new insight into the biodiversity on their farms. Learnings from these farms will be shared through knowledge transfer activity and farm events with other M&S Select Farmers and the wider industry.

- For livestock, we are now collecting environmental outcome measures alongside our welfare measures, to measure progress and showcase the great work already being undertaken by British farmers.
- We already ask all UK M&S growers to be **LEAF** (Linking Environment and Farming) Marque certified, but in addition M&S is being advised by LEAF to deliver a programme of Farming with Nature modules for M&S growers covering multiple areas from biodiversity to water use. This programme of modules aims to support M&S growers to enhance environmental outcomes and will be complemented by a suite of support for growers from FWAG and the Wildlife Trusts.

*Working with industry partners*





## PRODUCTS CONTINUED

### FRESH PRODUCE, FLOWERS AND PLANTS

#### Fresh produce

We source over 100,000 tonnes of fresh whole fruit, vegetables and salad crops each year, ensuring that each piece of fresh M&S produce comes from farms that meet our M&S Select Farm standards, which include meeting the UK Red Tractor or **Global GAP standard** along with the **M&S Pesticide Policy**.

As part of our UK Farming with Nature programme, we ask all of our British growers to be **LEAF** Marque certified and all growers will be verified annually against a new programme of M&S Farming with Nature modules designed to enhance environmental outcomes. As an evolution of our Farming with Nature objectives and to build on existing work on embedding environmental standards within our international grower base, we will be introducing an environmental programme for international fresh produce growers too and will report on our progress from 2022.

#### Flowers and plants

Flowers and plants are very important to M&S; we source in the region of 370 million stems annually. We expect our flowers and plants growers to meet the **Global GAP Flowers and Ornamental Standard** or an equivalent accreditation like the **Ornamental Horticulture Assurance Scheme (OHAS)** which covers quality, health and safety and environmental management. In addition all our packhouses which apply M&S labels to flowers and plants must be independently certified to OHAS. We are in the process of reviewing our flowers and plants standards and governance and aim to report on progress from 2022.

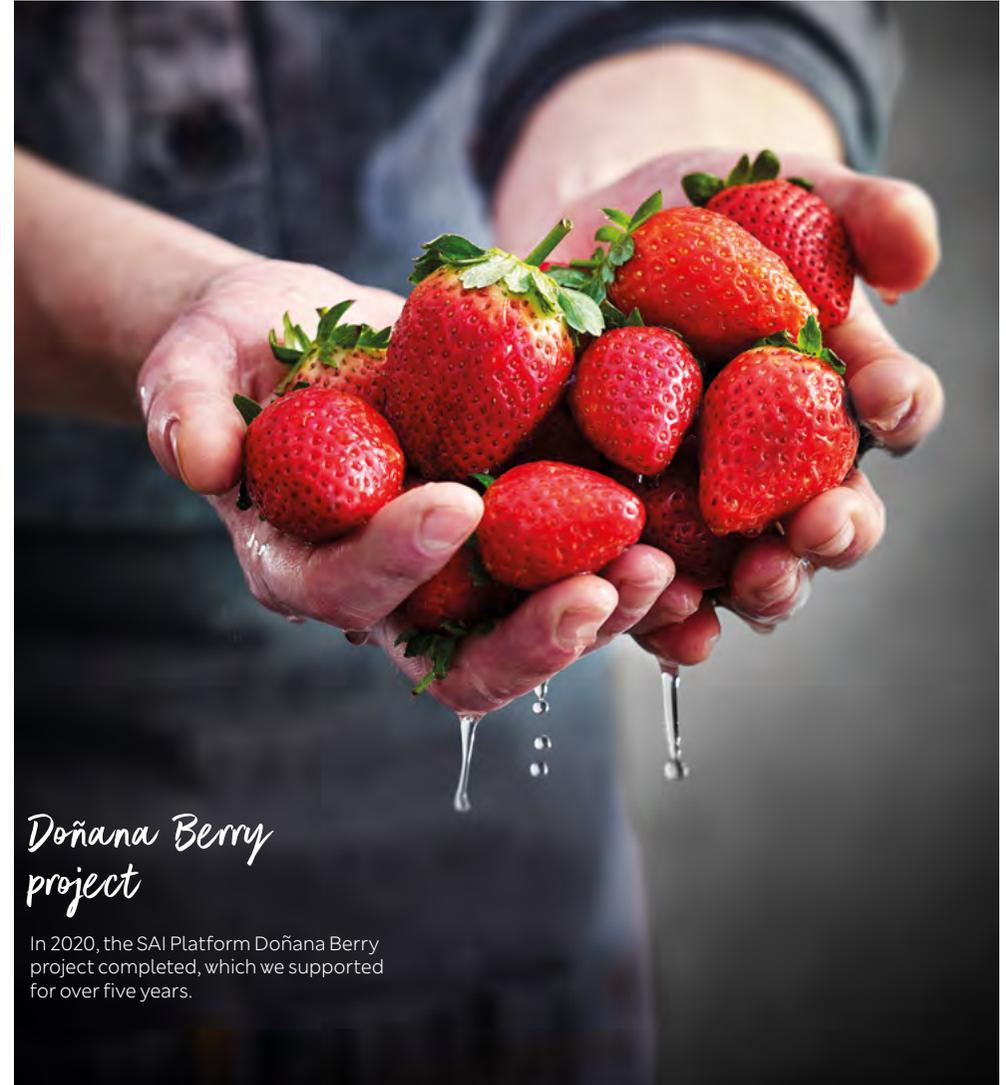
#### Pesticides

Pesticides have clear benefits in agriculture; however, we recognise the biodiversity and health risks their over-use can bring. To tackle this, we ensure pesticide use is reduced where possible and is in accordance with our

**M&S Pesticide Policy**, which has been independently reviewed by **Pesticide Action Network UK**. As part of our Farming with Nature programme, with partners we will provide specialist support and guidance for growers to enhance their Integrated Pest Management (IPM) best practices and enable them to demonstrate progress on reducing reliance on pesticides, through our partnership with **LEAF** and our Indicator and Innovation farm network.

#### Water stewardship

Water stress remains one of the top risks to society overall and is one of the largest global sourcing risks for produce. We've made a good start on our water stewardship journey, through historical partnerships with **WWF** and through our close relationships with suppliers. In 2017, we published "**The Water Stewardship Journey for Businesses**" in collaboration with WWF, which summarises our joint learnings in implementing collective action and influencing governance and provides an overview of how we address water stewardship within our business and supply chain. In 2020, the **SAI Platform Doñana Berry** project completed, which we supported for over five years. The project focused on supporting sustainable berry production in the Doñana region in southern Spain, with an emphasis on reducing water use. The Doñana project enabled collective action such as engaging authorities on water governance and through training, and monitoring programmes supported water savings equivalent to 343 Olympic swimming pools. We continue to collaborate with the wider industry and are a part of the **WRAP Courtauld Commitment 2025 Water Ambition** alongside other UK brands and retailers, directly supporting water stewardship projects in the UK and South Africa.



### Doñana Berry project

In 2020, the SAI Platform Doñana Berry project completed, which we supported for over five years.



## PRODUCTS CONTINUED

# 100% Fairtrade

100% of tea and coffee in M&S Foodhalls and Cafés remains Fairtrade certified



## COMMODITIES

### Tea, coffee and cocoa

We always source the best tasting, quality tea and coffee from growers and co-operatives around the world. We are proud to say that in 2004, we became the first retailer to source only **Fairtrade** certified coffee for our M&S Cafés, and in 2006 we were the first retailer to source only Fairtrade certified tea and coffee across our products. 100% of tea and coffee in M&S Foodhalls and Cafés remains Fairtrade certified, and our growers collectively receive over £1,000,000 in Fairtrade Premium each year. We are transparent about where we source our tea and coffee from and in 2019, we extended our **M&S interactive sourcing map** to fully disclose the locations of M&S tea and coffee growers and co-operatives.

We use cocoa in more than 1,000 M&S products, including in our chocolate bars, cakes, biscuits and desserts. In recent years, we have worked to develop our approach to sourcing cocoa more sustainably to ensure its future viability as an ingredient and to help improve cocoa growers' lives. Our aim is to make sure that 100% of the cocoa we source for M&S branded products comes from verified sustainable sources – which we first achieved in 2017. We are also committed to joining efforts to improve cocoa sustainability and are members of the **World Cocoa Foundation (WCF)** through which we support **CocoaAction** and are signed up to the **WCF Cocoa and Forest Initiative** which aims to end deforestation and restore forest areas in sourcing countries Cote d'Ivoire and Ghana. We are also members of the **International Cocoa Initiative** and encourage the action of cocoa traders through working with the **Retailer Cocoa Collaboration**.

## PRODUCTS CONTINUED

## NUTS

In 2020/21, we have worked collaboratively with key suppliers to develop a responsible sourcing approach to nuts and form our new policy 'M&S Raw Material Requirements & Guidance for Nuts', which will come into effect for suppliers during 2021. The policy will have a specific focus on addressing human rights issues in the nut supply chain. This approach is being further defined and embedded in 2021 alongside food safety requirements.



## PALM OIL AND SOY

## Palm oil

Palm oil is the most used vegetable oil across the world and is found in many products across food, household and beauty. As an oil, it has the highest productivity and requires less than 50% of the land that other crops need to produce the same volumes. However, over the years its efficiency has led to unacceptable practices such as high levels of deforestation and peatland drainage, and human rights issues faced by local communities and workers. To ensure we don't contribute to deforestation we are committed to sourcing palm oil sustainably, for which we set out our minimum standards in our **M&S Palm Oil Policy**. In 2020, 100% of the palm oil used in M&S products was **Roundtable on Sustainable Palm Oil (RSPO)** certified.

This year we have been active members of the **Palm Oil Transparency Coalition** and are working to transition palm oil in M&S food products from mass balance to segregated status. In 2020, 75% of the palm oil used in M&S products was RSPO Segregated and 25% Mass Balance. Though our goal was to reach 100% RSPO Segregated status, the availability of segregated palm oil derivatives and fractions continues to be a challenge in our non-food supply chain. To reach our target, we are continuing to work with suppliers and peers to increase the demand for RSPO segregated status and will provide a further update in our 2021/22 report.

## Soy

The majority of the soy we use is found in the animal feed of our livestock, and to ensure we don't contribute to deforestation we have a goal of sourcing all soy from approved or recognised sustainable soy schemes, including the **Round Table for Responsible Soy (RTRS)** credits and **ProTerra Foundation**. We've supported the sustainable production of soy through the purchase of RTRS credits or via our direct supplier procurement to a deforestation free production standard for 100% of the soy in our supply chain from South America.

From 2020, our focus has shifted to ensure that 100% of our soy is sourced from verified deforestation free regions by 2025. To achieve this we work collaboratively throughout the sector via the **Cerrado SoS Group**, UK Roundtable for Sustainable Soy, the **Retail Soy Group**, and the **Soy Transparency Coalition** – a new organisation we helped to create to assess key soy traders' performance. In 2021, we also joined 39 other companies to write to Brazil's National Congress encouraging them to reject a legislative proposal that could open up the Amazon for deforestation.

As part of our protein diversification strategy, we are exploring alternatives to soy-based animal feed through the M&S innovation programme. In 2020, we worked with our 44 British farmers that produce M&S **RSPCA Assured** milk to replace soy feed with alternatives such as rapeseed oil and sugar beet – avoiding nearly 4,000 tonnes of soy being used each year. We're also working with pig and poultry suppliers (where the vast majority of soy is used) on projects exploring alternative protein sources and the reduction of soy use as a whole.



## PRODUCTS CONTINUED

### CLOTHING & HOME

Cotton, polyester and man-made cellulosic fibres are some of the most widely used fibres across Clothing & Home products. Their production can have detrimental environmental and social impacts contributing to issues such as deforestation, water stress and climate change. At M&S these three types of fibre account for around 80% of our material footprint. For each of these fibres we are committed to sourcing from more sustainable sources with proven positive environmental and social impacts.

#### Cotton



Cotton is a very important raw material and has huge benefits as a natural and breathable fibre. However, we know it poses environmental and social challenges. In 2012, we set out to source more sustainable cotton – which means it is grown in a way that uses less fertiliser, pesticides and water. Our sourcing requirements are set out within our **M&S Cotton Sourcing Policy**, with the majority of our cotton being sourced through The **Better Cotton Initiative** standards, and the rest meeting **Fairtrade**, Organic or Recycled standards. We are proud that in 2019 we met our goal of reaching 100% sustainably sourced cotton for our clothing products, which we continue to maintain through

working closely with our suppliers and through working collaboratively with the wider industry.

#### Polyester

Polyester is a synthetic material which is widely used due to its durable and quick drying properties. We're committed to converting all polyester used for M&S clothing and home products to preferred sustainable alternatives. We know using recycled materials to make finished products has less environmental impacts than virgin materials and we work with our suppliers to implement the requirements we set out in our **M&S Recycled Material Sourcing Policy**. In 2020/21, 22% of the polyester we used to make our products was from recycled sources and we are working to increase this year on year with aim to reach 100% preferred fibre conversion by 2025. To support the increasing global issue of microfibre shedding that results from textile production, we are working with industry to reduce impacts. We are currently a board member of **The Microfibre Consortium** and are a signatory member to **WRAP's Textiles 2030 voluntary agreement**.

#### Man-made cellulosic fibres (MMCFs)

Man-made cellulosic fibres (MMCFs) are derived from plants that are processed into pulp before being extruded into fibres. The most common MMCF is viscose, with other examples being lyocell, modal, cupro and acetate. To ensure we positively impact MMCF sourcing risks like forest loss and degradation, we have set minimum standards to ensure

responsible sourcing by all of our suppliers within our **M&S Man-Made Cellulosic Fibre Sourcing Policy**. In 2020/21, 13% of the MMCF fibres used to make our products came from an M&S Plan A preferred sustainable source (as listed in our policy) and we are working to reach 100% preferred fibre conversion by 2025. As a partner in the **CanopyStyle Initiative**, we are committed to end sourcing from ancient and endangered forests, and endangered species habitats and support lasting conservation solutions. In 2019, to help achieve our commitment to achieving greater supply chain transparency, we published the locations of our man-made cellulosic fibre suppliers on our **M&S interactive sourcing map**. We are also working to ensure we reduce our impacts in manufacturing processes. We are a signatory brand of the **Changing Markets Roadmap** towards responsible viscose and modal fibre manufacturing and are ranked as a "Frontrunner" brand in Changing Market's 2020 **"Dirty Fashion Crunch Time" report**.

#### Clothing & Home animal welfare

Some of the raw materials we use to make our Clothing & Home items are made from animal-derived raw materials, such as wool and cashmere. The health and welfare of all animals within our supply chains are of the utmost importance and we've taken significant steps to improve the sourcing of the animal-derived raw materials through the **M&S Clothing & Home Animal Welfare Policy**.

We also work collaboratively with industry-leading organisations and NGOs to drive further progress and systemic change. Since 2018, we have been a member of the **Sustainable Fibre Alliance**, a non-profit international organisation dedicated to

promoting a global standard for cashmere production to preserve and restore grasslands, ensure animal welfare, and secure livelihoods. We've also recently made a commitment to source 50% of our wool from more sustainable sources by 2025, which includes wool certified to the **Responsible Wool Standard** organic and recycled sources.

#### Wood

We are committed to making sure that all wood in M&S products and packaging comes from the most sustainable sources. 100% of our suppliers are obligated to meet the minimum standards we have set out in the **M&S Wood Sourcing Policy** which we monitor through our annual supplier compliance reporting procedures. Our wood policy and compliance procedure is currently being reviewed, for which we will provide an update in 2021/22.





PRODUCTS CONTINUED

# PERFORMANCE UPDATE

100% of priority raw materials will be sustainably and ethically sourced with all policies published by 2025

Our commitments

Product category	Raw material	Commitment	KPI	2020 performance
<b>Aquaculture &amp; Fisheries</b> 	<b>Aquaculture &amp; fisheries</b>	100% responsibly sourced seafood	% responsibly sourced seafood	100
	<b>Farmed fish &amp; shellfish</b>	Maintain 100% of farmed fish and shellfish for M&S products coming from third-party certified sources	Ratio of fish used in M&S branded food products	37% farmed : 63% wild caught
			% farmed fish and shellfish for M&S products came from third-party certified sources	100
			% farmed trout and salmon RSPCA Assured	100
	<b>Wild caught fish &amp; shellfish</b>		% wild-caught fish and shellfish for M&S products from a Global Sustainable Seafood Initiative recognised third-party certified source and under improvement projects	99.5
<b>Livestock – Meat, Poultry, Milk &amp; Eggs</b> 	<b>Livestock &amp; aquaculture</b>	Maintain Tier 1 in the Business Benchmark on Farm Animal Welfare (BBFAW)	Tier in the Business Benchmark on Farm Animal Welfare (BBFAW)	Tier 1 (maintained since 2013)
		Maintain 100% of M&S suppliers reporting on animal welfare outcome measures	% of M&S suppliers reporting on animal welfare outcome measures	100
			Total number of global Livestock & Aquaculture Select Farms supplying M&S	13,814
			Number of supplier farms to undertake the M&S Select Farm Sourcing Standard Audit	11,511
			Number of Select Farm Audit Assessors trained by Lloyds Register	677
			Number of M&S animal welfare audits conducted	38
			Number of M&S animal welfare audits scored "Good" or above	34
		Maintain 100% of M&S livestock and fish & shellfish suppliers adhering to M&S Antibiotic Usage Policy	% M&S livestock and fish & shellfish suppliers adhere to M&S Antibiotic Usage Policy	100
		Crow RSPCA Assured M&S product range	Number of species adhering to RSPCA Assured certification	6 (eggs, pork, milk, Oakham Gold chicken, farmed salmon, farmed trout)
		<b>Beef, lamb, pork, chicken</b>	Maintain 100% M&S branded fresh, frozen and ingredient meat and poultry products meeting UK Red Tractor standards (or equivalent) and M&S Select Farm standard	% M&S branded fresh, frozen and ingredient meat and poultry products meet UK Red Tractor standards and M&S Select Farm standard
	<b>Milk (cows)</b>	Maintain 100% M&S milk meeting UK Red Tractor standards and is RSPCA Assured (excluding organic)	% M&S milk meets UK Red Tractor standards and is RSPCA Assured (excluding organic)	100
	<b>Eggs</b>	Maintain 100% free range M&S branded eggs	% free range M&S branded eggs	100
		Maintain 100% M&S branded eggs meeting an independently assured M&S accepted standard (Code of Practice for Lion Eggs, Duck Assurance Scheme (DAS) – Eggs, or KAT Standard)	% M&S branded eggs meet an independently assured M&S accepted standard (Code of Practice for Lion Eggs, Duck Assurance Scheme (DAS) – Eggs, or KAT Standard)	100
		Maintain 100% M&S branded eggs RSPCA Assured by 2020	% M&S branded hen eggs RSPCA Assured	100



PRODUCTS CONTINUED

Product category	Raw material	Commitment	KPI	2020 performance	
<b>Produce</b> 	<b>Fresh produce</b>	Maintain 100% fresh produce meeting UK Red Tractor or Global GAP standards and M&S Non-GM, Pesticides and Select Farm Standards	% fresh produce meets UK Red Tractor or Global GAP standards and M&S Non-GM, Pesticides and Select Farm Standards	100	
		100% of UK growers certified to LEAF Marque by December 2021	% UK growers certified to LEAF Marque	90	
		100% of UK LEAF Marque growers to be verified to all M&S Farming with Nature modules by 2025	% of UK LEAF Marque growers verified to M&S Farming with Nature modules	First verification end of 2021/22	
		Launch M&S International Environmental Programme for Produce	KPIs in development	First verification round end of 2021/22	
	<b>Flowers &amp; plants</b>		% flower/plant growers meet Global GAP Flowers & Ornamental Standard and M&S Non-GM and Pesticides Policy	In progress: Programme currently being scoped. Update on progress will be included for 2021/22	
<b>Commodities</b> 	<b>Tea &amp; coffee</b>	Maintain 100% Fairtrade Certified tea and coffee across M&S products	% Fairtrade Certified	100	
	<b>Cocoa</b>	Maintain 100% cocoa from verified sustainable sources (UTZ Certification/Rainforest Alliance/Fairtrade Certified/third-party verified HORIZONS cocoa/Olam Livelihoods Charter)	% cocoa from verified sustainable sources (UTZ Certification/Rainforest Alliance/Fairtrade Certified/third-party verified HORIZONS cocoa/Olam Livelihoods Charter)	100	
			Total amount of Fairtrade Premium paid by M&S through all Fairtrade certified products	£1,719,552	
<b>Palm &amp; Soy</b> 	<b>Palm oil</b>	Source 100% M&S palm oil from responsible sources by 2020	% M&S palm oil from responsible sources	100% met RSPO standard (99% physically certified remainder covered by RSPO certificates from small holder producers)	
				Palm oil used in M&S branded products (tonnes)	5,469
		100% palm oil in food products to be sourced from RSPO segregated targets by 2021	% palm oil with segregated status	75	
			% palm oil mass balance	25	
	<b>Soy</b>		Total amount of soy used in M&S branded products (directly and indirectly through animal feed) (tonnes)	77,254	
		Source 100% of soy from South America through certification and RTRS credit schemes by 2020	% soy from South America sourced through certification and RTRS credit schemes	100	
		100% of soy to be sourced from verified deforestation free regions by 2025	% soy from physically certified deforestation free supply chains (CRS Area Mass Balance/ProTerra)	11	
<b>Clothing &amp; Home</b> 	<b>Cotton</b>	Maintain 100% sustainably sourced cotton in M&S branded clothing	% of cotton used in M&S branded clothing sustainably sourced	100	
	<b>Polyester</b>	100% conversion to preferred fibres by 2025	% conversion to preferred fibres	22	
	<b>Man-made cellulosic fibres (viscose, modal, lyocell)</b>	100% conversion to preferred fibres by 2025	% conversion to preferred fibres	13	
	<b>Wood (Timber/paper/card)</b>		% suppliers that meet M&S Wood Sourcing Policy	In progress: Update of policy and compliance. An update on progress will be included for 2021/22	

100% of priority raw materials will be sustainably and ethically sourced with all policies published by 2025

Our commitments

Convert all our textile raw materials to sustainably sourced and fully traceable alternatives by 2030



PRODUCTS CONTINUED

# OUR SOURCING STANDARDS

Product category	Raw material	M&S policy/standard	Third party standards used
<b>Aquaculture &amp; Fisheries</b>	<b>Farmed fish &amp; shellfish</b>	M&S Seafood Sourcing Standard M&S Select Farm Sourcing Standard M&S Foods Animal Welfare Policy	<b>Aquaculture Stewardship Council (ASC) certified, Marine Stewardship Council (MSC) certified</b> (relevant to certain farmed species such as rope grown mussels), <b>Global GAP Aquaculture Standard assured, Best Aquaculture Practices (BAP) certified, or RSPCA Assured</b> RSPCA Assured: farmed salmon, farmed trout
	<b>Wild caught fish &amp; shellfish</b>	M&S Seafood Sourcing Standard M&S Foods Animal Welfare Policy	Global Sustainable Seafood Initiative (GSSI) recognised standard
<b>Livestock – Meat, Poultry, Milk and Eggs</b>	<b>Beef, lamb, pork, chicken</b>	M&S Select Farm Sourcing Standard M&S Foods Animal Welfare Policy	UK Red Tractor or equivalent RSPCA Assured: Pork, Oakham Gold Chicken
	<b>Milk</b>	M&S Select Farm Sourcing Standard M&S Foods Animal Welfare Policy	UK Red Tractor RSPCA Assured
	<b>Eggs</b>	M&S Select Farm Sourcing Standard M&S Foods Animal Welfare Policy	Code of Practice for Lion Eggs, Duck Assurance Scheme (DAS) – Eggs, or KAT Standard) RSPCA Assured
<b>Produce</b>	<b>Fresh produce</b>	M&S Select Farm Standard M&S Technical Terms of Trade M&S Non-GM Foods Policy M&S Pesticides Policy	Global GAP/UK Red Tractor LEAF Marque certification and LEAF Modules for UK growers that supply M&S
	<b>Flowers &amp; plants</b>	M&S Select Grower Standard M&S Technical Terms of Trade M&S Non-GM Foods Policy M&S Pesticides Policy	Global GAP Flowers and Ornamental Standard
<b>Commodities</b>	<b>Tea</b>	–	Fairtrade Certification
	<b>Coffee</b>	–	Fairtrade Certification
	<b>Cocoa</b>	M&S Sustainable Cocoa Sourcing Policy M&S Cocoa and Forests Action Plan	UTZ Certification/Rainforest Alliance/Fairtrade Certified/Third party verified HORIZONS cocoa/ Olam Livelihoods Charter
<b>Nuts</b>	<b>Nuts</b>	M&S Raw Material Requirements & Guidance for Nuts*	–
<b>Palm &amp; Soy</b>	<b>Palm oil</b>	M&S Foods Palm Oil Policy	Roundtable on Sustainable Palm Oil (RSPO)
	<b>Soy</b>	M&S Animal Feed Policy*	Standards accepted: Round Table Responsible Soy (RTRS)/ProTerra/ISCC+/Cefetra – Certified Responsible Soya/ Cargill Sustainably Sourced & Supplied (SSS) Soy
<b>Clothing &amp; Home</b>	<b>Cotton</b>	M&S Cotton Sourcing Policy	Standards accepted: BCI/Fairtrade/Organic Textile Standard/Organic 100/Recycled 100 Global Recycled Standard
	<b>Polyester</b>	M&S Recycled Material Sourcing Policy	Preferred Fibres: Repreve/Polyana/Recycled 100/Global Recycled Standard/Certified Recycled Content
	<b>Man-made cellulosic fibres</b>	M&S MMCF Responsible Sourcing Policy	Canopy 2020 Hot Button Ranking Preferred Fibres: Lenzing™ Ecovero™/Lenzing Tencel™/Lyocell Lenzing Tencel™/Model Lenzing Refibra™/ Birla LivaEco™/Birla Excel/Eastman Naia™
	<b>Wood (Timber/ paper/card)</b>	M&S Wood Sourcing Policy*	Standards accepted: Forest Stewardship Council (FSC)/ Programme for the Endorsement of Forest Certification (PEFC)

\* Policy currently being reviewed. An update on progress will be included for 2021/22.



PRODUCTS CONTINUED

# SUSTAINABLE SUPPLIERS

## CLOTHING & HOME\*\*

### Facility Environmental Module

In line with our commitment to increase transparency and drive positive changes in our supply chain, we mandated the use of the Sustainable Apparel Coalition's Higg Facility Environmental Module in 2020 for our key suppliers. This included:

- Our top 50 suppliers, covering 159 manufacturing sites/65% of our turnover at Tier 1
- Piloting the assessment at our top 20 fabric mills in Tier 2

As a result over 99% of invited suppliers submitted a completed assessment and over 36% of the assessments were independently verified. This is a firm foundation to work with suppliers to improve their assessment scores and it allows us to continue driving improvements in performance.

In previous years we have documented the challenge of visibility beyond our Tier 1 suppliers, and we will continue our work to address this.

### Social & Labour Convergence Programme (SLCP)

This year we have extended our visibility of social and labour standards into Tier 2 using industry standard methodology, the Converged Assessment Framework (CAF), developed by the Social & Labour Convergence Programme (SLCP). The SLCP offers the tools and systems to measure working conditions in global supply chains.

As members of the Sustainable Apparel Coalition, we will be using the Higg Facility Social and Labour Module, which leverages the CAF, in our tier 2 mills and wet processing facilities.

## FOOD\*\*

We continue to develop our supplier scorecard with an intention to launch later this year, covering a range of important issues. To ensure a smooth transition to a new programme, in 2020/21 we've focused on the conclusion of our previous supplier programme and launched three toolkits for suppliers on the issues of **Ethical Trade, Environmental Sustainability** and **Lean Manufacturing**.

Working with our suppliers we're focusing on a smaller number of salient KPIs and outcomes to allow focus and create real change. This programme has undergone a series of tests at key suppliers and we plan to launch the new way of working as part of our plans for 2021/22. Alongside this we are working with **WWF** and UK retailers to agree uniform KPIs on GHG emissions reporting.



### M&S Clothing & Home supplier tiers



#### Tier 4

Raw material extraction



#### Tier 3

Raw material processing



#### Tier 2

Material production



#### Tier 1

Finished production assembly



#### Tier 0

Office, retail, distribution centres



Consumer use



End of life

\*\* Assured by DNV



PRODUCTS CONTINUED

# INTRODUCED THIRD-PARTY Brands

This year we announced the online launch of a new offering of guest brands, marketed and sold under the banner “Brands at M&S”. These new brands will offer a curated range for marksandspencer.com that is complementary to the M&S own brand offer for customers. These partnerships will vary from wholesale agreements to exclusive collaborations.

Protecting human rights and preventing modern slavery is fundamental to our business and therefore we expect all brands sold on our website to sign up to our **Global Sourcing Principles (GSP)** as a minimum. The GSP set out our standards in relation to working conditions for all those involved in producing our products, regardless of the Tier in which they are operating. Alongside these ethical standards we’ve also set a base level of animal welfare and environmental

standards, and will be working with the brands to build on these minimum requirements over time. Our customers expect high standards and trust us to work ethically and source responsibly – the expectation for these new guest brands is no different.

We’ve sought expert independent third-party advice on how to manage these new types of relationship, to ensure we can be confident these new brands align to the ethical and environmental standards we have at M&S. We have created a self-assessment questionnaire scoring tool for new brands so that our minimum requirements are clear from the outset, even prior to contract stage.

All guest brands featured on marksandspencer.com (add link) will sign up to our GPS and will be expected to meet our minimum requirements.

Our guest brands include **Joules, Hobbs, Phase Eight, Seasalt, Ghost, Nobody’s Child** and **Sloggi**.





# Packaging

## Helping customers to reduce, reuse and recycle

We are driving a circular economy. We are reducing single use plastic and packaging. Any packaging we do use will be recyclable and we will drive use of recycled materials. We're innovating with new packaging and to help our customers reuse more often.





## PACKAGING CONTINUED

### PLASTIC & PACKAGING

**100% recyclable Food packaging in the UK by 2022.**

**Contribute to the UK Plastics Pact's nationwide targets (100% of plastics packaging to be reusable, recyclable or compostable by 2025).**

Our goal is to achieve a circular system – where we use less plastic and packaging and any that we do use is recycled.

The data shared shows the proportion of our packaging and plastic packaging which was measured as recyclable in the UK in the 2020 calendar year, compared with the previous year. Packaging recyclability is defined at component level in line with OPRL 2020 guidelines. Recyclable packaging includes that which is widely recyclable at kerbside or which customers can recycle with bags in large stores.

Accuracy in reporting on recyclability of individual packaging components has been improved in 2020, which has led to an increase in the reported portion of packaging and plastic which is recyclable. In Clothing & Home for example, delivery bags for online sales are classified as recycle with bags in store in 2020, having been mis-classified as not recyclable in 2019, which accounts for 21% of the recyclable plastic in Clothing & Home in 2020.

Actions taken to increase packaging recyclability in 2020 include the removal of polystyrene from all foods packaging, including pizza bases and yogurt pots, as well as the completion of removal of black plastic across our product range, which is not widely recycled and has been replaced with colours or clear plastic that can be recycled.

The changing shape of sales in 2020 has also impacted the reported portion of packaging and plastic packaging that is recyclable. For example, in Foods sales consisted of a higher portion of beers, wine and spirits in 2020, which are typically in widely recycled materials including glass and aluminium. In Clothing & Home, a greater portion of online sales meant our recyclable delivery bags made up a greater portion of overall packaging.

	All materials that are recyclable (by weight)		Plastic that is recyclable (by weight)	
	2020	2019	2020	2019
<b>Total sales packaging</b>	<b>87%**</b>	77%	<b>68%**</b>	45%
<b>Food sales packaging</b>	<b>90%**</b>	81%	<b>73%**</b>	52%
<b>Clothing &amp; Home sales packaging</b>	<b>66%**</b>	47%	<b>34%**</b>	7%

To make sure our customers can easily recycle all packaging, including plastic packaging such as films which aren't currently accepted for recycling at kerbside by many councils in the UK, we have been trialling a plastic take-back scheme. Through the scheme, customers can return plastic packaging to store and we will ensure that it is recycled. This programme has been well received by customers, and although roll out was paused in 2020, we continue to refine our plans to extend the scheme to more of our stores.

### Reducing plastic

At M&S we're finding new and innovative ways to reduce our use of plastic and packaging, making changes across our product ranges. We've replaced some of our ready meal trays with alternatives like foil, switched plastic cutlery to FSC certified wooden alternatives and removed plastic bags from fruit and veg and our bakery products. In clothing, we've taken the protective plastic covers off the 500,000 cashmere jumpers we sell each year and we're removing plastic packaging from our bedding range. Now we're looking for innovative solutions to replace plastic packaging in other areas, including shirts and school uniforms.



## CLOSED LOOP CARRIER BAGS

**We were the first retailer to charge for single use plastic bags in 2008.**

Since then, our carrier bag usage has declined by 90%. We no longer offer single use bags (with the only exception being small volumes of flower bags on request).



7 million Sparks bags offered to members

All our multi use bags, including our 15p bags for life, are now made from closed loop recycled plastic from our backstage operational plastic waste. If customers have old, broken or unused bags for life, we encourage them to be returned for a replacement and we will recycle them into new bags – supporting our customers to reuse and recycle again and again.

As part of the re-launch of our Sparks rewards scheme in the summer of 2020, we offered 7 million M&S SPARKS members a large, easy to carry, reusable jute shopping bag free as a way of encouraging more of our most loyal customers to bring their own bags more regularly for shopping.

\*\* Assured by DNV



# Planet

**Our actions today  
protect the planet  
for tomorrow**

**We are driving down greenhouse gas emissions. 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.**





PLANET CONTINUED

From

# CARBON NEUTRAL

now moving towards

# NET ZERO

M&S have a strategic ambition to enhance our climate change commitments from carbon neutral now towards net zero in 2035. We are developing our targets and delivery roadmap to achieve this.



KEY MILESTONES IN OUR CLIMATE CHANGE JOURNEY

- 2002** Full submission to **Carbon Disclosure Project**
- 2006** Established our global greenhouse gas emissions reporting boundary
- 2007** Launched Plan A, our sustainability programme. Set an ambition to be carbon neutral in operations by 2012
- 2012** Achieved Carbon Neutrality in UK and ROI operations and reduced emissions by 22%
- 2014** Achieved Carbon Neutrality in International operations
- 2017** New targets approved by the Science Based Targets Initiative. Signed up as a supporter to **Task Force on Climate-related Financial Disclosures (TCFD)**
- 2020** Reduced emissions by 70% against our 2006/07 baseline. Signed up to **British Retail Consortium's Climate Action Roadmap**
- 2021** Began preparations for the future adoption of TCFD reporting

ACTION WE WILL TAKE IN 2021/22

- Publish the delivery roadmap to underpin our new net zero ambition with clear targets across each of the three scopes.
- Continue to track our performance against the baseline.
- Conduct scenario analysis.
- Publish the climate-related risks and opportunities over the short, medium and long term.



## PLANET CONTINUED

## SCIENCE BASED TARGET

**80% reduction by 2030 compared with 2006/07, then a 90% reduction by 2035 (classified as being “well under 2° C” by the Science Based Targets Initiative)\*\***

# -53%

Our Location-based method emissions were 298,000 tonnes CO<sub>2</sub>e, down by 53% on 2006/07 (640,000 tonnes CO<sub>2</sub>e).

# -72%

Our Market-based method emissions were 177,000 tonnes CO<sub>2</sub>e, down by 72% 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-based method emissions were down by 10% on last year.

2020/21 saw a significant impact to the operational space in our stores as we reacted to the national lockdowns. The closure of this space will have materially reduced the amount of energy consumed.



More detailed data by source covering several years can also be accessed here: [corporate.marksandspencer.com/sustainability/business-wide/climate-change](https://corporate.marksandspencer.com/sustainability/business-wide/climate-change).

## M&amp;S GROUP GREENHOUSE GAS EMISSIONS\*\*

	This year 2020/21 000 t CO <sub>2</sub> e	Last year 2019/20 000 t CO <sub>2</sub> e	Baseline 2006/07 000 t CO <sub>2</sub> e	% change on 2006/07
<b>Location-based method (using national grid averages)</b>				
Direct emissions from operations (Scope 1)	157	173	246	-36%
Indirect energy emissions from operations (Scope 2)	141	168	394	-64%
<b>Total of Scope 1 and Scope 2 emissions</b>	<b>298**</b>	<b>341</b>	<b>640</b>	<b>-53%</b>
<b>Total Location-based method emissions per 1,000 sq ft of salesfloor</b>	<b>15</b>	<b>17</b>	<b>40</b>	<b>-62%</b>
<b>Market-based emissions (using contracted energy supplies &amp; other instruments)</b>				
Direct emissions from operations (Scope 1)	157	173	246	-36%
Indirect energy emissions from operations (Scope 2)	21	25	394	-95%
<b>Total of Scope 1 and Scope 2 emissions</b>	<b>177**</b>	<b>198</b>	<b>640</b>	<b>-72%</b>
<b>Total Market-based method emissions per 1,000 sq ft of salesfloor</b>	<b>9</b>	<b>10</b>	<b>40</b>	<b>-77%</b>

2019/20 GHG emissions have been updated to reflect actual emissions for our international business. Last year we reported estimates as actuals weren't available.

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 2020. For international electricity, September 2020 IEA Scope 2 factors have been used. Additional refrigeration gases are drawn from Bitzer Report 2020. 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.

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

This year we published our climate disclosures in line with TCFD recommendations within our Annual Report. This is our first year aligning our climate-related disclosures to the TCFD recommendations. For clarity, and against a gap analysis we have undertaken, we believe this disclosure is compliant with 7 of the 11 TCFD recommendations.

In this report, we refer to our strategic ambition to enhance our climate change commitments from carbon neutral operations today to net zero emissions by 2035. Over the course of the next 12 months, we will

## CARBON NEUTRAL GLOBAL OPERATIONS

At M&S we are proud to have been a carbon neutral company since 2012. Carbon neutrality is achieved by a combination of carbon reduction programmes, procuring renewable energy and purchasing and retiring high quality carbon offsets. As a signatory to the **United Nation's Climate Neutral Now** initiative, 62% of the offsets retired for 2020/21 are Certified Emissions Reductions (CERs) which are validated and verified through the **Clean Development Mechanism (CDM)** process. This year, we have offset a very small portion of our scope 3 emissions\* and become a certified **CarbonNeutral®** company.



\* Scope 3 emissions offset include emissions from electricity transmission and distribution, delivery fleet fuel supply chain, business travel and waste and recycling

	This year 2020/21 000 t CO <sub>2</sub> e	Last year 2019/20 000 t CO <sub>2</sub> e	Baseline 2006/07 000 t CO <sub>2</sub> e
Total of Scope 1 and 2 emissions	177	198	640
Scope 3 emissions ^	32	-	-
Difference between actual and estimated emissions reported in 2019/20	3	-	-
Total offsets purchased and retired	212	195	0
<b>Net GHG emissions</b>	<b>0</b>	<b>0^^</b>	<b>640</b>
<b>Total net emissions per 1,000 sq ft of salesfloor</b>	<b>0</b>	<b>0</b>	<b>40</b>

^In 2020/21 we've offset our indirect 'other' (Scope 3) emissions to become a certified CarbonNeutral® company, in accordance with The CarbonNeutral Protocol

^^2019/20 GHG emissions have been updated to actual emissions for our international business. Last year we reported estimates as actuals weren't available.

set out what we mean by that and the role that reductions, renewable energy and removals (offsets) play in meeting the overall ambition. Detailed work will be conducted in 2021/22 to determine the delivery roadmap to achieve this ambition in the short, medium and long term, including the contributions required from each of the accountable businesses and our supply chains. The results from our scenario analyses will also inform our proposed metrics and actions to be taken on climate-related risks and opportunities. You can read our full disclosure in our **Annual Report on page 74**.



### PLANET CONTINUED

#### 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, with 100% of UK and ROI stores using electricity procured from renewable sources. This was level with last year. We continue to look for opportunities to build on our existing 16 solar PV sites and are developing a pipeline of opportunities for future development.

# 100%

renewable energy in UK and ROI stores

#### UK AND ROI STORE ENERGY EFFICIENCY

2020/21 saw a significant impact to the operational space in our stores as we reacted to the national lockdowns, with entire trading floors closed for several months at a time. We took prompt action to switch-off assets in these areas and other non-operational spaces but the closure of this space will have materially reduced the amount of energy consumed. Actions taken included switching-off trading lights on closed floors and reducing the use of other operational assets such as lifts. We followed the REHVA guidelines on levels of ventilation to make sure that our stores were safe for customers and colleagues and reduced temperature set-points in closed-off areas. Any increases in consumption from ventilation were offset by the shut-down of other assets in non-essential trading areas.

At M&S we've been ISO 50001 Energy Management Systems Accredited (EnMS) since 2011 for UK stores and offices.

Store energy efficiency was 47% improved at 36.1 kWh/sq ft, compared to 67.9 kWh/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 (38.8 kWh/sq ft before adjustment).

UK and ROI energy efficiency	Target 2020	This year 2020/21	Last year 2019/20	Baseline 2006/07	% change on 2006/07
Total store energy usage in kWh/sq ft	34.0	36.1**	37.8	67.9	-47%

# -47%

UK and ROI store energy improved by 47% when compared to our 2006/07 baseline



#### INTERNATIONAL ENERGY EFFICIENCY

In 2020/21, we operated stores in the Czech Republic and joint venture businesses in Greece and India. Around a quarter of our International stores use energy provided by the landlord and is therefore beyond our operational control. Global lockdowns have meant that operational space has changed throughout the year, with our teams taking action to reduce consumption in closed-off areas. This has included switching-off assets, such as lights, refrigerators and HVAC units that weren't required and reducing the frequency of use where we remained trading. We've continued to invest in LED lighting for all new stores and modernisations, alongside installation of automated energy monitoring systems, which are also contributing to further reductions in consumption.

International store energy efficiency was 53% improved at 13.1 kWh/sq ft, compared to 27.9 kWh/sq ft in 2013/14.

International stores (outside ROI) energy efficiency	Target 2020	This year 2020/21	Last year 2019/20	Baseline 2013/14	% change on 2013/14
Total store energy usage in kWh/sq ft	19.5	13.1	16.1	27.9	-53%

^ International energy data has been restated for 2019/20 with actuals where previously we had reported estimates.

# -53%

We've improved our international energy efficiency by 53% when compared to our 2013/14 baseline



\*\* Assured by DNV



### 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**

We acknowledge the impact that refrigerants can have on global warming and so we've taken action to improve leakage testing and reporting this year, which combined with greater usage of lower GWP refrigerants has delivered a reduction in emissions. We continue to develop our Net Zero refrigerant strategy and are targeting our assets which do not currently use natural refrigerants. This is combined with a proactive investment plan to deliver our commitments.

This year, our emissions from UK and ROI refrigeration and air-conditioning were 36,134 tonnes CO<sub>2</sub>e which is -23% on last year. Allowing for increases in store footage, emissions were -78% at 2.1 tonnes CO<sub>2</sub>e/1,000 sq ft compared to our baseline (2006/07 9.4 tonnes CO<sub>2</sub>e/1,000 sq ft).

174 stores have HFC-free salesfloor refrigeration systems.

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

Target 2025	This year 2020/21	Last year 2019/20	Baseline 2006/07	% change on 2006/07
1.9	2.1	2.6	9.4	-78%

## FLEET EMISSIONS

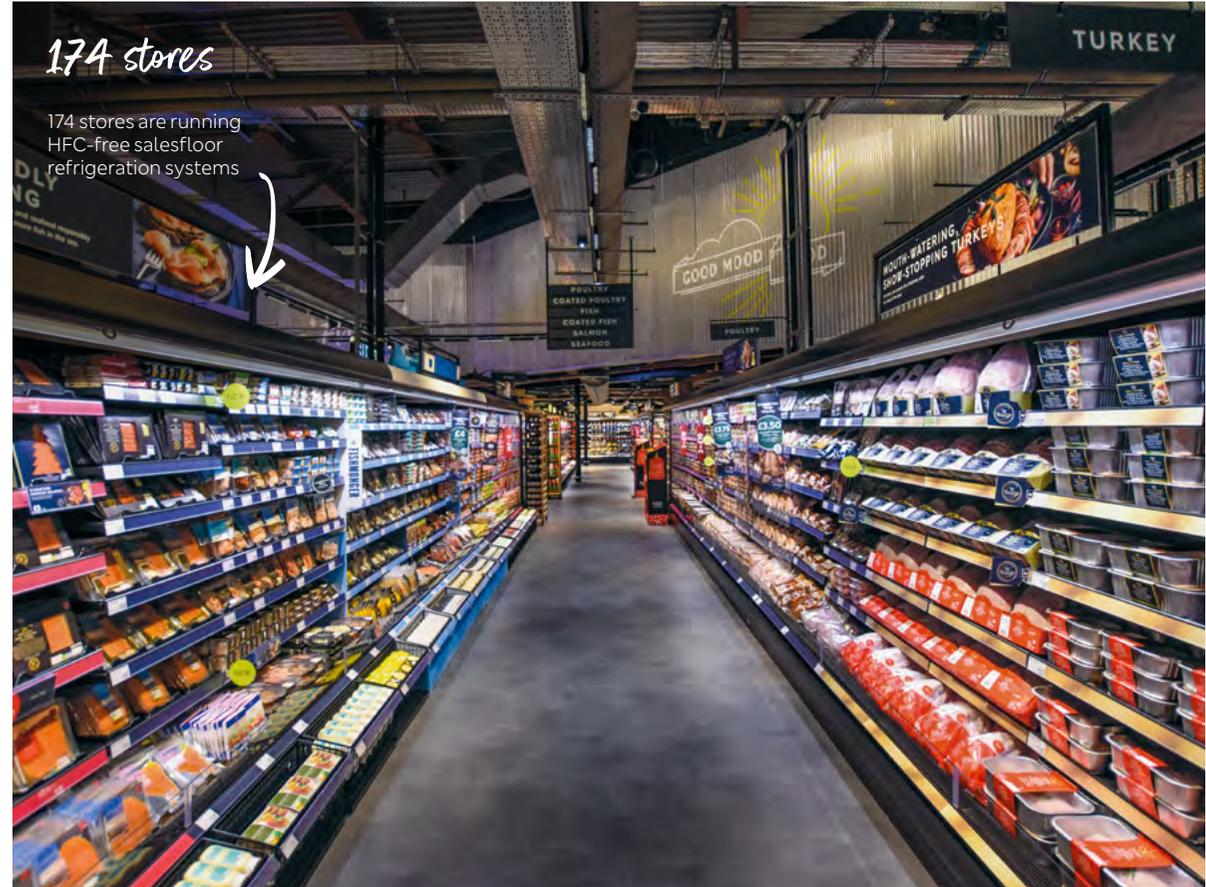
### Clothing & Home store delivery fuel efficiency data

	This year 2020/21	Last year 2019/20	Baseline 2006/07	% change on 2006/07
Litres of fuel	2.1m	2.5m	4.3m	-52%
Litres of fuel/1,000 singles	15	10	10	+52%

### Food store delivery fuel efficiency data

	This year 2020/21	Last year 2019/20	Baseline 2006/07	% change on 2006/07
Litres of fuel	17.3m	17.6m	15.0m	+15%
Litres per store per month	1,450	1,366	2,556	-43%

Diesel consumption was reduced overall last year, however we have seen increases in litres/stores and litres/1,000 singles as delivery patterns reacted to the changing operation in our stores.



**-78%**

We've reduced GHG emission from refrigeration by 78% when compared to our 2006/07 baseline

\*\* Assured by DNV



### PLANET CONTINUED

#### FOOD WASTE

##### Reduce UK retail food waste by 50% by 2030.

We know that M&S food is too good to waste, so we continue to refine our plans to halve our food waste by 2030. We're developing exciting new concepts and processes in our stores as well as upstream developments to our forecasting and accuracy systems. We are seeing some positive results from our trials and we'll continue to update on our progress.

UK M&S operated stores	This year 2020/21	Last year 2019/20	2018/19	Baseline 2017/18	% change on 2017/18
Surplus food (in tonnes)	16,645	N/A	14,991	19,016	-13%
Food surplus re-distributed (in tonnes)	4,991**	2,209	1,177	840	494%
^Re-distributed in meal equivalents (@420g/meal)	11.8m	5.2m	2.8m	2.0m	490%
*Retail food waste (in tonnes)	11,654**	N/A	13,814	18,176	-36%

\* Calculated by taking the total weight of unsold food collected and deducting averaged estimations for packaging, café and other types of food 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 weight of flowers and plants has been removed from this calculation.

#### REDISTRIBUTION OF SURPLUS FOOD

##### 100% of edible surplus redistributed by 2025

Building on our long-standing redistribution programme with our partner **Neighbourly**, in April 2020 we launched a new app across the UK and ROI aimed at increasing the amount of surplus redistributed, while giving full traceability of which products have been donated to each of our community partners. Our in-house IT specialists developed bespoke technology with an app that's fully integrated into our store processes. The new app, coupled with a revised store operation has been key to the increased volumes of surplus donated. This year we have donated 4,991 tonnes\*\* of surplus, equivalent to 11.8 million meals across the UK. In 2021, we plan to further enhance the redistribution programme, with plans to complete a number of new store-based trials.

#### Surplus Food Redistribution

With the help of our partners Neighbourly we donated more than 11.8 million meals this year



#### BRINGING CIRCULARITY INTO FASHION

We want to embrace circular economics by keeping M&S clothes in use for longer, through resale and reuse initiatives. **Shwopping**, the clothes recycling scheme we run in partnership with **Oxfam** was paused for much of 2020 but operated for 14 weeks towards the end of the year to support lockdown wardrobe clear outs of products that Oxfam can reuse or resell.

- Our Shwopping partnership with Oxfam handled more than 80,000 items in around 290 M&S stores during 14 weeks in 2020
- Since its launch in 2008 Shwopping has collected 35 million items to benefit Oxfam

We are a signatory to **Textiles 2030**, a voluntary agreement, which launched in April 2021, funded by its signatories and government. Signatories will collaborate on carbon, water and circular textile targets, and also contribute to national policy discussions with UK governments to shape Extended Producer Responsibility and other critical regulatory developments.

This year, we also joined the **Circular Fashion Partnership** in collaboration with **Global Fashion Agenda**. This is a new initiative to capture and reuse textile waste in Bangladesh by bringing major brands, manufacturers and recyclers together to find successful circular processes that reduce textile waste and distribute value throughout the value cycle, generating economic benefits in Bangladesh by accelerating the fibre recycling market.

The initiative focuses on Bangladesh because it probably possesses the most in-demand and recyclable waste of any garment producing country, but most of its waste is currently being exported or downcycled.

- We believe there is a real opportunity to support Bangladesh as leader in circularity and build its industrial resilience for the future as it recovers from the COVID-19 pandemic



## PLANET CONTINUED

### DOING MORE TO ELIMINATE HAZARDOUS CHEMICALS

We want to protect consumers and reassure them that our Clothing & Home products are not made using hazardous chemicals. We also want to do all we can to address the possible impact of hazardous chemicals on production workers, local communities, and the natural environment.

To do this, we've ensured that our chemical policy goes beyond traditional approaches to chemical restrictions that only apply to finished products. As a signatory brand member of **Zero Discharge of Hazardous Chemicals (ZDHC)** we've evolved **M&S Environmental & Chemical Policy** in line with its latest Manufacturing Restricted Substances List (the ZDHC MRSL V2) – which sets out substances banned from intentional use in any facilities that process textiles, leather, rubber, foam, adhesive and other elements.

In addition, we're now working hard to further improve supply chain traceability by updating our factory self-audit programme and we've also launched our Sustainability Academy to educate our Clothing & Home teams about sustainable chemistry.

- We set out to improve traceability in 2020 by updating the Environmental and Chemical Policy (ECP) Self Audit programme we use in our Tier 2 supply chain
- We launched our Sustainable Denim programme in January 2021
- Together with **Jeanologia** we've collected data for almost 5 million denim garments – measuring worker impact, and water and chemical use

### OPERATIONAL WASTE

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

In 2020/21, our UK and ROI operations generated 59,053 tonnes of waste materials. This was down 15% on last year, with nothing sent to landfill. We continue to work closely with our waste contractors and merchants, identifying opportunities for circularity. This includes using plastic transit packaging as a feedstock for our multi-use bags for life and on-line delivery boxes from cardboard collected from our stores.

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

	This year 2020/21	Last year 2019/20	% change
Total waste	^59**	^*69.6	-15%
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 have taken this opportunity to restate the data for 2019/20 due to improved reporting.



### WATER

As a retailer, we use relatively small and unchanged amounts of water every year. 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.





# 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.





PEOPLE CONTINUED

Standing up for ↘

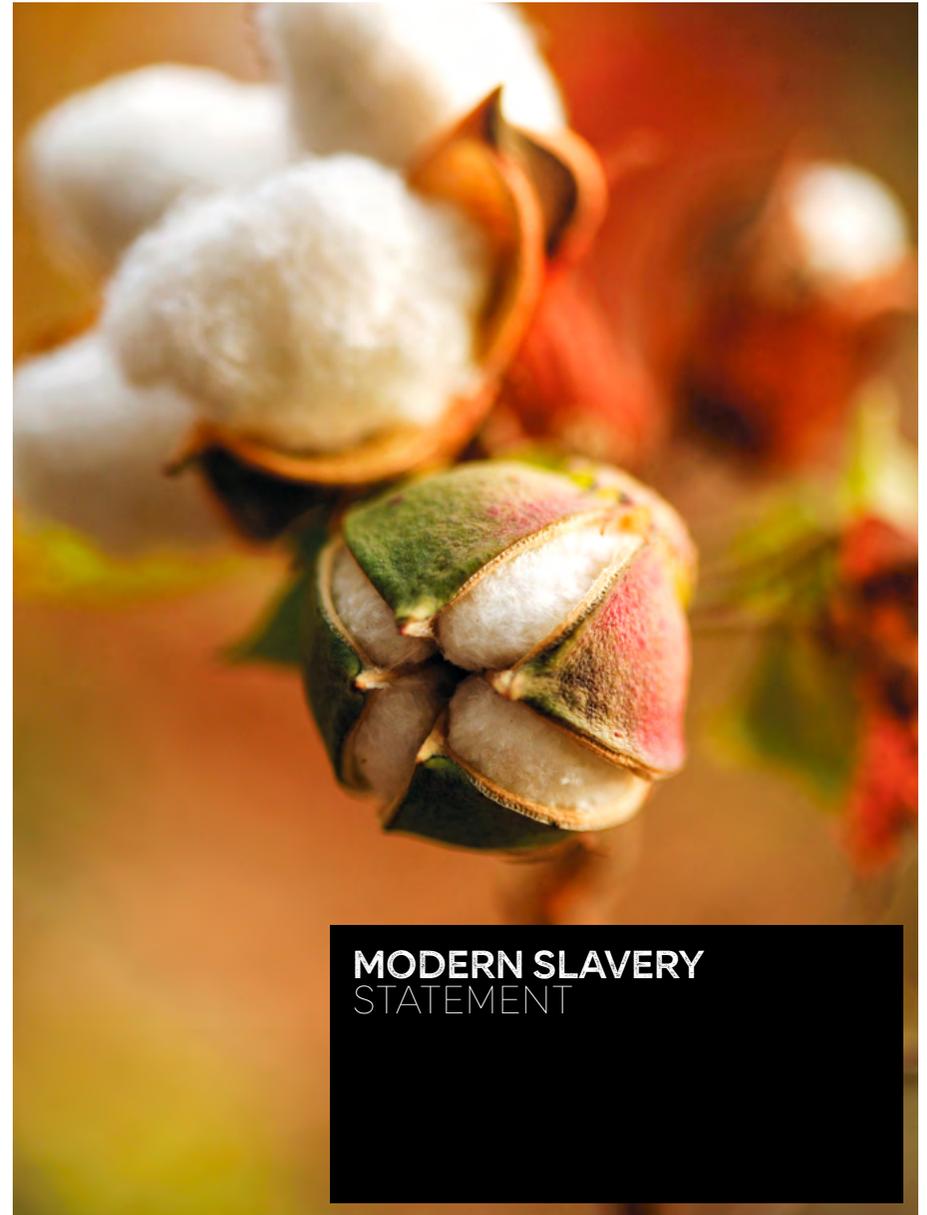
# HUMAN RIGHTS IN XINJIANG

More than 20% of the world’s cotton is grown in the Xinjiang region of China, where there is mounting evidence of forced labour, involving Uyghurs and other Turkic and Muslim-majority peoples. At M&S we do not source cotton from this region, with 100% of our cotton responsibly sourced.

**The Coalition to End Forced Labour** in the Uyghur Region has called on businesses within the apparel and textiles sector to take action to ensure that their full supply chains, including direct and indirect suppliers, are not linked to human rights abuses in the region.

M&S was one of the first companies to publicly sign the Coalition’s **“Call to Action** on human rights abuses: Brand commitment to exit the Uyghur Region. on human rights abuses: Brand commitment to exit the Uyghur Region. We do not work with, or source from, suppliers in the region and by signing the Call to Action we want to play our part in driving meaningful change. Prior to signing the Call to Action, we were one of the few clothing and home retailers that did not work with any Tier 1 supplier, or source from Xinjiang.

- Our **Global Sourcing Principles** include a zero-tolerance approach to forced labour and they’ve guided the way we work ethically and sustainably with suppliers for more than 20 years.
- Every direct M&S Clothing and Home factory is independently audited at least once a year, with follow up visits from our ethical trading team.
- We were one of the first major UK retailers to provide details of its suppliers and our interactive supplier map (add link) now contains information on more than 800 factories, employing around 700,000 workers.



**MODERN SLAVERY  
STATEMENT**



PEOPLE CONTINUED

Collaborated with

OXFAM

We strongly believe one of our strengths is that our supplier relationships are built on open, transparent discussion and shared commitment to continuous improvement. But we also recognise the benefits that a fresh perspective can provide.

To gain this perspective and honest insights about the experiences of those who work for or with M&S, in 2019 we invited Oxfam to carry out a gap analysis of our supply chains in India and the UK to help us better understand the true worker experience, and identify the changes we need to make in our own operations and those of our suppliers.

The analysis is now completed, and we've shared the report and response in full as we think the learnings can benefit others in our sector. We're grateful to Oxfam for being such a challenging, critical and constructive partner in helping us shape three clear priorities for action in 2021.



Benefits

- 1 Strengthening our corporate governance
- 2 Amplifying human rights and worker perspectives in our training programmes for commercial buying teams
- 3 Scaling up our pilot worker voice programmes to help shape a best practice framework for the industry



PEOPLE CONTINUED

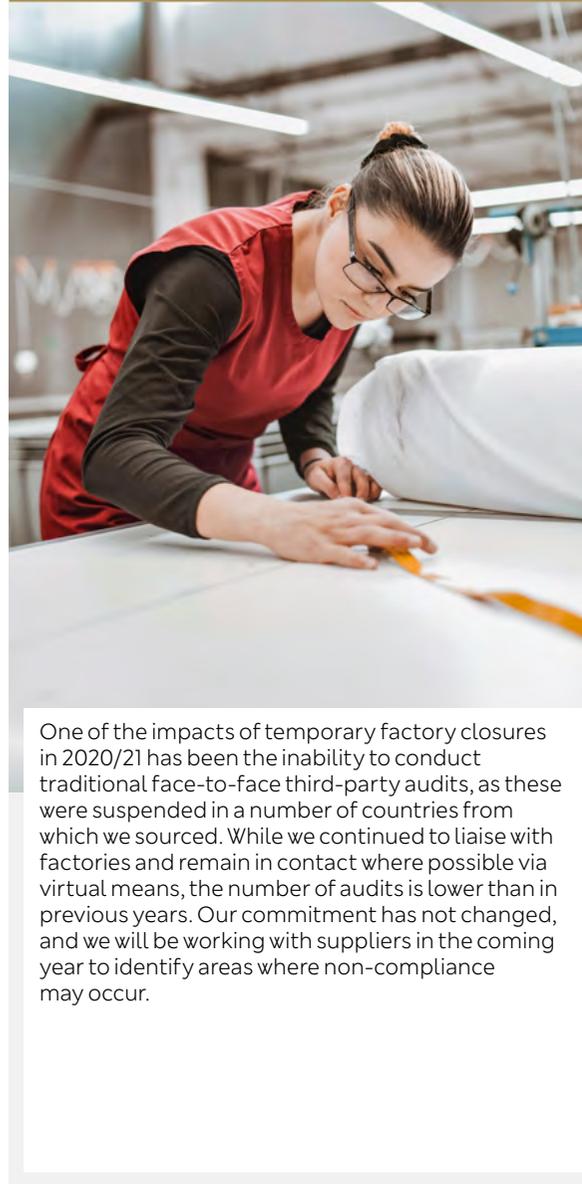
HUMAN RIGHTS STANDARDS



**In January 2021, we launched our new Food Human Rights standard.**

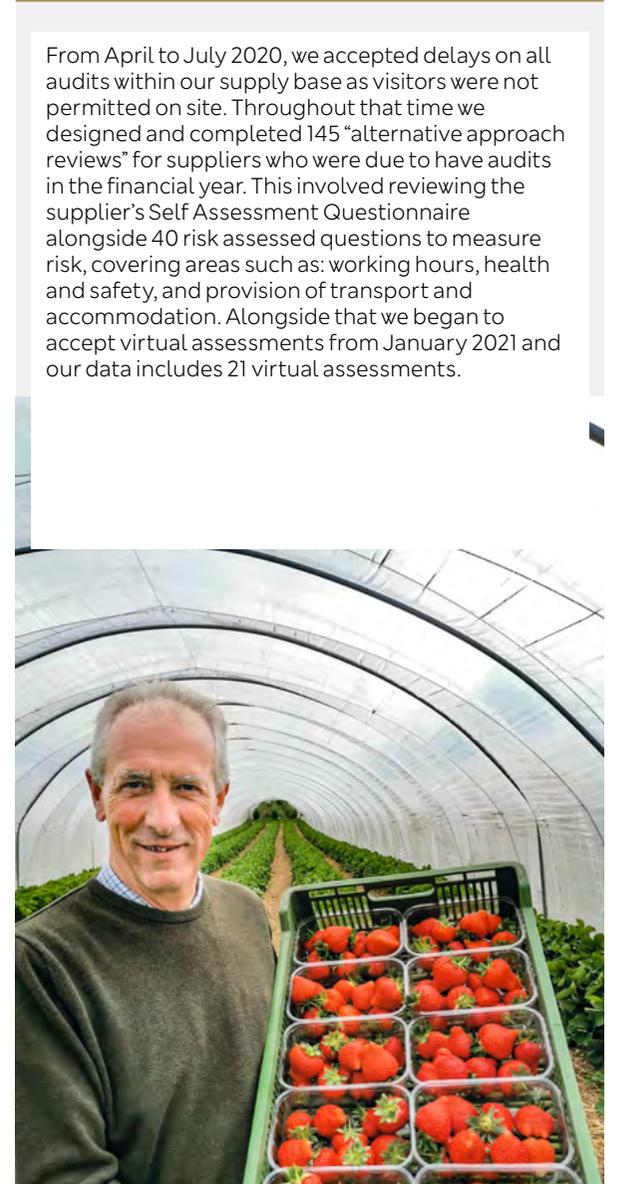
The standard requires suppliers to demonstrate their approach to human rights due diligence in their own operations and their supply chain. A key focus is placed on suppliers understanding and assessing actual and potential human rights risks in their raw material and ingredient supply chain and if any material issues are identified, to develop action plans to mitigate any risks highlighted. As part of this new approach, suppliers are asked to demonstrate this in their food integrity audit and at their annual human rights due diligence review.

CLOTHING & HOME SUPPLIER AUDITS



One of the impacts of temporary factory closures in 2020/21 has been the inability to conduct traditional face-to-face third-party audits, as these were suspended in a number of countries from which we sourced. While we continued to liaise with factories and remain in contact where possible via virtual means, the number of audits is lower than in previous years. Our commitment has not changed, and we will be working with suppliers in the coming year to identify areas where non-compliance may occur.

FOOD SUPPLIER AUDITS



From April to July 2020, we accepted delays on all audits within our supply base as visitors were not permitted on site. Throughout that time we designed and completed 145 "alternative approach reviews" for suppliers who were due to have audits in the financial year. This involved reviewing the supplier's Self Assessment Questionnaire alongside 40 risk assessed questions to measure risk, covering areas such as: working hours, health and safety, and provision of transport and accommodation. Alongside that we began to accept virtual assessments from January 2021 and our data includes 21 virtual assessments.



PEOPLE CONTINUED

COMMUNITY AND CHARITIES

Donated and funds raised

We've significantly increased cash donations this year, as a result of our campaigns to support communities and the NHS during the Covid-19 pandemic. In 2020/21, we donated over £8.3 million to NHS Charities Together, which has worked to improve the wellbeing of NHS staff, volunteers and patients, by providing grants to NHS charities across the country to fund essential items for those working on the front line. We supported the charity's urgent appeal through campaigns including our Rainbow Sale, through which we donated 10% of the purchase price of all M&S sale items, and through the sale of specially designed T-shirts and bags for life, from which all profits were donated.

We continued to donate to charitable organisations throughout the year, supporting our long-term partners such as Macmillan Cancer Support and Breast Cancer Now, as well as new campaigns such as our M&S Food Christmas advert, which saw us donate £1m to charities chosen by our celebrity ambassadors and colleagues.

In-kind donations also surged this year via our food surplus redistribution programme with Neighbourly, which saw an extra 6.6 million meals being donated this year. In addition, over £350,000 of in-kind donations were made to support the NHS at the start of the Covid-19 crisis, which included donations of patient packs, T-shirts, jumpers, track suit bottoms and underwear, to enable patients to leave hospital with dignity at a time when family and friends weren't able to visit.



Volunteering time decreased this year as our annual volunteer campaign had to be cancelled. Leveraged funds also decreased due to a significant reduction in the sale of single use carrier bags in 2020/21, from which proceeds are donated to charity, as well as because of the impact of store closures on our customer clothing recycling programme, Shwopping.

	This year 2020/21	Last year 2019/20	% change
Cash	£14.9m	£4.8m	210%
Time	£0.1m	£1.1m	-94%
In-kind	^^£23.7m	^^£10.4m	127%
<b>Total</b>	<b>£38.7m</b>	<b>£16.3m</b>	<b>137%</b>
Leveraged (additional funds raised from other sources as a result of M&S activities)	^£2.4m	^£6.6m	-64%
<b>Grand total</b>	<b>£41m**</b>	<b>£22.9m</b>	<b>79%</b>

^ Leveraged data includes proceeds from the carrier bag charge. This has reduced from £1m in 2019/20 to £0.03m in 2020/21 due to the removal of all single-use bags, other than bags for plant sales. These proceeds are used to support existing M&S community activities.

\*\* Includes the donation of surplus food calculated using average tray weights and cost price.

MARKS & START

Our Marks & Start programme was put on hold in March 2020 as we worked through the best way to operate the programme in a way that would see the most benefit to participants, while mindful of the changing operation within our stores. We restarted the programme in October 2020 in more than 100 store locations around the UK, continuing our partnership with The Prince's Trust. By using digital technology, we were able to facilitate the programme safely, replacing group development sessions with online learning. Although we saw a reduction in the total number of participants, we are proud that a higher proportion were offered a role on completion of the programme.

Marks & Start UK placements'	This year 2020/21	Last year 2019/20	% change
Number of work placements offered	350**	1,863	-81%
% into work of those who completed the programme	87%**	66%	+21%

Data provided for 2020/21 is from our partnership with The Prince's Trust, 2019/20 includes data from multiple partners.



Over £8.3 million donated to...

NHS CHARITIES TOGETHER

- 10% Rainbow Sale
- All in this together t-shirt
- Bags for Life
- Sparks

Supporting our NHS staff, volunteers and patients during Covid 19



## PEOPLE CONTINUED

### BOLSTERING SCHOOL MEAL VOUCHERS

To give extra support to families in January 2021 we funded an additional £5 per week for each £15 lunch voucher redeemed via the government’s free school meals scheme in England. Bringing the total value of the voucher to £20 ensured that children could receive an extra daily meal and eat both a healthy and nutritious breakfast and lunchtime meal.

The **M&S online lunch planner** includes hints, tips and mealtime inspiration for 10 meals for two children, all with minimal food prep, as well as tips on avoiding food waste. The planner includes family favourites such as porridge with fruit, eggs and soldiers, flour tortilla pizzas with salad and tomato pasta.

- An additional £5 to provide children with a healthy nutritious breakfast in addition to lunch
- The announcement was supported by Marcus Rashford MBE
- We developed a downloadable **weekly meal planner** to help parents prepare five simple, nutritious breakfasts and lunches for under £20 (for two children)

### HEALTHIER FOOD

#### 50% of food sales will be healthier products (Eat Well)

We have worked with the **British Nutrition Foundation** to develop our criteria for healthier products which we call “Eat Well”. In 2020/21, 38%\*\* of our UK & ROI food sales were healthier products, including Eat Well ranges. We launched a new health strategy in December 2020 which highlights our dedication to enhancing the number of healthier products we sell. A new launch of Eat Well products in January 2021 was strengthened with an Eat Well campaign to help reinvigorate and enable our customers to understand what Eat Well is and how it can help them to eat more healthily.



\*\* Assured by DNV



## GOVERNANCE

# STRENGTHENING PLAN A GOVERNANCE

Our CEO is ultimately accountable for sustainability in M&S, with oversight provided by the Board. In December 2020, we added an additional governance element by establishing a Board Sub-Committee on Environmental, Social and Governance (ESG).

### ESG COMMITTEE MEMBERS



**Tamara Ingram**  
Chair, ESG Committee



**Archie Norman**  
Board Chairman



**Sapna Sood**  
Independent Non-Executive Director

### ESG COMMITTEE

Our new ESG Committee is chaired by our new non-executive director (NED), Tamara Ingram, who has held senior leadership roles at WPP since 2002 and possesses a wealth of consumer-related experience. She is joined by another new NED, Sapna Sood, currently Group Director of Compass Group, who brings a depth of expertise in leading global supply chains. Archie Norman, Eoin Tonge, Nick Folland and Steve Rowe are standing attendees at Committee meetings.

The Committee provides the additional rigour, support and challenge for the business as we reinvigorate our Plan A programme to uphold its leadership and keep it at the very heart of M&S' customer proposition. It ensures that objectives, metrics and policies related to ESG are appropriate, reported transparently and reviewed regularly in line with all statutory requirements.

The Committee also supports the Audit Committee in its review of new and existing risks relating to ESG topics. In 20/21, the Committee recommended that we adopt the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

**The ESG committee report for 2020/21 is on page 73 of our Annual Report.**

### Executive Committee (ExCo)

ExCo, our senior leadership team, is accountable for delivering our key sustainability targets and annual objectives. It also ensures our compliance with statutory regulations and industry best practice.

Managing directors of our businesses are individually responsible for setting sustainability strategy and targets for the activities and teams they manage. They played a leading role in the reinvigoration of Plan A – outlining new strategic priorities, which our ExCo subsequently brought together in a Group framework.

These strategic priorities were informed by a comprehensive “deep dive” of consumer views on ESG issues as well as a wide-ranging competitor benchmarking exercise to help us identify ways to differentiate Plan A. The issues that emerged as most material to our stakeholders were packaging, supplier standards, climate change, product credentials and human rights.

### Group Plan A team

Our Group Plan A team, reporting into our General Counsel, supports the CEO, ExCo and ESG Committee. The team co-ordinates and aggregates Plan A activity right across M&S. It supports and challenges accountable businesses and is responsible for Plan A reporting and benchmarking.



You can find further information on our social, environmental and ethical policies at: <https://corporate.marksandspencer.com/sustainability>



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. The table below shows how the M&S business aligns with these Goals and how Plan A addresses 4 of them. Goal number 17, on Partnerships underpins all of these.

## PRODUCTS



- We sell a range of different of 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 communities' 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 sea fish 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.

## PACKAGING



- Depletion of natural resources through the production of M&S products.
  - We'll ensure all packaging is easy to recycle and halve food waste.

## PLANET



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

## 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 inclusion business that empowers colleagues and those working in our supply chains.
- Store closures impacting negatively on town centre social wellbeing.
  - We relocate colleagues to nearby stores wherever possible and run community programmes.



## FRAMEWORKS AND ASSURANCE CONTINUED

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

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

Description	GRI Standards <sup>^</sup>	Global compact	SASB	Page
<b>General disclosures</b>	102	-	-	<b>p04 and AR</b>
<b>Additional material topics</b>	-	-	Health & nutrition	<b>p42</b>
<b>Economic performance</b>	201	-	-	<b>AR</b>
<b>Market presence</b>	202	-	-	<b>AR</b>
<b>Materials</b>	301	Environment	Materials/chemicals	<b>p36</b>
<b>Energy</b>	302	Environment	Energy	<b>p32 and AR</b>
<b>Water</b>	303	Environment	-	<b>p36</b>
<b>Biodiversity</b>	304	Environment	Materials	<b>p18</b>
<b>Emissions</b>	305	Environment	Refrigeration & fleet	<b>p34 and AR</b>
<b>Effluent and waste</b>	306	Environment	Food waste	<b>p35</b>
<b>Supplier environmental assessment</b>	308	Environment	Environmental & Social Impacts in the Supply Chain <sup>^^</sup>	<b>p26</b>
<b>Labour/employment</b>	308/401	Human rights/Labour	Labour	<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>AR and MSS</b>
<b>Communities</b>	413	Human rights/Labour	-	<b>p41</b>
<b>Supplier social assessment</b>	414	Human rights/Labour	Labour	<b>p40</b>
<b>Political donations</b>	415	-	-	<b>AR</b>

<sup>^</sup> Please refer to our **2018 GRI index** for more detail on which standards apply.

<sup>^^</sup> The relevant SASB material Topic relating to raw materials sourcing in the production of clothing covers potential negative impacts in resource conservation, water, fair labour; in response we use the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM), as well as its Facility Social & Labour Module (FSLM), along with other assessment frameworks, in evaluating performance at our suppliers' processing facilities.

**AR** 2021 Annual Report

**MSS** Modern Slavery Statement



FRAMEWORKS AND ASSURANCE CONTINUED

# INDEPENDENT ASSURANCE STATEMENT

Marks and Spencer plc (“M&S”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the Plan A Report 2021 (the “Report”) for the 52 weeks ended 27 March 2021.

Our observations and areas for improvement will be raised in a separate report to M&S Management. Selected observations are provided below. These observations do not affect our conclusion set out below.

## OUR CONCLUSION:

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

- We understand that the governance and new targets around Plan A will be formally agreed in the 2021/22 reporting period. When targets are not in place, there is a risk that the performance against the indicators will plateau or decline. We recommend that M&S considers implementing the formal governance and targets around Plan A to help drive positive performance.
- We found that not all data owners have their data collation and calculation processes documented. There is a risk that data is not reported consistently year-on-year and that it may not be possible to report data in cases where the data owner is unavailable. We recommend that M&S establish a systematic process for documenting the data methodology internally to improve the consistency and efficiency of reporting.
- For multiple indicators in our scope, including greenhouse gas (GHG) emissions and packaging recyclability, we found that performance is only gauged annually during the year end reporting process. This approach limits the ability of M&S to gauge performance and implement any necessary corrective actions to improve performance through the year. We recommend that M&S reviews performance against indicators at least on a half yearly basis to effectively manage performance.
- M&S In-kind donations increased significantly this year, as a result of M&S Food driving action on food waste through

their food surplus redistribution programme. Currently, food surplus data is based on estimates using the weight of trays and number of items per tray donated to charity partners in each food category. As food surplus donations represent over 55% of M&S total community donations, we recommend M&S considers implementing mechanisms through which they can track progress per actual items donated to improve the accuracy of the funds donated figure. We understand that M&S is already working to further automate his process.

## SELECTED INFORMATION

The scope and boundary of our work is restricted to the indicators listed below included within the Report for 2021 reporting year (the “Selected Information”), listed below:

- Sustainable suppliers: Clothing & home (narrative)
- Sustainable suppliers: Food (narrative)
- Plastic & packaging: All materials that are recyclable (by weight) (%)
- Plastic & packaging: Plastic that is recyclable (by weight) (%)
- M&S Group GHG emissions: Total of Scope 1 and Scope 2 emissions – location-based (Thousand TCO<sub>2</sub>e)
- M&S Group GHG emissions: Total of Scope 1 and Scope 2 emissions – market-based (Thousand TCO<sub>2</sub>e)

- Renewable electricity: renewable electricity purchased (%)
- UK & ROI store energy efficiency: Total store energy usage (kWh/sqft)
- Food waste: Retail food waste (Tonnes)
- Redistribution of surplus food: Food surplus re-distributed (Tonnes)
- Operational waste: Total waste (Thousand tonnes)
- Operational waste: Waste to landfill (Thousand tonnes)
- Community and charities: Grand total donated and funds raised (£m)
- Marks & start: Number of work placements offered (#)
- Marks & start: Percentage into work of those who completed the programme (%)
- Healthier food: UK & ROI food sales that are healthier products (%)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used the M&S Plan A Basis of Reporting (the “Criteria”), which can be found **here**.

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on the M&S website for the current reporting period or for previous periods.



## FRAMEWORKS AND ASSURANCE CONTINUED

### STANDARD AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

### BASIS OF OUR CONCLUSION

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with M&S management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by M&S for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

#### DNV Business Assurance Services UK Limited

London, UK  
2 June 2021

### OUR COMPETENCE, INDEPENDENCE AND QUALITY CONTROL

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multidisciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

### DNV BUSINESS ASSURANCE

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

### INHERENT LIMITATIONS

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by M&S have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

### RESPONSIBILITIES OF THE DIRECTORS OF M&S AND DNV

The Directors of M&S have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to M&S in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.



M&S

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