Reshaping M&S
Our approach to sustainability provides the foundation for growth that is sustainable in every sense.

ABOUT THIS REPORT
This report covers the scope of our ESG programme see page 9, and provides additional detail on our approach to sustainable business. We have structured the report in line with this approach. It was published in June 2023 and covers our financial year from 3 April 2022 to 1 April 2023.

The information included relates to M&S-operated locations and activities, including our owned operations in Czech Republic and Greece, our joint venture partnership in India, and M&S products sold worldwide. It excludes information relating to our business partners, franchisees and Ocado Retail.

The assurance statement from our assurance provider, DNV, can be found on page 70. A small number of metrics have been selected for external assurance. Where data has been independently assured, this is denoted by**.

WIDER SUSTAINABILITY REPORTING SUITE
Links and where to find out more:
- TCFD Report
- Modern Slavery Statement
- M&S Animal Welfare Performance Summary
- Family Matters Index
- Basis of Reporting

Annual Report 2023
This report supplements our 2023 Annual Report

M&S Corporate website
Contains more detailed information on our approach to sustainability

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CEO INTRODUCTION

Sustainability is part of how we do business at M&S - it’s in our DNA.

From the beginning, M&S has built trust by doing the right thing by our people and the communities we serve, and this remains one of the core values we live by today. When our colleagues, customers, partners or suppliers are in need, we’re there to help. For example, when the devastating earthquake hit our franchise partners and sourcing colleagues in Turkey, as well as Syria, earlier this year, we quickly mobilised funding to the British Red Cross appeal and sent practical product donations. Read more on page 50.

The unique relationship of trust between M&S and its customers runs much deeper than our community impact - it runs right through our entire value chain. Since I joined the business, I’ve talked about protecting the magic of M&S and for me that magic is summed up in the trusted value promise we make to our customers. Our founders knew that value means much more than price; it means giving customers assurance that raw materials are sourced responsibly to protect the planet for tomorrow, providing confidence that the people who make and sell our products are treated fairly, and it means setting the standards that others follow, whether that’s animal welfare or product traceability.

In building our business in this way, M&S has created competitive advantage by offering exceptional quality products at remarkable value; products that are made and sourced with care so that they’re simply too good to go to waste. It’s why we sell more RSPCA Assured products and contribute more Fairtrade premium for tea and coffee than any other retailer and why, since 2019, we have responsibly sourced 100% of the cotton in our clothing through the Better Cotton or with organic and recycled certifications.

It’s also the reason that “Exceptional Product and Trusted Brand” is at the heart of our strategic priorities to reshape M&S.

Over the years, this approach to doing business has been increasingly codified into what became one of the first fully integrated sustainability programmes, launched in 2007 as Plan A. Today, Plan A is not a separate programme but rather sits within the business, with accountability for its delivery devolved to each of the Managing Directors.

While our approach to sustainability starts with our Exceptional Product and Trusted Brand, it runs through all our strategic priorities to provide the foundation for our plans to reshape M&S for growth that is sustainable in every sense.

M&S has created competitive advantage by offering exceptional quality products at remarkable value; products that are made and sourced with care so that they’re simply too good to go to waste.”

Stuart Machin
Chief Executive Officer
RESHAPING M&S: OUR PROGRESS THIS YEAR

Our Exceptional Product and Trusted Brand are core to what makes us M&S. We continue to lead the market on quality standards and perception, as customers trust us to deliver great value food that doesn’t compromise on sourcing standards and everyday style that is made well and made to last. This year we raised the bar again by becoming the first retailer to only sell slower-reared, higher-welfare chicken across our fresh products – a move welcomed by RSPCA Assured as the biggest positive change to chicken farming in a generation.

In Clothing we stepped up our sourcing due diligence, with the introduction of new technologies that can trace our cotton right back to its region and farm of origin – giving us and our customers increased confidence in our Responsible Cotton Sourcing Policy. Read more on page 22.

Of course, making our products is a major contributor to our carbon footprint. However, as an own-brand retailer, we are uniquely positioned to innovate in partnership with our longstanding supplier partners to reduce emissions. This year we’ve made strong progress, particularly in Food, where we have fully aligned our top supplier strategy to our net zero target. Read more on page 24 and in Clothing, we have built capability to deliver net zero as a key consideration in developing our new sourcing strategy.

True leadership in Omni-channel includes leading the way in sustainable operations as we transition more of our sales into growth channels. More than 60% of our customers opt for Click & Collect – that’s over 15m orders annually and, of those orders, 9% are picked and packed in stores – the equivalent of four million parcels. As set out in detail on page 30, we became the first major retailer to introduce a Bring your Own Bag initiative for click & collect orders, which will save 10 million pieces of plastic annually.

Delivering a high-performance culture is about making M&S a place where everyone can be their best and be themselves. That starts with everyone feeling fairly rewarded and recognised for the work they do. With the rising cost of living front of mind for colleagues, we made a significant investment in store colleague pay across two separate pay increases, including our first ever autumn pay review. The £100m investment means the hourly rate of pay has increased 20% over the past two years and protects M&S as one of the leading reward and benefits offers in retail.

As we expand our global reach, the challenge is to do so without compromising the delivery of our net zero goals or the trust in our brand and products. This requires us to work closely with our business partners and this year the international team delivered a 75% increase in the adoption of “freeze defrost” delivery methods. This approach enables us to reach our international customers using lower carbon transport methods, such as shipping, while retaining exceptional product quality.

Our aim is to structurally lower our cost base and find new and better ways of doing things to make us a more efficient M&S. But better can mean more efficient and more sustainable. In our Foodhalls this year we have reduced food waste by a further 24% on last year through new interventions such as the removal of best before dates on over 300 fruit and vegetables – Read more on page 27.

OUR STRATEGIC PRIORITIES

Our plans to reshape M&S for sustainable profitable growth and value creation include the creation of a performance-focused culture, prioritisation of structural cost reduction and disciplined investment in the areas that will deliver long-term shareholder returns.
Accelerating store rotation helps us build an estate that’s fit for the future; this means a more efficient, lower energy and lower carbon M&S estate. To support this goal, we have invested in new metering and data capture technology to help us better plan emission reductions into our ongoing store investment programme. Alongside this, we’re future-proofing the estate for customers, announcing a new ten-year agreement with BP pulse, which includes the roll-out of 900 electric vehicle charging points to M&S stores over the next two years.

Modernising our supply chain will be a key contributor to reaching our net zero target. Our acquisition of Gist – our primary food logistics provider – in September gives us full control of our food supply chain for the first time and the ability to lead decision-making in sustainable investments and innovation. Overall, we have seen early progress, with a 3% reduction in our Scope 1 & 2 emissions (our stores and logistics network) in 2022/23 against the previous year.

A compelling customer ecosystem connects every customer engagement across M&S so that we deliver a personalised, rewarding experience. One aspect of personalisation is supporting the causes that matter to our customers, and through Sparks they can select from 35 charities in the UK, from Macmillan to WWF, and we will donate every time they shop with us. It’s the most popular feature of Sparks and this year we’ve donated £2.1m to our Sparks charity partners.

Disciplined capital allocation requires a single-minded focus on delivering value creation for our shareholders. This means investing in growth opportunities that are commensurate to risk. Achieving our sustainability goals will require us to pioneer new alternatives and invest in emerging technologies. To help us test the business case for such investment, we have relaunched our Plan A Accelerator Fund – a £1m annual fund to support projects tackling climate-related challenges across our value supply chain. This approach allows us to innovate, while building clear evidence of carbon reduction, costs and payback rates to inform any decision to invest at scale.

LOOKING AHEAD
We cannot tackle the enormous social and environmental challenges our world faces alone; solutions are dependent not just on collaboration with our suppliers but also the inputs of government and wider industry stakeholders.

We’re playing our part in making changes to how we operate but we can do more to make it easier for our customers to live and enjoy more sustainable lives. We listen closely to understand what really matters to our customers and it is clear the unifying theme is a demand for high-welfare, high-quality food and clothing that’s made to last. Underpinning this is their desire to reduce waste – from food waste, to packaging waste and clothing waste.

By pioneering new alternatives and collaborating with stakeholders, we are committed to delivering solutions that meet these demands and continue to raise the bar across our business and beyond.

Stuart Machin
Chief Executive Officer

Marks and Spencer Group plc

Sustainability Report 2023
## PROGRESS OVERVIEW

ESG performance highlights from the year, for metrics where in-year updates are available, are summarised here.

### ENVIRONMENT

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ZERO</td>
<td>Total location-based Scope 1 &amp; Scope 2 GHG emissions</td>
<td>55% reduction by 2030 (vs 2016/17 base year)</td>
<td>32% reduction 363k tonnes CO₂e**</td>
<td>30% reduction 376k tonnes CO₂e**</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td></td>
<td>Total Scope 3 GHG emissions</td>
<td>55% reduction by 2030 (vs 2016/17 base year)</td>
<td>+8% 6.1m tonnes CO₂e</td>
<td>–</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td>SUPPLY CHAIN</td>
<td>Cotton used in Clothing &amp; Home products from more responsible sources</td>
<td>100% by 2025/26</td>
<td>100% Clothing 90% Home</td>
<td>100% Clothing</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td>REDUCING WASTE &amp; PROTECTING RESOURCES</td>
<td>Food waste</td>
<td>50% reduction by 2030 (vs 2016/17 base year)</td>
<td>46% reduction 9,829 tonnes**</td>
<td>29% reduction 12,869 tonnes</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td></td>
<td>Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues</td>
<td>100% by 2025/26</td>
<td>79% 8,375 tonnes** 19.9m meals**</td>
<td>56% 6,231 tonnes 14.8m meals</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td></td>
<td>Food plastic packaging that is widely recyclable</td>
<td>100% by 2022 (calendar year)</td>
<td>93%**</td>
<td>89%*</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td></td>
<td>Operational waste to landfill</td>
<td>0% maintain 0%</td>
<td>0%**</td>
<td>0%</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
</tbody>
</table>

### SOCIAL

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANIMAL WELFARE &amp; PRODUCT STANDARDS</td>
<td>Ranking among retailers with highest number of species within M&amp;S Food product range adhering to RSPCA Assured certification</td>
<td>#1 maintain #1</td>
<td>#1</td>
<td>#1</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td>HEALTHIER FOOD</td>
<td>Food sales from healthier food</td>
<td>50% sales by 2022/23</td>
<td>51%</td>
<td>36%*</td>
<td>→ PROGRESSING OR ACHIEVED →</td>
</tr>
<tr>
<td>COMMUNITY</td>
<td>Marks and Start work placements started</td>
<td>748</td>
<td>427</td>
<td>→ BEHIND →</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Individuals completing placement offered an employment contract with M&amp;S</td>
<td>80%</td>
<td>81%</td>
<td>→ BEHIND →</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Donations to charity by M&amp;S</td>
<td>£5.8m**</td>
<td>£5.2m</td>
<td>→ NO TARGET →</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funds raised for charity through customers, colleagues and partners</td>
<td>£2.3m**</td>
<td>£4m</td>
<td>→ NO TARGET →</td>
<td></td>
</tr>
</tbody>
</table>

*Comparison not like-for-like as methodology has been updated in 2022/23. See Data Methodology for details.

**Assured by DNV
HIGHLIGHTS FROM THE YEAR

46% food waste reduction, on track to meet our 50% reduction by 2030 target

Bringing high-speed electric vehicle charging points to M&S stores across the UK

Using the power of football to help families make healthy choices and Eat Well

Introducing a Bring Your Own Bag initiative for click & collect orders, saving 10 million pieces of plastic annually

Becoming the first national retailer to sell only slower-reared, higher-welfare fresh chicken

Reviewing our colleague reward and introducing flexible working across stores

Read more on page 27
Read more on page 31
Read more on page 46
Read more on page 30
Read more on page 33
Read more on page 48
OUR APPROACH
Doing the right thing for the people and communities we serve has always been central to M&S culture, and part of our sustainability programme, launched in 2007, as Plan A.

Last year, we reset Plan A to focus on becoming a net zero business across our entire value chain by 2040. During the year, the Science Based Targets initiative approved our 2030 Company-wide emissions reduction target. Achieving net zero means we have to fundamentally change how we make, move and sell our products, and the new leadership team has brought a sharper focus by embedding net zero across the key workstreams within our strategic programme.

**Stakeholder engagement**
The scale and scope of our sustainability commitments means they are at the heart of our business operations, and so inform decisions at all levels and across all departments. Understanding and considering our stakeholders’ views plays a vital role in this. Our directors are bound by their duties under the Companies Act 2006 to consider the interests of all stakeholder groups. You can read about this, particularly our engagement on broader environmental and social issues, in the Annual Report on page 10.

Our supplier partners in particular are key stakeholders for net zero commitments and you can read more about our specific engagement with suppliers on net zero on page 23.

To have a real impact in sustainability, we need to make our customers aware of the work we do. This means we need to better understand customers’ attitudes and behaviour.

**Plan A.** 
because there is no plan B

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**ENVIRONMENT**

**PLANET**

How we source
- Sustainable sourcing
- Low impact farming
- Zero deforestation

How we make our products
- Net zero suppliers
- and business partners
- Plant-based protein

**SOCIAL**

**ANIMAL WELFARE**

Animal welfare standards

**ETHICAL TRADE**

Ethical trading

**HEALTHIER FOOD**

Human rights in the supply chain

**PEOPLE**

Inclusion & diversity

**COMMUNITY**

Colleague wellbeing

**Local community**

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We do the right thing – everyone plays their part in ensuring we always comply with our policies and standards across product safety (chemicals), food safety, data protection, health & safety, environmental pollution, water access and availability, supplier compliance and responsible marketing.
We have worked with an independent research agency to develop a new brand-reputation measure that each quarter will track customer sentiment and identify the issues and initiatives that shape our ESG reputation. We will establish a baseline over the next year, so we can set targets for improvement.

**Materiality assessment**
In last year’s report, we said we would review our material sustainability topics and related disclosures. In this context, we have assessed what our customers, colleagues and investors tell us are their priority sustainability topics. To reinforce this, we have reviewed how the sustainability reporting landscape has evolved, considering the views of our principal regulatory bodies, which support standards being developed by the International Sustainability Standards Board (ISSB). This has informed our presentation of this report, and the reporting of our key targets and performance. We also provide references where they apply to specific frameworks or standards our stakeholders consider to be most significant. We will continue to monitor the value of other reporting frameworks, while ensuring we address emerging issues, such as biodiversity, appropriately.

**Responding to global issues**
There have, of course, been external factors to contend with this year, which has widened the range of social issues our stakeholders expect us to act on. These include:
- The devastating earthquakes in Turkey and Syria - [read more on page 50](#).
- The impact of the cost of living crisis on our customers, colleagues and communities - [read more on page 48](#).
- The impacts of climate change and declining biodiversity already being felt by our producers - [read more on page 17](#).
- Labour shortages which required extra vigilance to ensure we upheld our human rights standards - [read more on page 40](#).

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**OUR SUSTAINABILITY APPROACH CONTINUED**

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**OUR ESG PROGRAMME**
Building & maintaining trust and upholding our product point of difference is dependent on the delivery of our full ESG programme.
ENVIRONMENT

IN THIS SECTION
12 Net zero
17 How we source our products
23 How we make our products
27 Reducing waste and protecting resources
32 Driving efficiencies

STRAIGHT PRIORITY ALIGNMENT
- EXCEPTIONAL PRODUCTS, TRUSTED BRAND
- LEADING IN OMNI-CHANNEL
- EXPANDED GLOBAL REACH
- STRUCTURALLY LOWER COST BASE
- ACCELERATING STORE ROTATION
- MODERNISED STORE ESTATE
GETTING TO NET ZERO

Ambition and commitment

To play our part in addressing the climate crisis, we are committed to becoming a net zero business across our entire value chain by 2039/40.

As an own brand retailer, working closely with our supply partners is crucial to achieving our net zero ambitions. Most of our carbon footprint (94% or 6.1m tonnes) are indirect, or Scope 3, emissions from our value chain associated with making and sourcing M&S Food and Clothing & Home products. The remaining 6% (0.3m tonnes) come directly from the fuel and electricity we use in our stores and logistics operations (Scope 1 & 2 emissions).

Understanding our impact

Our greenhouse gas (GHG) emissions footprint

1. Sourcing 56%
2. Manufacturing 24%
3. Packaging 2%
4. Operations 10%
5. Franchise 1%
6. Investment 1%
7. M&S Operations 6%

1. M&S Operations is based on Scope 1 and 2 location-based emissions.
2. Percentages are calculated on actual figures, rather than rounded figures.

Our ambition to decarbonise our operations and value chain is supported by a set of interim targets that align with climate science to limit global warming to 1.5°C. During the year we had our 2030 reduction target approved by the Science Based Targets initiative (SBTi).

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To ensure we are on the right trajectory to meet our SBTi approved target in 2030, we set an interim goal to reduce our emissions by 34% by 2025/26 which equated to a 2m tonne reduction. This year, we have restated this target to 2.1m tonnes based on our revised baseline see page 15 to ensure this reflects the methodological updates and the acquisition of Gist.

SBTi validated 2030 target

This year we have had our 2030 corporate greenhouse gas emissions reduction target approved by the Science Based Target initiative:

“Marks and Spencer plc commits to reduce absolute Scope 1 and Scope 2 GHG emissions 55% by 2030 from a 2017 base year. Marks and Spencer plc also commits to reduce absolute Scope 3 GHG emissions 55% within the same timeframe.”

The target was set and the baseline updated in line with current guidance.

Net zero transition roadmap

OUR BASELINE

6.2m tonnes of carbon emitted in 2016/17

2025/26 TARGET

2.1m tonne (34%) reduction in carbon emissions

55% reduction in carbon emissions versus our baseline

SBTi APPROVED

2029/30 TARGET

2034/35 TARGET

2039/40 TARGET

Net zero across our own business

Net zero across entire value chain

1 Restated in line with methodological changes and Gist acquisition.
2 Marks and Spencer plc commits to reduce absolute Scope 1 and Scope 2 GHG emissions 55% by 2030 from a 2017 base year. Marks and Spencer plc also commits to reduce absolute Scope 3 GHG emissions 55% within the same timeframe.
A significant part of the 2.1m tonne reduction in 2025/26 will come from how we source, make and sell our product. We continue our focus on the ten priority areas on our net zero roadmap.

**NET ZERO TRANSITION ROADMAP**

**TEN IMMEDIATE PRIORITY AREAS FOR TRANSFORMATION**

**HOW WE SOURCE OUR PRODUCTS**
- **Zero deforestation**
  - 100% of soy to be sourced from verified deforestation and conversion-free regions by 2025/26.
  - 100% segregated responsibly sourced palm oil by 2025/26.
- **Sustainable sourcing**
  - 100% verified recycled polyester by 2025/26.
- **Low-impact farming**
  - We support our farmers to enable them to grow low carbon, responsible food, use fewer pesticides, enhance their soil, protect natural resources and drive innovation.

**HOW WE MAKE OUR PRODUCTS**
- **Increasing the range of plant-based protein**
  - Double the sales of vegan and vegetarian products by 2024/25.
- **Suppliers and business partners on net zero journey**
  - Looking beyond our own operations to spark change and support decarbonising across our full value chain.

**HOW WE ARE REDUCING WASTE AND PROTECTING RESOURCES**
- **Circular economy**
  - Enhancing our clothes recycling scheme with new incentives for Sparks members.
- **Reduce food waste**
  - 100% of edible surplus to be redistributed by 2025/26.
  - Food waste reduced by 50% by 2029/30.
- **Reduce and recycle packaging**
  - 100% of packaging to be recyclable by 2025/26.
  - Remove 1bn units of plastic packaging by 2027/28.

**DRIVING EFFICIENCY ACROSS OUR STORE ESTATE**
- **Zero emissions property**
  - Deliver a more efficient store estate.
- **Zero emissions transport**
  - Moving to low-carbon logistics with reduced dependency on diesel and increased use of new technologies and cleaner fuels. Contributing to cross-industry action through collaboration.

This tag is used throughout our progress report and indicates alignment to our net zero priorities.
NET ZERO CONTINUED

2025/26 target
2.1m tonne GHG reduction

2022/23 progress
All of the ten workstreams have been mobilised across the business. Management is monitoring progress towards our carbon reduction targets via our ESG Business Forum on a quarterly basis.

We have a clear line of sight, based on projects that are underway, to 62% of the 2.1m tonne emissions reduction we are committed to deliver in 2025/26.

2022/23 highlights
– Reduction in food waste – read more on page 27.
– Removal of plastic packaging units – read more on page 29.
– Increase in soy sourced from verified deforestation and conversion-free (vDCF) supply chains – read more on page 20.
– Increase in the volume of recycled polyester sourced in clothing – read more on page 21.
– Started engagement with our strategic suppliers and carried out beef Life Cycle Assessment (LCA) to inform decarbonisation roadmaps – read more on page 18.
– Invested in better measurement and reporting for Scope 1 and 2 emissions – read more on page 33.

Focus for 2023/24
– Identify activity required to close the gap to our 2.1m tonne target.
– Implement systems which allow us to demonstrate emissions reductions in our food supply chain initially.

A significant part of the 2.1m tonne reduction in 2025/26 will come from how we source, make and sell our product.

We continue our focus on the ten priority areas on our net zero roadmap.

Our Revolving Credit Facility agreed in December 2021, and updated in November 2022, is linked to four material emissions hotspots aligned with our net zero roadmap and which lend themselves to annual updates during the lifetime of the facility. The related assurance opinion will be published in supplementary sustainability reporting later this year.

Read more about our RCF targets on page 56.
The evolution of our base year data
Last year we disclosed our carbon footprint for our base year (2016/17), as part of the reset of our Plan A strategy. Throughout the year, two key activities have meant we are restating this base year in line with our Recalculation Policy:

- Methodology changes were made during the approval process with the Science Based Target initiative, including a move to location-based emissions reporting. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). The move to a location-based method focuses on driving reduction at a location level, and reduces our reliance on market instruments such as Renewable Energy Guarantees of Origin (REGOs). This has led to an increase in our base year footprint of 0.45m tonnes of CO₂e.

- The acquisition of Gist. This has led to an increase in our base year footprint of 0.05m tonnes of CO₂e.

Our carbon inventory has been updated to reflect improvements in reporting and recent business performance. Overall, in line with the growth in our business our overall footprint has increased, with some of the growth offset with emissions reduction programmes, in our Food business that we are able to quantify.

Measuring our footprint, particularly in our supply chain (Scope 3), in a robust way is a challenge that faces the whole retail industry. However, due to the modelling approach for supply chain carbon emissions, a number of programmes that we have in place to deliver emissions reductions cannot yet be seen in our disclosed emissions. This is something we are looking to address through the implementation of new systems and measurement processes to get access to primary data from our supplier partners. For our Food business we expect to have these systems fully operational in the next financial year. For our Clothing & Home business we are currently working with our Digital and Technology team to establish how we integrate data from the HIGG Index into our Clothing & Home footprint. Read more on page 23.

Read more about how we are facing into the challenges in our transition plan on the next page.
## CHALLENGES WE FACE ON OUR JOURNEY TO NET ZERO

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>WHAT ARE WE DOING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement</strong></td>
<td>Accessing robust Scope 3 data to quantify emissions reduction programmes in our supply chain</td>
</tr>
<tr>
<td><strong>Access to and financing of renewable energy</strong></td>
<td>Provision of renewable electricity in our Clothing &amp; Home sourcing regions</td>
</tr>
<tr>
<td><strong>Renewable electricity availability in the UK</strong></td>
<td>We made the decision as a business to source renewable electricity via REGOs in 2012 as we could see that major purchases of renewable electricity via these market mechanisms sent a signal to the market to continue to invest in new renewable energy capacity. Having reviewed the current market, we no longer believe this is valid. From April 2023, we will not be renewing our REGOs contracts in the UK.</td>
</tr>
<tr>
<td><strong>Policy and incentive</strong></td>
<td>Investment and policy alignment is required to create systemic change in agricultural supply chains</td>
</tr>
<tr>
<td><strong>Technology and innovation</strong></td>
<td>Strong policy on the future of low carbon fleet, and the provision of the necessary infrastructure to support this</td>
</tr>
</tbody>
</table>

**Collaboration and engagement**

We are working closely with the wider industry to ensure we are all able to tackle this industry-wide challenge together. In our Food business we have continued to play an active role in the WWF’s Retailers’ Commitment for Nature, the UK Plastics Pact and WRAP’s Courtauld Commitment 2030. We also have an ongoing close relationship with the National Farmers Union (NFU). In Clothing & Home, we are actively involved in the Sustainable Apparel Coalition, Textile Exchange and WRAP’s Textile 2030. At a total business-level, we are part of the UN’s Race to Zero campaign and are founding members of the British Retail Consortium’s Climate Action Roadmap.

We are acutely aware that we must address these challenges in the context of a just transition and work collaboratively with our colleagues, suppliers and business partners to ensure integration with our broader ESG programme, for example how we work with producer groups on climate and human rights in supply chains like coffee and cotton.

**Plan A Accelerator Fund**

We have established a £1m “Plan A Accelerator Fund” to support projects that address challenges and support innovation that will help us reduce emissions. We’re working with our long-term supplier partners and business partners to focus on key areas where we’re well placed to make a difference - from improvements in our store operations and distribution centres, to piloting new materials in fashion and exciting partnerships on recycling.
INTRODUCTION

As an own-brand retailer, our product and sourcing standards are how we drive positive environmental impact on reducing emissions, protecting biodiversity, restoring nature and supporting producers’ livelihoods.

High environmental and ethical standards enable us to maintain our differentiated position as a quality retailer in the marketplace. During the past year, we’ve worked even more closely with our supplier partners to continue to push forward on standards while carefully managing the inflationary cost pressures coming through supply chains. In some cases, the high energy and raw material costs have increased the appetite for efficiency programmes but have also delayed the start of some more innovative projects.

Ensuring these standards are upheld means looking beyond our direct supplier partner relationships further down our complex supply chains, where we have less influence and visibility but where many of the bigger impacts occur. That’s why industry collaborations are an essential tool for businesses to impact change, particularly in global commodity markets. A focus on improving data and traceability through initiatives such as the Better Cotton Traceability Panel are also key to helping us uphold our standards and deliver on our commitments, particularly on net zero.

The majority of our Scope 3 emissions come from our agricultural supply chains, from palm oil and soy used in animal feed, and in our Clothing & Home raw material supply chain from cotton and the production of man-made cellulosic fibres. Intrinsically linked to climate change and of growing importance to our stakeholders is biodiversity loss and nature restoration. We are supporting innovative work on regenerative agriculture initiatives through our Farming with Nature programme and the Better Cotton programme. While we understand the impacts our key raw materials have at a basic level on biodiversity and nature, targets and metrics are a challenge as standards evolve and we continue to stay close to the conversation and emerging guidance.

As producers are already feeling the impacts of climate change and declining biodiversity, we’ve identified the need to support the transition to net zero and to have a greater emphasis on building resilience within our supply chains and particularly where the most vulnerable producers are by building on existing platforms like Fairtrade.
LOW IMPACT FARMING

Ongoing target/commitment

We support our farmers in growing lower carbon, responsible food, using fewer pesticides, enhancing their soils, protecting natural resources and driving innovation, and, in doing so, increasing their resilience to the impacts of climate change and water stress.

72% of M&S Food’s emissions come from agriculture and around half of these are from livestock, in particular ruminants (beef, lamb, venison). We know customers come to us for the best-quality, highest-welfare meat on the high street. We want to ensure our producers can access the right expertise to understand the farm-efficiency measures that increase productivity and reduce emissions. And we want to support innovation with trials and demonstrator projects to identify new technologies such as in diets and feed rations, that can reduce methane emissions without compromising production. We are also looking for innovation that manages on-farm waste in a more cost-effective way.

2022/23 highlights

- Continued the roll out of Farming with Nature programme for our UK fresh produce growers. This requires LEAF (Linking Environment and Farming) marque certification, plus completion of two additional M&S-specific modules, focused on landscape & nature and integrated pest management. We have had high levels of engagement and verification by growers.
- 15 farm events with M&S grower groups on approaches to encourage beneficial insects to support pollination, integrated pest management and biodiversity.
- Completed a detailed carbon footprint study of our beef supply chain with SRUC, Scotland’s Rural College.
- Focused on regenerative agriculture in our “Indicator and Innovation Farm” network including the launch of our Wildfarmed bread, made from regeneratively farmed wheat.
- Shared insights from two M&S-funded trials with M&S potato growers, exploring the opportunities for adoption of regenerative agriculture practices in potato production.
- Sponsorship of trials with two M&S growers, installing in-field Agrisound sensors, which use acoustic technology to measure pollinator abundance and support growers to deliver interventions to increase pollinator numbers.

SPOTLIGHT

Beef Life Cycle Assessment (LCA)

The work with SRUC gave us a detailed understanding of the carbon impact of the different beef production systems used within our supply base, and identified opportunities to reduce carbon emissions.

This study is key to our beef decarbonisation roadmap, and one of seven science-led roadmaps we are developing, one for each of our main animal species, working with industry bodies such as CIEL. These will identify and cost the carbon-reduction activities needed to help us significantly reduce the carbon footprint of our meat by 2030.

WWF Retailers’ Commitment for Nature

We are signatories to WWF’s Retailers’ Commitment for Nature, which works to halt the loss of nature and the risk it poses to our food systems.

As part of this we have committed to halve the environmental impact of the UK’s shopping baskets by 2030. In the first year of engagement, the “Basket Metric” retailers have doubled down on climate, launching a new Retailer Net Zero Collaborative Action Programme to accelerate progress across our supply chains.
CASE STUDY

FARMING WITH nature

M&S ACTION
We created Farming with Nature (FWN) in 2021. It aims to increase biodiversity and long-term climate resilience in our UK supply chain.

We require all our fresh produce suppliers to attain LEAF Marque standard, and complete two additional M&S-specific modules focusing on landscape & nature and integrated pest management.

Underpinning the FWN programme is a strong base of on-farm support, grower communications and grower groups convened across the country by our expert partners (Farming and Wildlife Advisory Group and The Wildlife Trusts) on our behalf.

Another key aspect of FWN is our network of indicator and innovation farms, where we have engaged in science-based projects to either find new ways to measure and enhance biodiversity, or to understand and reduce carbon emissions. As well as a focus on regenerative agriculture, a project in our potato-supply chain works to understand how different agricultural practices and cover crops can reduce the carbon footprint of potato farms.

We also have a similar but slightly different version of the programme for our livestock farmers, which involves submitting key environmental data to us through a Select Farm app.

IMPACT
We have now aligned our agriculture and sustainability strategies, focusing on three key areas: welfare and ethical; sustainability; and quality for each of our agricultural product areas.

PRIORITIES FOR 23/34
From April 2023 all protein producers will provide data through a newly developed Select Farm app that has been designed to collect evidence to support validation to farming standards.

Our FWN programme will expand internationally for produce growers who supply M&S. We are currently undertaking a joint environmental and human rights risk assessment to be able to prioritise the regions for expansion in the coming year.

HOW WE SOURCE OUR PRODUCTS CONTINUED
HOW WE SOURCE OUR PRODUCTS CONTINUED

RAW MATERIALS: FOOD
We are focused on five raw materials: soy, palm, cocoa, tea and coffee.

This year’s performance update focuses on our progress in two of our priority raw materials relating to deforestation – soy and palm. We maintain our commitment to sourcing 100%-verified sustainable cocoa and all our tea and coffee is Fairtrade.

SOY

NET ZERO PRIORITY

Target
100% of soy to be sourced from verified deforestation and conversion-free (vDCF) supply chains by 2025/26.

2022/23 progress
39% of all soy sourced vDCF.

– Our reported total soy tonnage use went up from c.75k tonnes to 100k tonnes. This is because we started digging much deeper into our supply chain through our supplier exchanges and with the implementation of our revised animal feed policy. We are now asking all our key suppliers, including suppliers of dairy products and finished product manufacturers, to provide information on their soy footprint, and the response rate to our soy survey went from 76% in 2021 to 95% in 2022.

– We are tracking two sustainability metrics for our soy:
  • % Verified Deforestation and Conversion Free (vDCF). This includes transitional mechanisms, such as mass balance, area mass balance, segregated or RTRS regional credits. We are including all our soy – both direct and indirect (soy used in animal feed, including dairy) in this metric.
  • % Physically Certified Deforestation and Conversion Free. This is soy for which evidence is required of supply claimed to meet a relevant physically certified standard. M&S has aligned our acceptance of standards with the FEFAC benchmark tool and criteria, which include allowing an Area Mass Balance/Mass Balance/Segregated chain of custody system, including the purchase of RTRS Regional Credits. This metric applies to soy used in animal feed only (excluding for dairy).

– vDCF Soy progress: This year our suppliers reported using a total of 39,127 tonnes of vDCF soy, up from 31,596 tonnes in 2021. However, because significantly more suppliers reported to us on their soy usage than in 2021, the overall % of vDCF soy is lower vs 2021, at 39% this year versus 42% last year.

– Physically certified soy progress: this data is subject to a discrete assurance process and we will be reporting on it later in the year.

– We have previously reported on the percentage of soy in our supply chain which is “certified”, also including certificates and credits. This year we have made the decision not to purchase credits ourselves on the basis that they do not tend to be directly connected to soy producers and are not accepted by regulatory bodies and NGOs as evidence of sustainable supply chains which drive the innovation needed to deliver the conservation of vital ecosystems. Instead, we are looking to invest in different financial mechanisms which we believe will bring benefit to the soy producers on the ground so are looking to move away from this metric this year.

Palm Oil

NET ZERO PRIORITY

Target
100% segregated RSPO certified palm oil in our own label products by 2025/26.

2022/23 progress

98% of palm oil was segregated RSPO certified in our own label food products in 2022**.

This year we have increased our performance from 90% through focused engagement with a number of supplier partners to reformulate and redevelop products to switch to RSPO certified segregated sources. We are formulating a plan to achieve the final 2%, focusing on derivatives, by the end of next year.
HOW WE SOURCE OUR PRODUCTS CONTINUED

RAW MATERIALS: CLOTHING & HOME
Cotton, polyester and man-made cellulosic fibres (MMCFs) account for around 80% of fibres used in our Clothing & Home products. This year, we have continued to make progress towards our target of converting to preferred, more sustainable alternatives by 2025/26, increasing our focus on colleague training and engagement.

We regularly review our list of preferred fibres, and select them on the basis that they provide lower impacts on the environment than their conventional counterparts. For example, we source our preferred cotton fibres from programmes that benefit farmers and promote soil health, we source MMCFs from responsibly managed timber or alternative feedstock, and, by using recycled raw materials in our synthetic fibres, we avoid the extraction of new resources.

The extraction and production of raw materials also represents a considerable percentage of our Scope 3 emissions. Through sourcing decisions and working closely with our supply chain we are accelerating our focus on reducing impacts at Tier 3 (raw materials processing) and 4 (raw materials extraction).

COTTON
Target
100% cotton from more responsible sources by 2025/26.

2022/23 progress
100% of the cotton in our clothing is sourced through Better Cotton or with organic and recycled certifications. We have maintained this position since 2019 by working closely with our supplier partners and through industry collaborations.

Read more on page 62
Go to our approach to sourcing cotton

POLYESTER
NET ZERO PRIORITY
Target
100% verified recycled polyester by 2025/26.

2022/23 progress
We have continued to see positive progress in converting virgin polyester to verified recycled polyester. This has been a major focus across key departments and we are on track to reach our 2025/26 target. This data is subject to a discrete assurance process linked to our financing and is scheduled to be published in autumn 2023.

Read more on page 62
Go to our approach to sourcing polyester

MAN-MADE CELLULOSIC FIBRES
Target
100% MMCF from preferred sources by 2025/26.

2022/23 progress
45% of our spring/summer range was from preferred sources. We are making progress towards our 2025/26 target.

Preferred fibres are selected on the basis that they have a low risk of deforestation in their supply chain, and are made using the best available technology. The list of approved preferred fibres is reviewed on a regular basis in line with industry developments.

Read more on page 62
Go to our approach to sourcing MMCF

SPOTLIGHT
Collaboration
M&S is represented on several of the Textile Exchange roundtables on raw materials, ensuring we benefit from industry insight, as well as contribute to sharing knowledge and conversing between peers.

We will also be joining working groups on specific topics this year, to support achieving the Textile Exchange 2030 Climate+ strategic goal to reduce 45% CO₂e emissions from fibre and material production.
**DATA IMPROVEMENTS AND A FOCUS ON TRACEABILITY AND TRANSPARENCY**

Improving the traceability of raw materials helps us address potential human rights and environmental risks more effectively by tracing fibres as they move through the supply chain.

As they are our greatest volume of raw materials, our initial focus is on finding solutions for cotton, MMCFs and polyester. Finding the right partners and tools is essential to build traceability at scale, and will enable us to access the data we need to achieve net zero.

**Cotton traceability**

M&S became a Pioneer Member of Better Cotton in 2009. This initiative has made real progress using a mass balance approach. This means that Better Cotton farmers benefit from the demand for Better Cotton in equivalent volumes to those we use in our products. Training and support by Better Cotton has resulted in really positive environmental impacts such as improved soil health and reduced water, fertiliser and pesticide usage while allowing farmers to improve their yield and profit. However specific fibre traceability has been a challenge and so the next iteration of our partnership is focused on traceability.

Since 2021, we’ve been part of the Better Cotton Traceability Panel, a collaboration of industry stakeholders working to develop and grow physical traceability along Better Cotton’s supply chain. This year we piloted new requirements to the Better Cotton’s Chain of Custody model in India, adding physical segregation and traceability as cotton progresses through the supply chain before reaching stores in autumn/winter 23. While we believe in the positive impact that using Better Cotton through mass balance has had for cotton farmers, physical segregation is the natural next step, and we are committed to supporting the expansion of this work.

**Piloting new traceability platforms**

Finding a tool that supports us in upholding our stringent policy and certification requirements has been a focus for us over the past few years. With many new solutions coming to market, we have carried out a detailed review and, following a successful proof of concept, we are scaling up a pilot with Textiles Genesis. With an initial focus on the traceability of MMCF fibres, this will allow us to understand more about the challenges of tracking fibres along the different transformation stages, from raw material to finished goods. To date, 600,000 products have been traced from fibre source to the garment maker.

**Cotton transparency**

M&S was one of the first major companies to ban cotton from the Xinjiang region of China. We also don’t source from Turkmenistan or Uzbekistan because of ongoing ethical trading concerns in those regions. All our suppliers must declare the cotton country of origin to us. We’ve introduced new technology to ensure this policy is enforced. We have been testing samples of cotton on a monthly basis through the Oritain™ lab. Oritain™ applies forensic and data science to detect naturally occurring elements in a product or raw material – allowing us to confirm where the cotton comes from and verify any consistency with the banned source origins.

**SPOTLIGHT**

**Leather traceability**

M&S joined the Traceability Working Group Panel in 2021, working alongside other brands and stakeholders from the leather industry to articulate traceability needs that address deforestation and animal welfare, and to develop tools and activities to implement at scale.

Read more on page 39
HOW WE MAKE OUR PRODUCTS

INTRODUCTION
As an own-brand retailer, with longstanding and close relationships with our trusted supplier partners, we are uniquely positioned to find ways of reducing emissions and cutting waste.

We have made strong progress this year, particularly in Food, where we have aligned our supplier strategy to our net zero target, supporting key supplier partners in putting plans in place. In Clothing & Home, as we shape our new sourcing strategy, we have considered how we ensure it will achieve our net zero targets.

Our efforts over the past decade have helped us identify our hotspots of high emissions, and the key strategic suppliers which account for the majority of these emissions. Our priority is to work more closely with these supplier partners on net zero, outlining the outcomes we expect to see in their operations and supply chains.

Working with these suppliers has made it clear that one of the biggest challenges to rapid decarbonisation lies in emissions data, which is not yet sufficiently detailed or automated, and does not allow us to track our progress in reduction. Our focus over the past year has been to identify programmes and partnerships that will help overcome this challenge. In our Food business we have joined Manufacture 2030, a cross-industry platform that supports our supplier partners to measure, manage and reduce their emissions. The software allows our partners to share their emissions data with us and their other partners. In Clothing & Home we continue our involvement in the Sustainable Apparel Coalition, a global multi-stakeholder alliance. Through our membership we use the Higg Index, a suite of tools that provide a standard measurement of supply chain sustainability, providing the industry a common language to describe sustainability performance.

We know efficiency measures and investment in renewables alone will not be sufficient for us to achieve the emissions reductions we’ve signed up to, so we’ve also started to put plans in place to facilitate the development of innovative solutions that can close the gap.
HOW WE MAKE OUR PRODUCTS CONTINUED

**FOOD MANUFACTURING EMISSIONS REDUCTION**

**NET ZERO PRIORITY**

**2022/23 progress**

Top 10

suppliers (based on their emissions) now have net zero plans in place and plans to source renewable electricity by 2025/26.

Our top 10 suppliers account for 53% of Food Scope 3 greenhouse gas emissions from purchased goods and services so we have prioritised engagement with this set of suppliers as it is vital we understand their targets to reduce emissions and align with our net zero ambition. All these companies already have strong plans in place, and over the next year we will focus on building these into our Joint Business Plan process.

**2022/23 highlights/action**

We launched “six key asks” – at our Technical Supplier Conference in October 2022, and more recently at our first “Sustainability Supplier Exchange”, in January, with 250 suppliers participating.

1. Net zero – set a science-based, 2040 net zero target and roadmap for Scopes 1, 2 and 3.
2. Purchase 100% renewable electricity by 2025.

3. Purchase verified deforestation and conversion-free animal feed by 2025 (with a plan in place by 2023).
4. Packaging – focus on quality, innovation and sustainability, and remove plastic where possible.
6. Human rights – implement our M&S Standard, which also includes Worker Voice, for medium-risk sites, as well as Human Rights Due Diligence.

During the year, we improved our systems for tracking reduced emissions by signing up to the data aggregator platform, Manufacture 2030. This enables us to see how our top 100 suppliers based on emissions are decarbonising. We will use Manufacture 2030 to track progress towards our renewable electricity commitment, by asking our suppliers to complete the questionnaire and provide data for their manufacturing sites.

**CASE STUDY**

SHARPENING OUR DATA SYSTEM’S TOOLS TO MEASURE EMISSIONS

**CHALLENGE**

One of the biggest challenges in reducing Scope 3 emissions lies in having access to supplier-specific emissions data and finding a way to aggregate emissions data across complex supply chains. Until now, modelling of emissions using secondary (industry average) data has been sufficient for us to identify hotspots and formulate plans. However, as we now move into implementation, we need new ways of tracking progress at a more detailed level and more frequently.

**M&S ACTION**

During the year we started work with a carbon footprinting platform, Mondra, that we believe can better help us track our emissions across our supply chain.

Mondra is a data insights platform that can combine primary data from M&S suppliers when available with secondary emissions data to generate a more accurate set of product carbon footprints across our Food business than ever before.

The platform interfaces with our existing product specification system to identify the specific raw materials and quantities of ingredients in our products.

During the year, we benefited from an Innovate UK grant that permitted us to pilot Mondra’s approach with a key supplier – Samworth Brothers – and a limited number of products. This was successful and we are now working further with Mondra to support them in a second phase of platform development, by assessing footprints of more complex products this year. The technology has gained significant industry interest and we are also now part of the Mondra-BRC coalition which has convened a wide number of stakeholders across the food industry with the aim of aligning on one solution for this complex issue.

**IMPACT**

This will enable us to have a tool that buyers and product developers can use to ensure they consider the environmental impacts of product choices.
HOW WE MAKE OUR PRODUCTS CONTINUED

2022/23 highlights
The Sustainable Apparel Coalition brings together manufacturers, brands, retailers, NGOs and governments to drive impact reduction in the global supply chain. Through our membership we use the Higg Index, a suite of tools that provides a standard measurement of supply chain sustainability, providing the industry with a common language to describe sustainability performance. The Higg Facility Environmental module (FEM) provides us with a growing bank of primary data across a range of environmental metrics, through which we can identify hotspots and develop insights into the environmental performance of our supply chain. We are proud to have achieved “Strategic+” membership through our use of the tools and engagement with the programme. This has allowed us to prioritise actions to help us achieve our net zero targets such as the Carbon Leadership Programme run by the Apparel Impact Institute.

Training and engagement are a key part of achieving continuous improvement and this year we sponsored in-person training for 358 facilities in five of our key manufacturing countries, with additional virtual sessions for those unable to attend. Our sourcing office sustainability teams have built relationships with our key supplier partners by running capacity-building sessions and providing one-to-one support with their improvement plans. We also incorporate audit results into our supplier scorecards at Tier 1, so our sourcing teams can see environmental performance alongside commercial metrics. In 2022, we invited our top 90% (by cost value) of suppliers at Tier 1, and top volume mills at Tier 2 to complete the module. We encourage verification of the module to allow us to obtain assured data. As the programme matures, we are seeing improvements in results, with the average verified score increasing from 60.3 to 70.2 out of 100 between FEM 2020 and FEM 2021.

Sustainable Apparel Coalition brings together manufacturers, brands, retailers, NGOs and governments to drive impact reduction in the global supply chain.

This year we have set more robust targets for our facilities to achieve a better standard of environmental stewardship and focus on energy data quality. We are pleased to report that in 2022 45% of Tier 1 facilities (our finished product manufacturers), and 47% of Tier 2 facilities (our material producers) were verified as having achieved Level 3 “Advanced” in Environmental Management System and Energy modules.

Aii Carbon Leadership Programme (Apparel Impact Institute)
The Aii (Apparel Impact Institute) works to identify, fund and scale proven-quality solutions to accelerate positive impact in the industry. The Aii Carbon Leadership Programme is an industry collaboration that supports participants in sharing data and engaging in carbon-reduction activities. As a high proportion of emissions occur in the dyeing and finishing process, we have identified our 50 highest volume wet processors to enrol in our first cohort in the programme, to reduce large-scale carbon emissions.

From the initial data, we have identified the potential for over 20% annual reduction in carbon emissions across these facilities through opportunities such as energy efficiency, renewable energy, and thermal energy switches. We will be able to track progress annually through the Higg FEM.

This programme brings together action-oriented brands in the apparel industry to accelerate the implementation of their supply chain carbon targets, while also standardising approaches with their suppliers so that they can be replicated by the rest of the industry.”

Kurt Kippka
Chief Impact Officer, Apparel Impact Institute
SPOTLIGHT

Collaboration

We have invested in a new platform Origin, by Grouptree, to manage information about our suppliers, particularly wet processing facilities. The platform allows us to see full supplier profiles, compliance declarations, certifications and environmental data all in one place. Origin will allow us to track compliance to policy and improve traceability and supply chain mapping. This year our focus has been on configuring the platform to our requirements and onboarding suppliers. In the next year we will use the tool to expand our supply chain mapping and begin assessing the performance of individual facilities.

OUR CHEMICAL APPROACH HAS SHIFTED FROM FINISHED PRODUCT COMPLIANCE TO FOCUS ON CHEMICAL INPUTS AND ENVIRONMENTAL IMPACT

Go to our approach to responsible chemical management
INTRODUCTION
Our customers consistently rank packaging, and reducing food and textile waste, as top priorities. While these are relatively small sources of emissions for us, it is right that we take action.

We’ve made some great strides this year. In our Food business, the hard work of our store colleagues to improve processes, alongside new technology, resulted in a step change in food redistribution, which jumped from 56% to 79% of our edible surplus. Overall food waste also declined, aided by interventions such as the elimination of best before dates on more than 300 fruit and vegetable products. There has also been a visible change in the removal of plastic in our stores in key categories such as bakery, nuts and fresh produce. In addition our ‘Refilled’ model for laundry and household products has been well-received. Customers find the service convenient and we are achieving high bottle return rates.

In Clothing & Home we have reinstated our hanger-retention programme – encouraging customers to leave hangers behind in store for reuse. Early feedback for our Bring Your Own Bag (BYOB) initiative for Click & Collect which asks customers to bring their own bag is also positive. We have also continued to test and learn to better understand customer behaviour around the circular economy.

FOOD WASTE
NET ZERO PRIORITY

Target
Food waste reduced by 50% by 2030 against a baseline of 2017/18.

2022/23 progress
46% reduction in food waste (last year 29%) against a baseline of 2017/18.

2022/23 highlights
- The progress delivered this year is due to factors including the removal of best before dates and replacement with Julian codes on 300 lines of fruit and vegetables in store, and our strong food surplus redistribution work. In addition, we carried out a comprehensive review of the accuracy of our actual food waste data.

CASE STUDY
TURNING SURPLUS LOAVES INTO FROZEN GARLIC bread

CHALLENGE
Our in-store bakers create the freshest, highest quality bread daily for our customers. We believe each loaf is too good to waste and our customers agree.

M&S ACTION
At the end of each day, we take unsold baguettes and boules – baked in-store daily – prepare and fill them with garlic butter, and then sell them as frozen garlic bread from £1, with an extended shelf life of 30 days.

IMPACT
The scheme, which launched in 2020, is currently live in 253 stores and we have sold over two million of the re-purposed loaves. Due to its popularity, we are now expanding this offer to an additional 125 stores in April 2023 and introducing two new products.

SPOTLIGHT
What matters to our customers
Reducing food waste is hugely important to families – M&S’ latest Family Matters Index revealed that 72% of UK families are taking steps to reduce household waste. Over half (55%) of families say it’s important that the shops they buy from make it easier for them to make more-sustainable choices.
REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

FOOD REDISTRIBUTION
M&S food is too good to waste, so we continue to work in partnership with Neighbourly to redistribute surplus food from our stores to more than 1,450 hyper-local charities and community organisations.

Target
100% of edible surplus food to be redistributed by 2025.

2022/23 progress
79% of edible surplus food redistributed (compared to 56% last year).

Read more on page 63

2022/23 highlights
– We reissued our policy to suppliers to encourage them to redistribute any edible surplus M&S products that may arise in manufacture, and we are starting to track this data.
– During 2022/23, we took action in response to feedback from customers and colleagues who wanted to donate items themselves to help people in their community struggling with the cost-of-living crisis. To enable this we installed donation points in store and arranged for donated items to be collected by local charity representatives via Neighbourly.

CASE STUDY
M&S FOOD REACHES MILESTONE OF MEALS DONATED TO CHARITIES ACROSS THE UK

60 million meals

CHALLENGE
Neighbourly’s community survey found that 83% of groups are already seeing more demand and 73% say they would like more food items to be able to support those who use their services.

M&S ACTION
M&S Food has donated more than 60 million meals to local charities over the past seven years through our partnership with community investment platform Neighbourly, designed to tackle food waste in store.

IMPACT
More than 2,700 good causes, from after school clubs to food banks, have benefited from the donations of edible unsold fresh, ambient and chilled food from M&S stores, with more than 6,000 benefiting from the partnership with Neighbourly in total.

To provide further support for those in need, M&S also donated over 130,000 ambient products directly to groups, worth £50,000.

The cost-of-living crisis means more families are relying on their local community charities for food and other services. Our partnership with M&S has made a huge difference to more than 6,000 good causes in the Neighbourly network since 2015, and the additional ambient donation is already helping to support struggling families across the UK.”

Steve Butterworth
CEO of Neighbourly

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REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

Plastic packaging is one of the hot topics that we know our customers and colleagues want us to take action on. We are working to remove plastic packaging and are supporting the UK Plastics Pact.

We are working right across the business, but our priority focus is on the key hotspots where we use the most plastic or where it is most impacting our customers. Over 80% of all plastic product packaging is used by the M&S Food business. Of the plastic packaging that is used by Clothing & Home, almost 70% is in clothing hangers. That is why food packaging and closed-loop hangers have been our priority areas for focus in 2022/23.

**FOOD PLASTIC PACKAGING REDUCTION**

**NET ZERO PRIORITY**

**Target**

Remove 1 billion units of plastic from the packaging portfolio by the end 2027/28, from a base year of 2017/18.

Remove 75 million units in 2022/23.

**2022/23 progress**

- We have achieved our in-year target of removing 75 million pieces of plastic packaging. A further performance update will follow in autumn 2023 after assurance, as this data is subject to a discrete assurance process linked to our financing.

**2022/23 highlights**

- Projects to remove plastic packaging at scale from existing products across the food hall were launched throughout this year and a pipeline of future projects identified for 2023/24 and beyond. Examples of plastic removals this year have included:
  - Moving croissants into cardboard trays.
  - Placing Food on the Move nuts into new pouch packaging.
  - Introduction of plastic-free packaging for teacakes.
  - Moving tomatoes into cardboard trays (see case study).
- We rolled out M&S Refilled, encouraging customers to reuse and return laundry and homecare products to reduce plastic. This is popular with customers, who find it a convenient service.
- We are pausing wider roll-out of Fill your Own (refillable groceries such as nuts and grains) as this isn’t working from a customer perspective.

**CASE STUDY**

**TOMATO PACKAGING GOES GREEN**

**CHALLENGE**

The challenge was how to move to a new format of packaging for British Collection vine tomatoes to reduce plastic waste but without affecting product life negatively.

**M&S ACTION**

The new packaging replaces a plastic sleeve with recyclable cardboard and a small amount of plastic film to preserve the freshness of the tomatoes, but still allow it to be recyclable in the UK cardboard waste stream.

**IMPACT**

Developed with the Reflex Packaging Group and inspired by traditional sandwich packaging, the innovative design is part of M&S’ commitment to reduce plastic packaging.
REDDING WASTE AND PROTECTING RESOURCES CONTINUED

FOOD PLASTIC PACKAGING RECYCLABILITY

NET ZERO PRIORITY

Target
100% of plastic packaging to be widely recyclable by 2022.

2022/23 highlights
- Where plastic packaging cannot yet be removed, we are working to ensure it is easily recyclable by our customers. Strong progress has been made and the vast majority of plastic packaging in our Food Halls is recyclable via household recycling collections. We want to get this to 100% (and are measuring this by assessing whether the packaging is recyclable according to OPRL definitions).
- However, not all plastics are yet recyclable via this route. Problem packaging items include multilayer films, lidding films, labels, nets and other items such as tags and sachets.
- To address this, last year we rolled out collection points for these plastics in over 500 stores as an interim solution to collect and recycle this packaging while we work with organisations such as WRAP and the UK Plastics Pact to improve the household collection of soft plastics.

2022/23 progress
93% of plastic packaging is widely recyclable**.

Read more on page 64

SPOTLIGHT
Improving packaging data
A big focus during the year was close working with our product supplier partners and our digital and data teams to improve the quality and granularity of packaging data in line with UK regulatory changes to the UK’s Plastic Tax and Extended Producer Responsibility. We are also updating the recycling logos on the back of our packs to make it easier for customers to know what can be recycled.

CLOTHING & HOME PACKAGING

2022/23 highlights
- We operate a closed-loop hanger recycling programme, through which we ask customers to leave hangers in store and send them back to a reuse centre, where they are sorted and sent back to garment suppliers for reuse. Any unsuitable (e.g. damaged) hangers are recycled to be made into new hangers. All our hangers are made with recycled plastic. During the year we’ve reinforced our policy across stores to ensure that we do not give out hangers to customers when they purchase an item. We are also working with supplier partners to understand where we can remove hangers before despatching online orders.

For the remaining small amount of other plastic product packaging used in our clothing business, we continue to implement changes to packaging design to reduce the number of items of plastic packaging being used. For example, we are reducing the amount of bags used for online deliveries through our new BYOB click and collect initiative (see case study opposite).

In Beauty we are working on a solution that would allow the customer to send back beauty packaging from products bought online for recycling.

Go to our progress in Clothing & Home packaging

CASE STUDY
BRING YOUR OWN bag

CHALLENGE
During the year, we launched a new click & collect initiative to reduce use of plastic packaging.

M&S ACTION
BYOB – Bring Your Own Bag – was rolled out across 251 stores in February. The initiative takes away the need for the traditional plastic carrier across online orders that are picked and packed at the collection store, by asking customers to bring their own bag. The ambition is to expand the initiative to all click & collect orders in the longer term.

IMPACT
Customers participating in the trial praised the approach as “simple and straightforward” and an easy way to help them reduce their own plastic consumption. We are the first large retailer to adopt this approach which will save 10 million pieces of plastic annually.
REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

CLOTHING & HOME CIRCULARITY

NET ZERO PRIORITY

Our approach to circularity is focused on promoting innovation, collaborative working and increasing our use of recycled fibres.

INNOVATIVE RAW MATERIALS AND MANUFACTURE

£1m Plan A Accelerator Fund. The Fund will invest in projects in our value chain in collaboration with our trusted supplier partners, in our own operations and, where appropriate, help identify solutions for industry-wide climate-related challenges. Projects include a pilot plant for automatic sortation and chemical recycling for textiles.

Textiles 2030. We’re part of the industry collaboration looking to transform the way the UK supplies, uses and disposes of clothing and textiles.

PRODUCT DESIGN

Circularity training. Alongside our core circularity training we’ve rolled out specialist training for our designers and technologists with the Centre for Sustainable Fashion.

Recycled Fibres. We’re aiming for 100% of the polyester we use to be verified recycled by the end of 2025/26.

Durability. Our high-quality products are durable, made well and made to last.

Pre-consumer waste. We’re working with Reverse Resources to give greater visibility of waste in our supply chain. It will allow us to reduce waste and identify opportunities to secure feedstocks for recycled fibres.

Jeans Redesign Project. Available exclusively on M&S.com as part of an industry-wide collaboration with the Ellen MacArthur Foundation, aiming to create jeans made from renewable materials, worn for longer, and designed for reuse.

RESALE AND RENTAL

We are committed to helping customers live lower carbon lives by keeping M&S clothes and products in use for longer, through resale, reuse and hiring initiatives. In the past year we have worked with start-ups like Hirestreet and Dotte on “test and learn” trials. We will continue to trial different solutions.

RETAKE & RENTAL

Re-sale & Rental. We are committed to helping customers live lower carbon lives by keeping M&S clothes and products in use for longer, through resale, reuse and hiring initiatives. In the past year we have worked with start-ups like Hirestreet and Dotte on “test and learn” trials. We will continue to trial different solutions.

Take-Back

Shwopping. Since 2008, our customers in the UK have given new life to over 36 million items of clothing through the Shwopping programme raising an estimated £23m for Oxfam’s vital work.

Plastic take-back. You can recycle plastic packaging from any product, including non-M&S products and hard to recycle flexible plastics – in 500 M&S stores.

REFILL

Refill. Selected stores are trialling refillable own-brand cleaning and laundry products.

Bring Your Own Bag “BYOB”. In our Clothing & Home business we’ve rolled out a new Click & Collect initiative to 251 stores. M&S is the first large retailer to adopt this approach which will save 10 million units of plastic.

Hangers. We have reused and recycled over 1 billion plastic hangers in the last 12 years.
DRIVING EFFICIENCIES

INTRODUCTION
This year, our focus across our stores, warehouses and logistics footprints has been on driving efficiencies, reducing waste, improving our greenhouse gas emission measurement and tracking capability and investing in our store estate for the future. In September 2022, we acquired Gist, our Food logistics provider, a move that allows us to accelerate our plan to modernise our Food supply chain network to support growth.

A key priority has been the implementation of a Group-wide digital solution to track our Scope 1 and 2 greenhouse gas emissions, which will enable our colleagues to consider the impact on emissions as they make operational and investment decisions on a location-by-location basis. As part of this system design and implementation, we ran a number of workshops and upskilling sessions for colleagues in our Property business, International operations, Clothing & Home logistics team and since the acquisition of Gist, colleagues within Gist.

We know there is a lot to do as we transition our legacy infrastructure to net zero and we are highly dependent on the timing across the national infrastructures, particularly around degasification and alternative fuels.

LOCATION-BASED SCOPE 1 AND 2 GHG EMISSIONS (000 TCO2E)

FLEET

- Fuel 143
- Refrigerant leakage 2

UK AND ROI PROPERTY

- Renewable electricity 117
- Gas 41
- Refrigerant leakage 36
- Heating fuel oils 2
- District heating and cooling 1

INTERNATIONAL PROPERTY

- Purchased electricity 18
- Refrigerant leakage 3

Total Fleet 145
Total UK & ROI Property 197
Total International Property 21

In the short term, our immediate focus is on driving efficiency, which in the past year has been a strong commercial priority. Although a small part of our overall footprint, our colleagues in the International business are also playing their part, reviewing how we can use lower carbon routes to send product to our international markets, investing in LED lighting and using the new digital emissions reporting platform to aid greater visibility of data at a site level.

SPOTLIGHT

Gist acquisition
In September 2022, we acquired Gist, a longstanding logistics partner to the Food business. Prior to acquisition, we were already accounting for the majority of Gist operations within our Scope 1 and 2 emissions, as a significant proportion of their operations were fully dedicated to serving the M&S network. The new ownership model gives us operational control of Gist’s primary logistics function, which was previously outside of the operational control reporting boundary. Our initial focus since acquisition has been the alignment of our net zero targets and reporting systems.
DRIVING EFFICIENCIES CONTINUED

NET ZERO PROPERTY & NET ZERO LOGISTICS

NET ZERO PRIORITY

Target
34% reduction in carbon emissions by 2025/26 against 2016/17 baseline.
55% reduction in carbon emissions by 2029/30 against 2016/17 baseline (SBTi approved*).
Net zero across our own business by 2035.

*Marks and Spencer plc commits to reduce absolute Scope 1 and Scope 2 GHG emissions 55% by 2030 from a 2017 base year. Marks and Spencer plc also commits to reduce absolute Scope 3 GHG emissions 55% within the same timeframe.

2022/23 progress

32% reduction of total Scope 1 and 2 location-based greenhouse gas emissions, against 2016/17 base year (Target 55% reduction).

3% reduction of total Scope 1 and 2 location-based greenhouse gas emissions, against 2021/22.

Reductions were driven by a fall in reported emissions from refrigerant leakage, which were down 18% on last year, caused by a return to normal levels of maintenance visits to top up refrigerant, following a spike the previous year, when maintenance visits resumed post-Covid lockdowns. Emissions from purchased electricity also reduced and were 4% down on last year.

Read more on page 57

UK AND ROI PROPERTY

NET ZERO PRIORITY

2022/23 highlights/action

We invested in LED lighting, voltage optimisation, aerofoils and introduced doors on fridges, delivering emissions savings as well as reducing operational costs. Behaviour change has also been a key focus as we encouraged our stores to be “Energy Super Savers” identifying opportunities such as using night blinds, switching off lights, and reviewing bakery schedules.

This year we have continued the roll-out of new automated meter readers (AMRs), to improve the quality of electricity, gas and water data across the UK store estate. The project, which began in February 2022, provides accurate reporting on our energy consumption and on related greenhouse emissions as a result. The AMRs have now been installed in 80% of the store estate and will complete the remaining 20% by June 2023. In parallel, we designed and implemented a Group-wide digital Scope 1 and 2 greenhouse gas reporting system, which the automatic meter data feeds into.

For the year ahead, further related capital expenditure opportunities have been approved for investment providing both emissions reductions and operational energy savings.

CASE STUDY

PARTNERING WITH BP PULSE TO BRING EV CHARGING POINTS TO CUSTOMERS

CHALLENGE
To support the UK government’s target of zero emissions motoring, investment needs to be made into the charging infrastructure to make it more convenient for drivers.

M&S ACTION
M&S and bp pulse have agreed a 10-year deal to roll-out electric vehicle charging (EV) infrastructure across our store network. The agreement will see M&S and bp pulse BP’s electric vehicle charging business, work together to install an initial 900 electric vehicle charge points across the M&S UK store estate in the next two years.

IMPACT
The roll-out will significantly expand bp pulse’s network, growing the UK’s charging network and adding up to 40,000 kWhs of charging capacity to the UK’s EV infrastructure. The agreement forms part of M&S’ plans to build a store estate fit for the future and make it easier for customers to live a lower carbon lifestyle.
DRIVING EFFICIENCIES CONTINUED

INTERNATIONAL

2022/23 highlights/action
Investments in our data systems have given us greater visibility of energy data at a site level across our owned operations in Greece, Czech Republic and our joint venture in India. We have also committed to converting all our stores to 100% LED lighting across our owned operations by 2025. This year we reached 63% of this target with retrofits in a further 15 stores, with plans to retrofit a further 18 stores in 2023/24.

Scope 3
Air freight of fresh food product is the single biggest contributor to our International business carbon emissions, accounting for 44% of the total international footprint. There is a significant opportunity to reduce emissions by switching the transportation of our chilled product offering to the freeze defrost programme. This allows us to ship product rather than fly it without any negative impact on freshness or product quality. Doing so requires technical adjustments to the product specification and methods of production. During 2022, we grew the number of freeze defrost lines by 75% from 400 to 700. Our target is to have 1,300 lines by 2025.

In November 2022, we held an initial Franchise Partner engagement on net zero sharing our decarbonisation roadmap and targets and best practice across markets. As part of this engagement, we have started to collect data from our franchise partners, allowing us to understand more about the differences between each partner’s emissions and the markets in which they operate.

SUPPLY CHAIN LOGISTICS

In November 2022, we held an initial Franchise Partner engagement on net zero sharing our decarbonisation roadmap and targets and best practice across markets. As part of this engagement, we have started to collect data from our franchise partners, allowing us to understand more about the differences between each partner’s emissions and the markets in which they operate.

2022/23 highlights/action
We have made good progress to reduce emissions from our Clothing and Home Supply Chain Logistics fleet, however these fleet reductions have been offset by growth in our Foods business, and so we have seen an overall increase in our total fleet emissions.

Net zero logistics challenge
Reaching net zero remains a challenge for the logistics industry, with no clear low emission technological solutions currently available at scale on the Heavy Goods Vehicle (HGV) market. Today we are progressing with emissions reductions via network efficiencies, and moving towards lower emissions bridging fuels and available technology solutions. We are committed to working with the industry and sharing best practice through the BRC Climate Roadmap Logistics Pathway and Sustainable Logistics Forum.

Interim efficiency actions
In the immediate term, our focus is on driving behavioural change and identifying efficiencies. Across both our Food and Clothing & Home logistics networks we focused on driver training and the use of telematics to improve fuel efficiency. We have been working to improve our Clothing & Home network efficiency through improved tote and vehicle fill, reviewing delivery schedules, and utilising double-decker trailers.

Technological solutions
We are also investing in technological solutions. Across our Food network, Gist have been piloting several innovations including a new rigid fleet with power-take off (PTO) technology to run fridges electrically via the cab’s engine, and electric trailers with roof solar panels to charge on-board batteries.

In our Clothing & Home network we have introduced 35 bio-LNG tractor units into our fleet to replace end-of-life diesel assets. These have the potential to provide up to an 80% emissions reduction compared to diesel. “Cleaner burn fuels” serve as a bridging option to reduce CO₂e, while alternative low emissions technologies develop at scale for industry wide use, and support with the rapid decarbonisation needed to reach our 2030 target.
IN THIS SECTION
36 Animal welfare
40 Ethical trade
46 Healthier food
48 People
50 Community

STRATEGIC PRIORITY ALIGNMENT
- Exceptional product
- Trusted brand
- Structurally lower cost base
- High performance culture
- Accelerating store rotation
- Modernised supply chain
- Compelling customer ecosystem
**INTRODUCTION**
Our founders knew that value means much more than price. It means giving customers assurance that we source raw materials responsibly to protect the planet for tomorrow, and provide confidence that we treat the people who make and sell our products fairly. This means setting the standards for others to follow, whether that’s in animal welfare or product traceability. It’s why we sell more RSPCA Assured products than any other retailer.

**FOOD**
Animal health and welfare is an integral part of a sustainable food system. We believe animal welfare has an impact on food quality and so use ingredients that have been farmed to high welfare standards. We work towards the highest standards in this area guided by our Animal Health and Welfare Policy. 81% of UK adults believe it is important for food retailers to focus on the better treatment of farm animals*.

We will never compromise on the welfare of our farmers and their animals. Our stringent welfare standards ensure animals have a good diet and easy access to fresh water, adequate shelter and comfortable resting areas, sufficient space and timely treatment if they become sick or injured.

M&S is long recognised as being the UK leader in farm animal welfare. We were first awarded Tier 1 status in the Business Benchmark in Farm Animal Welfare in 2013, and have retained this status ever since – the only UK retailer to do so.

Since 2002, we have been awarded 11 separate animal welfare awards from Compassion in World Farming, and we have also received a number of recognitions from RSPCA including the Sustained Excellence Award. We have invested heavily in RSPCA Assurance and now sell the largest range of RSPCA Assured products in the world.

* A study conducted by YouGov on behalf of M&S.
ANIMAL WELFARE CONTINUED

Longer term we believe there will be opportunities to reduce the carbon footprint by focusing on alternative breeds, feed and manure management. We are building welfare objectives into our species-decarbonisation plans, to ensure any increase in carbon emissions from higher-welfare activities we build into – and compensate for – in our overall net zero reduction plans.

“M&S’ move to offer 100% slower-reared, RSPCA Assured fresh chicken is the biggest positive change to chicken farming in a generation. It’s a landmark achievement for animal welfare, which we hope will set a leading example for other retailers.”

Mike Baker
CEO of RSPCA Assured

PORK

Target
All EU-sourced pork used for EU charcuterie production will come from farms operating free farrowing breeding systems and higher-welfare finishing units by the end of 2022.

2022/23 progress

100% higher-welfare charcuterie pork.

2022/23 actions/highlights

All our pork is produced on specially selected, known and audited farms. All our fresh pork is British, and 100% of our fresh and ingredient pork is Outdoor Bred RSPCA Assured, Free Range or Organic.

In December 2022, we achieved our target for all charcuterie pork to be produced to higher welfare standards. Free farrowing systems provide mother pigs with comfortable bedding, nesting materials and space to move around freely during gestation and lactation. We also work with farms on systems safety to prevent crush injuries to keep piglets safe.

During 2023/24, we will continue introducing new continental meat products to our stores that meet these higher animal welfare standards.
ANIMAL WELFARE CONTINUED

CLOTHING & HOME
We use some animal-derived raw materials, such as wool and cashmere, to make our Clothing & Home products. Guided by our M&S Clothing & Home Animal Welfare Policy, we’ve continued to improve the sourcing of the animal-derived raw materials in Clothing & Home. We work in collaboration with industry-leading organisations and NGOs to enhance our own progress and support systemic industry change. We are a member of several organisations promoting global standards for animal-derived raw materials, such as Textile Exchange, Sustainable Fibre Alliance (SFA) and the Leather Working Group (LWG).

All the feather and down sourced for our clothing, is either recycled or certified to recognised animal welfare standards including IDFL Down Standard (IDS), the Responsible Down Standard (RDS) and the Traceable Down Standard (TDS).

Go to our Clothing & Home animal welfare standards

WOOL

Target
50% of wool from more sustainable sources by 2025, and 100% by 2030/31.

2022/23 progress

13% of wool sourced from more sustainable sources.

Wool represents a small proportion (approximately 2%) of our fibre mix. We expanded our use of certified and more sustainable wool across our Clothing & Home products, including a mixture of Responsible Wool Standard and recycled wool in line with our Responsible Wool Sourcing Policy. We have maintained our position on mohair, with 100% certification to the Responsible Mohair Standard in line with our minimum requirements. Our focus in 2022/23 was on cashmere. We achieved Sustainable Fibre Alliance certification for 100% of our cashmere products in autumn 2022.

Go to our Responsible Wool Sourcing Policy
LEATHER

Target

100% of our leather sourced from LWG-certified tanneries by 2030.

2022/23 progress

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>97%</td>
</tr>
<tr>
<td>2021</td>
<td>90%</td>
</tr>
</tbody>
</table>

97% of our leather came from Leather Working Group (LWG)-certified tanneries.

Go to our Responsible Leather Sourcing Policy

2022/23 highlights/action

The LWG is a member-led non-profit organisation working to improve practices and minimise environmental impacts across the global leather supply chain. M&S has been a member since 2005. The LWG audit covers most environmental and social risks at tannery level, including chemical and environmental management, material traceability, waste management and worker safety. 100% of the leather in our furniture, ladies footwear & accessories and men's footwear is certified by the LWG.

Through the Sustainable Fibre Alliance’s chain of custody model we have directly supported training of over 1,000 cashmere goat herders in Mongolia and China.

IMPACT

The SFA standard is a demonstration that collaboration is key to achieving results at scale, allowing us to effectively engage across the entire supply chain and reach even the most remote herders. Our priority will be to maintain this certified standard across our autumn/winter 2023 pure cashmere clothing ranges.

Go to our Responsible Leather Sourcing Policy

Read more about how we are making improvements in traceability on page 22
ETHICAL TRADE

OUR COMMITMENT

M&S has built public trust by doing the right thing by our people and the communities we serve, and this remains one of the core values we live by today. This means treating everyone fairly and with respect, taking a zero-tolerance approach to discrimination and unacceptable behaviour, ensuring our actions today protect the planet for tomorrow and treating supplier partners fairly and as partners in our success.

The M&S Global Sourcing Principles “GSPs” set out our minimum requirements and expectations of how we and our supplier partners conduct business to uphold human rights along with labour, environmental, ethical and legal requirements in their own operations and their supply chains. We’re committed to respecting internationally recognised human rights and the principles and guidance in the United Nations Guiding Principles on Business and Human Rights (“UNGPs”). We also support the OECD Guidelines for Multinational Enterprises.

We continuously review and improve our practices to ensure we are upholding our standards and respecting the human rights of the people behind our products. This means working directly with our supplier partners to address local issues like working conditions, and in collaboration with the wider industry to address systemic issues like wages. We also work to enhance the lives of the people in our supply chain through targeted programmes aligned to our salient issues. Governance of the risks and impacts relating to responsible sourcing and human rights at M&S is overseen by our CEO, supported by the ESG Committee.

This year in Food we have faced into the impacts felt from labour shortages in the food supply chain. In Clothing & Home we continued to monitor the situation in Myanmar following the military coup, and in October 2022 we announced our exit from the country in line with our Responsible Exit policy. You can read more about our response to these issues in the sections below.

Read more about our governance on page 52.

UPDATING OUR SALIENT HUMAN RIGHTS ISSUES

We recognise that, since then, both our internal business and the external global environment have evolved. In response, this year we carried out a review of these salient rights issues, including detail at a country and sector level, with input from internal and external stakeholders. We completed the assessment in April 2023, and we have updated our Group salient issues as shown in the diagram below.
UPHOLDING OUR STANDARDS AND RESPECTING THE HUMAN RIGHTS OF THE PEOPLE BEHIND OUR PRODUCTS

We continuously review and improve our practices to ensure we are upholding our standards and respecting the human rights of the people behind our products.

This means working directly with our supplier partners to address local issues, and in collaboration with the wider industry to address systemic issues.

WORKING WITH OUR SUPPLIER PARTNERS TO ADDRESS LOCAL ISSUES

Our strong commitment to human rights reflects the ethical standards of the M&S brand that our customers value. We work closely with our supplier partners to ensure they adopt the same standard of human rights in their operations and supply chains.

SPOTLIGHT
Our Group-wide policies and procedures
We have several Group-wide policies in place that are relevant to responsible sourcing, all of which are signed off at director level. We continually review and develop our policies with input from in-house experts, suppliers and external stakeholders.

M&S Global Sourcing Principles
M&S Code of Conduct
M&S Human Rights Policy
M&S Child Labour Procedure
M&S Grievance Procedure for Clothing, Home and Food Supply Chains

2022/23 highlights: Food
Seasonal Workers Scheme Taskforce
In summer 2022, we joined the Seasonal Workers Scheme (SWS) Taskforce, a collaboration of UK supermarkets, trade bodies, growers, recruiters and non-profit organisations to work with the UK government to improve practices and safeguard workers, with a particular focus on the agricultural sector.

For the vast majority of seasonal workers coming to the UK, English is not their first language. Understanding this, we have been instrumental in the development of the Seasonal Workers module of the “Just Good Work” app which gives workers their rights when working in the UK in their own language before they arrive. To date, this module has been downloaded 19,000 times.

Worker Voice
In addition to our ethical compliance programme and suppliers’ own surveys, our Worker Voice programme allows us to hear directly from workers anonymously and allows us to understand sentiment at our supplier partner sites. This year, through our delivery partner nGaje, we received 30,967 responses, which equates to nearly a third of workers on site taking part. The results allow us to agree appropriate and targeted action plans developed by our supplier partners. Our focus for 2023/24 will be to facilitate trend analysis from this data.

Training and upskilling our supply base
A core pillar of our Food Human Rights Standard is the requirement for our supplier partners to embed a pro-active Human Rights Due Diligence “HRDD” approach in their own operations and supply chain. In June 2022, we made our HRDD and Remedy Guidance publicly available on our website for suppliers to use, reflecting our commitment to protect and enhance livelihoods.

Our focus is on our highest risk/strategic supplier partners and this year we reviewed 45 supplier partners’ approaches to HRDD and their KPIs. In April 2022, we engaged with 60 suppliers at the Food Supplier Exchange event, sharing experience and best practice on embedding HRDD into their business. We held further supplier exchange sessions through the year on modern slavery and our broader sustainability approach.

Over the same period, we delivered a webinar with the Sedex Social Impact team on the best way to establish measurable KPIs for human rights.

Enhancing the lives of people in our supply chain
Enhancing the lives of our local communities, people who work for us and our supply partners is a core value that underpins our work.

ENHANCING THE LIVES OF PEOPLE IN OUR SUPPLY CHAIN

Industry-wide issues
Working in partnership is an important part of how we do business, and our ambition is to accelerate change by leading with others. We're committed to working collaboratively with suppliers, civil society, governments and other businesses on human rights to inform our approach, share our experiences and help address root causes and influence systemic positive change.
Upholding our standards: industry-wide issues

2022/23 highlights: Food

Decent work for seasonal workers in Turkey
Dried vine fruit from Turkey are key to a number of M&S customers’ favourites, from mince pies to hot cross buns. Understanding the challenges, particularly for migrant workers in this supply chain, M&S has worked with the Fair Labor Association and other brands since 2019 to support our key suppliers. Every summer, tens of thousands of seasonal workers move across Turkey to work in agricultural production. They travel as families, moving from crop to crop for six to eight months each year. The Harvesting the Future programme delivers training for suppliers and producers on decent work principles and responsible recruitment and facilitates the registration of labour contractors with the Turkish Employment Agency. Our continued participation in the programme allows us to support our supply chain partners to ensure good working conditions for the seasonal workforce in our supply chain.

Human Rights Impact Assessment
As part of our Food Human Rights Strategy we have committed to undertake Human Rights Impact Assessments (HRIA), which provide an in-depth analysis of the salient risks to people in our supply chains.

Read about the findings and actions from our Human Rights Impact Assessment of the Kenyan smallholder tea supply chain in the case study.

Case Study
Human Rights Impact Assessment of the Kenyan Smallholder Tea Supply Chain by Partner Africa

Challenge
Kenya is the world’s third largest tea-producing country, where around 650,000 smallholders account for more than 55% of the country’s total tea production. The industry has come under pressure from climate change, the Covid-19 pandemic, rising production costs and falling tea prices amid depressed global demand in the smallholder sector. This has compounded well-publicised human rights challenges across the tea sector.

M&S Action
In partnership with Waitrose, we completed and published our Human Rights Impact Assessment (HRIA) of the Kenyan smallholder tea supply chain. As an important origin for both brands, this study ensured we were able to gain a deeper understanding of our shared supply chain in Kenya, hearing the views of smallholder farmers, hired labourers and factory workers in the industry. The findings have been publicly shared along with an action plan that was developed in consultation with the Kenya Tea Development Agency (KTDA) and our supplier, Ringtons.

In 2023, we will be working towards completion of the action plan and will be reporting on our progress. We will collaborate with the Kenyan Tea Development Agency and other stakeholders to develop projects and initiatives that deliver improvements across the areas highlighted in the HRIA. We will assess where we have existing models and frameworks in place with other stakeholders that can be adopted by this group of suppliers and we will also share learning to facilitate scaling these up.
ENHANCING THE LIVES OF PEOPLE IN OUR SUPPLY CHAIN

Ongoing commitment: Food

Fairtrade has been a key strategic partner for almost two decades. Fairtrade works with farmers and workers so they can improve their living standards, invest in their communities and businesses, and protect our shared environment.

2022/23 progress

100%

Fairtrade-certified tea and coffee (% of all M&S tea and coffee products).

£2,106,814

in Fairtrade Premium generated by M&S for farmers and workers in 2022.

We contribute more Fairtrade Premium than any other UK retailer, enabling our producers to invest in their future.

Whilst M&S continue to be committed to sourcing 100% of our tea as Fairtrade, ongoing challenges in the region have meant that this has not included some of our Assamese tea where it is currently unavailable as Fairtrade certified. We are working closely with our supplier partners and the Fairtrade Foundation to help address the challenges in the Assam region and to agree a Fairtrade model that benefits workers in Assam, while also giving M&S access to this vital ingredient for our tea blends.

2022/23 highlights: Food

Living wage bananas

In January 2023, we signed up to the “UK Retailer Commitment on Living Wages in Banana Supply Chains” with a commitment for workers in our banana supply chains to receive a living wage by 2027 alongside our retailer partners. The commitment is coordinated by IDH (the Sustainable Trade Initiative) and is supported by partners across the industry.

We know that M&S customers have a high level of trust in the FAIRTRADE Mark, and this year we made Fairtrade more visible in our cafés and on takeaway cups. We also included it on the back of cereal packaging as part of our Look Behind the Label campaign.

Nelson Melo, Cooperativa de Caficultores de Anserma
UPHOLDING OUR STANDARDS: WORKING WITH OUR SUPPLIER PARTNERS TO ADDRESS LOCAL ISSUES

2022/23 highlights: Clothing & Home

Supply chain monitoring
As part of M&S' Clothing & Home due diligence, suppliers are audited annually by approved independent third party companies, against our Global Sourcing Principles and international standards. As a result of any findings, suppliers are expected to implement remediation plans.

The ethical audit process, including grading, escalation and audit follow-up activity, is managed by our specialist Sourcing Office compliance teams located in Bangladesh, Cambodia, China, India, Sir Lanka, Turkey, and Vietnam.

Complementing audit, Worker Voice is a valuable tool that allows us to gather direct worker feedback and complements our well-established factory audit programme and risk assessment methodology. This year we expanded our programme to a total of 138 factories in seven countries to date (Bangladesh, Cambodia, China, India, Pakistan, Turkey and Vietnam).

The ethical audit process, including grading, escalation and audit follow-up activity, is managed by our specialist Sourcing Office compliance teams located in Bangladesh, Cambodia, China, India, Sir Lanka, Turkey, and Vietnam.

We will continue to scale this programme and will also develop a set of Worker Voice principles to guide best practice.

In the year ahead we also plan to roll-out the “Everyone’s Business” App, a digital human rights tool that will enable M&S colleagues to participate in factory due diligence by reporting their visit observations remotely. This will strengthen our factory monitoring for ethical compliance by empowering our buying, merchandising and technology teams to participate in it.

Lower Tier due diligence
In order to extend evaluation of social compliance further down our supply chain, the Higg Facility Social and Labour Module (FSLM) through our membership of the Sustainable Apparel Coalition “SAC”, is now an approved assessment methodology alongside other recognised social compliance audits. This year, 175 Tier 2 sites shared their FSLM with us. In addition to these assessments, our social compliance teams in our sourcing regions have carried out 189 Tier 2 visits.

We recognise the complexity of verifying social compliance standards further down our supply chain, where as a brand we may have no direct business trading relationship. Therefore, we will work together with our Tier 1 suppliers to ensure these standards are cascaded down the supply chain. Our focus this year will be to develop our corrective action process for Tier 2 to strengthen engagement with our supply base in order to drive improvements by resolving any compliance issues found.

Research and risk assessment
Our due diligence approach is informed by regularly updating our internal policies and standards, external research and risk assessments. For example, in 2022/23:

- We renewed our assessment of key risks in all of our sourcing countries based on country-level risk indicators and industry-specific risks, commissioned with an expert ethical consultancy.
- We renewed our assessment of key risks in all of our sourcing countries based on country-level risk indicators and industry-specific risks, commissioned with an expert ethical consultancy.
- We renewed our assessment of key risks in all of our sourcing countries based on country-level risk indicators and industry-specific risks, commissioned with an expert ethical consultancy.
- We co-funded the Myanmar Enhanced Due Diligence Sectoral Assessment, commissioned by the Ethical Trade Initiative (ETI).
- We use this external research and risk assessment information, in addition to the data we collect from our supply base, to inform and update our responsible sourcing strategy.

175 Tier 2 sites shared their FSLM.

189 Tier 2 facility visits.
UPHOLDING OUR STANDARDS: INDUSTRY-WIDE ISSUES:

2022/23 highlights: Clothing & Home

Myanmar
In our Clothing & Home supply chain, we continued to monitor the situation in Myanmar following the military coup in February 2021. In 2022, we co-funded a research assessment into the situation in Myanmar, investigating the human rights risks, the economic links to the military and the socio-economic impact on workers entitled the Myanmar Enhanced Due Diligence Sectoral Assessment, which was published in September 2022. The findings confirmed that it was no longer possible for our Global Sourcing Principles to be upheld in Myanmar and as we do not tolerate any human rights abuses within any part of our supply chain, we began working towards a responsible exit from Myanmar. In October 2022, we announced our exit from the country in line with our Responsible Exit policy.

Go to our Modern Slavery Statement

Pakistan Accord
We were a signatory of the original Accord on Fire and Building Safety in Bangladesh (2013) which aimed for sustainable improvements to working conditions in the Bangladesh garment industry. We have since signed the subsequent Transition Accord (2018), the Interim Agreement (2021), and the International Accord for Health and Safety in the Textile and Garment Industry (2021). In January 2023, M&S signed the Pakistan Accord on Health and Safety in the Textile and Garment Industry, as part of our ongoing commitment to working conditions in our supply base.

ENHANCING THE LIVES OF PEOPLE IN OUR SUPPLY CHAIN

2022/23 highlights: Clothing & Home

Providing Opportunities to Women for Equal Rights (POWER 2)
Since 2016, we’ve worked in partnership with the British High Commission and Change Alliance programmes in India to promote gender equality, providing training to over 13,500 workers. The POWER 2 programme provides female workers with training across gender balance awareness, technical skills, and financial and digital literacy to address root causes of gender inequality at work and in the community. More than 130 factory workers received training this year, with feedback showing increased confidence both inside and outside the workplace, improved problem-solving skills, and increased independence in the community.

CASE STUDY
MARKS AND START PROGRAMME FOR PEOPLE WITH DISABILITIES IN Bangladesh

Challenge
Statistics show that in Bangladesh, 10% of the population has a disability. This can be a barrier to employment due to discrimination and lack of opportunity for inclusion.

M&S Action
M&S has worked with the Centre for Rehabilitation of the Paralysed “CRP” in Bangladesh on the Marks and Start project since 2006. This programme supports people with disabilities to succeed in their communities through skills development training, job placement and economic empowerment.

The programme generally lasts for three months, during which time candidates are trained in different areas including industrial sewing machine operations and computer office applications. After ending the training, the successful candidates receive employment from M&S supplier factories that have committed to recruit them according to their capability.

Impact
This year, 318 trainees were recruited as part of the programme. Over the past 17 years, 3,463 disadvantaged and disabled people have been employed through Marks and Start across 85 factories where we source our products.
HEALTHIER FOOD

INTRODUCTION
Health is high on the agenda of our customers, with 70% wanting to be healthy but 46% saying they don’t know how.

We aim to make healthy eating as simple as possible for our customers by developing innovative product ranges and providing trusted information. Encouraging healthier choices and making them more accessible is a core part of our health strategy.

HEALTHIER FOOD

Target
50% of sales in our Food business from healthier products by the end of 2022/23.

2022/23 progress

51% of Food sales coming from healthier products. With 42% of sales from Eat Well (+6% vs 2021/22). In the past year, we have increased the number of healthier choices through new product development and reformulation – including 222 new Eat Well products and 129 new/reformulated non-HFSS (High Fat Salt Sugar) products. We have also trialled new ways of nudging customers to make healthier choices, increased the awareness of Eat Well and invested in marketing with a new multi-year partnership with the Football Association focused on Eat Well.

Future target
We have now set ourselves an ambitious new target to continue growing sales of healthier foods to 70% of sales tonnage by the end of 2024/25. We will continue to drive the sales of healthier products through new product development and clearer signposting, making sure our customers can make delicious, healthier choices right across the Foodhall.

2022/23 highlights

Expanding our focus on healthier food
This year we have updated our definition of “healthier” products, to capture the innovative healthier products developed outside Eat Well criteria. This definition is outlined on our corporate website and our basis of reporting document.

Eat Well remains our “gold standard” seal of approval. The Eat Well flower is only given to products meeting evidence-based nutritional criteria, developed by our nutritionists, in consultation with the British Nutrition Foundation.

Nutrient profiling
All products are reviewed against the FSA (Food Standards Agency) 2004-2005 nutrient profiling model to inform product development, and we continue to reformulate products in core ranges, such as meals, deli, soft drinks and snacking to increase the proportion of our range which is non-HFSS. Currently, over half of our products are non-HFSS. Where reformulation is a challenge due to product quality, safety or integrity, we strive to ensure a healthier option is available alongside the existing product where possible. Currently 76% of our products meet the government’s 2024 maximum salt targets and 86% meet the 2024 maximum calorie targets.

Alcohol and tobacco
M&S does not sell tobacco products and we’re committed to selling alcohol responsibly.

CASE STUDY

FA EAT WELL partnership

ACTION
In 2022, we launched our biggest ever health campaign, through partnering with the UK’s national football teams and their football associations to encourage families to make healthier food choices. Through extensive marketing and new product development, we have raised awareness for our delicious Eat Well range, which makes it easier for people to spot healthy choices across the Foodhall, by simply following the Eat Well flower!

In August, to incentivise customers to make healthy choices, we launched our Eat Well competition through Sparks, where each purchase of an Eat Well product triggered entry into a competition offering prizes.

IMPACT
The campaign has successfully raised awareness of the Eat Well seal of approval. We continue to build momentum with this partnership going into 2023/24 to further our positive impact on the nation’s diet.

Read more on page 66
HEALTHIER FOOD CONTINUED

EATING HEALTHILY AND SUSTAINABLY

M&S are proud to sell great quality, higher-welfare meat and dairy. However, we acknowledge the impact that the agricultural sector has on carbon and the need to encourage a shift towards more plant-based proteins in diets to tackle climate change. In addition to reducing the carbon footprint of meat and dairy, we are driving growth of plant-based products and investing in innovation to support new product development with meat and dairy alternatives. In 2019, we launched Plant Kitchen, with 60 items designed to meet growing consumer demand for vegan products.

Our product development teams continue to innovate with sources of alternative proteins that are responsibly sourced, have excellent sustainability credentials, are nutritionally beneficial and – of course – taste delicious. We are now focused on encouraging a wider audience (beyond vegan customers) to incorporate more alternative proteins into their diet.

Target

Increase sales of plant-based products to £75m by 2024/25.

2022/23 progress

£65m sales of plant-based products.

2022/23 highlights

We improved our understanding of what customers want and how we can encourage a shift in customer diets towards more plant-based products. An important learning has been that non-vegan customers can see this branding as a barrier to purchase.

As a result, a number of popular lines (such as plant-based milks) have moved out of Plant Kitchen branding into our core M&S food branding and, as a result, we’ve seen sales increase significantly.

Therefore, our metric has been updated to reflect customer behaviour and ensure our convenient plant-based products are appealing and accessible to more customers.
INTRODUCTION
High performance culture is a core pillar of the strategic plan to reshape M&S for growth. This requires us to create a culture that is closer to colleagues, closer to customers, and a place where everyone can be themselves and be their best. Our approach is set out in the six pillars of our People Plan, which we report on in our Annual Report.

CASE STUDY
OUR BIGGEST EVER INVESTMENT IN STORE COLLEAGUE PAY
Over two separate pay reviews, M&S has invested over £100m in colleagues’ pay and benefits. This has increased our national hourly rate to a minimum of £10.90, rising to £12.05 for London, meaning all colleagues are paid at or above the real living wage.

In combination with health and wellness benefits, generous pension and colleague discount, M&S continues to offer one of the best all-round reward packages in retail.

COLEAGUE WELLBEING
2022/23 highlights
This year we launched “Worklife”, a new flexible working offering providing more choice and flexibility for our store colleagues. From January 2023, more than 3,000 M&S Retail Managers will have additional flexible working options available to choose from including a four-day compressed week and nine-day compressed fortnight.

The changes are designed to help our colleagues achieve a better work-life balance, as well as helping M&S continue to attract the best talent in the industry.

Over the past year, we have worked closely with colleague representatives in the Business Involvement Group “BIG” to ensure our benefits package accurately reflects the changing needs of colleagues.

M&S COLLEAGUE WELLBEING BENEFITS
Our wellbeing benefits cover three core themes, each supported by a variety of M&S programmes and specialist external wellbeing partnerships.

HEALTHY LIFESTYLE
- Free GP access and discounted health support for colleagues and their families
- Discounts: across gym membership and M&S products
- Building cancer awareness: with free screenings for high-risk colleagues
- Travel: commute support and sustainable travel incentives

HEALTHY MINDS
- Free personal wellbeing app
- Free expert support and counselling and therapies for colleagues and their families

HEALTHY FINANCES
- Pensions and savings schemes
- Financial wellbeing advice and debt consolidation loans
- Shares
- Life insurance
- M&S Bank offers
- Payroll giving and industry charity partners
INCLUSION AND DIVERSITY

As an employer of more than 64,000 people, M&S is committed to building a culture where everyone is listened to, has a voice and feels they can be their best. Our approach is set out in our People update in our Annual Report.

Go to our approach to inclusion and diversity in our Annual Report 2023
Read more on page 67

CASE STUDY

LGBTQ+ COLLEAGUE FOCUS IN India

CHALLENGE

For the first time we engaged our colleagues in India in conversations which focused on Pride and LGBTQ+ rights as part of our Inclusion and Diversity (I&D) initiatives.

M&S ACTION

Led by the Managing Director of India, the Pride Month campaign included panel discussions with members and advocates of the LGBTQ+ community, learning initiatives on topics such as allyship, and awareness building with books and movie recommendations. Building on the success of the campaign we also launched e-learning modules on Inclusive Leadership for all colleagues. Our forward focus will be on defining the I&D Charter for India.

IMPACT

As a result of this engagement we are reviewing our policies, benefits and overall experience for colleagues in India. Our aim is to create a culture where our people can bring their whole selves to work, or as much of them selves as they're comfortable with. While this is simply the right thing to do, it’s also the best thing to do – as we know when people feel they belong, they perform better too.

EMLOYABILITY

Ongoing commitment

Marks and Start is our long-standing employability programme that supports individuals who are disadvantaged or underrepresented in the modern workplace, gain access to vital work experience and training.

2022/23 progress

748

Marks and Start work placements started.

80%

Of individuals completing work placements were offered an employment contract at M&S.

2022/23 highlights

Our primary partner is The Prince’s Trust, which supports young adults, aged 16-30, through their “Get into” programme. This year we expanded the Marks and Start programme to support communities with disabilities, the 50+ generation, ethnic minorities and refugees.

Our focus in 2022/23 was on improving the retention of participants through the programme by increasing the wraparound care offered during placements. As a result, 82% of the young people and 94% of participants from other community groups completed their work experience placement.

SPOTLIGHT

Recognition

In April 2023, M&S won “Employer of the Year” at the Movement to Work Youth Employability Awards. We were recognised for our outstanding support of getting young people into work experience opportunities through our Marks and Start programme. Over the past 10 years Marks and Start has helped more than 10,000 young people. The panel were blown away by our passion to help young people with their long-term careers and how we’ve supported them in their first step into the world of work.

Over 10,000 young people helped over the last 10 years.
COMMUNITY

FUNDS DONATED AND RAISED

2022/23 progress

£5.8m
Funds donated by M&S**.

£2.3m
Funds raised through customers, colleagues and partners**.

Read more on page 69

2022/23 highlights

This year M&S donated £1m to 1,000 local causes through the “Gifts that Give” Christmas campaign, in partnership with Neighbourly. The causes that were supported covered the length and breadth of the UK and included a youth brass band, a community animal rescue centre, and the Kaotic Angels, a community group of serving and former military personnel, police, firefighters, ambulance workers and other front-line emergency responders.

Through our Sparks loyalty scheme we donated over £2m to our 35 Sparks charity partners in the UK. M&S donates 1p every time a customer shops using Sparks. Like previous years, we have continued to double donations for key moments such as Pride and Black History Month.

M&S has continued to support our longstanding charity partners in 2022/23 through awareness raising campaigns, and sales of products that include a charitable donation, which totalled over £1.3m during the year.

This included donations to Shelter from sales of our Christmas sandwich and food-on-the-move range, and to Great Ormond Street Hospital Charity from sales of our Tastebuds kids’ meals.

We’ve also continued our support for Macmillan Cancer Support, through our headline sponsorship of the World’s Biggest Coffee Morning and year-round activations such as Sparks donations, raising more than £1.6m.

In September, we made a donation to support flood relief efforts in Pakistan. In February, following the devastating earthquakes that hit Turkey and Syria, M&S donated £100k to the British Red Cross earthquake appeal, in addition to supporting the UNICEF and Oxfam earthquake appeals through doubling donations on the Sparks platform.

Following a suggestion through our colleague suggestion scheme, Straight to Stuart, we now include information about the symptoms of bowel cancer in our toilets and on the packaging of our toilet paper, in partnership with Bowel Cancer UK.

CASE STUDY

M&S TEAMS UP WITH BREAST CANCER NOW TO RAISE VITAL AWARENESS OF THE SIGNS AND SYMPTOMS OF BREAST CANCER IN ITS FITTING ROOMS

CHALLENGE
Breast cancer is the most common cancer in the UK, accounting for 3 in 20 (15%) of all new cancer cases in females and males combined. Around 55,000 people are diagnosed with breast cancer every year in the UK; however, the sooner the disease is diagnosed, the better the chances of treatment being successful.

M&S ACTION
In February, M&S rolled out signage to more than 1,500 fitting rooms with guidance on the signs and symptoms of breast cancer to raise awareness among our customers working with our partner Breast Cancer Now. The idea originated from 15 M&S colleagues, who submitted it to M&S’ colleague suggestion scheme.

IMPACT
The move is designed to aid early detection and encourage more people to regularly touch, look and check their breasts. As the UK’s biggest bra retailer – last year M&S sold 21 million bras – the signage will be seen by millions of people every year.
GOVERNANCE

Our CEO is ultimately accountable for the whole sustainability programme across M&S, including our target to become a net zero business across our entire value chain by 2040, and our commitment to respect human rights.

Plan A is not a separate programme but rather sits within the business with accountability for its delivery devolved to each of the Managing Directors. Oversight is provided by the Board, and our Environmental, Social and Governance (ESG) Committee.

2022/23 progress

In the past financial year, we reset Plan A with a focus on becoming a net zero business across our operations and our entire value chain by 2040, a decade ahead of the government’s 2050 target. This year we extended the scope of Plan A to the areas we know our customers care about: Animal welfare, Ethical trade and Healthier food.

The priority for the new leadership team is to mobilise delivery of our net zero goal across the organisation. The team has injected pace and sharper focus on the programme, including net zero as one of the key workstreams within our strategic programme under the Exceptional Product, Trusted Brand pillar.

Strategic responsibility

The scale and scope of our sustainability commitments puts them at the heart of our business operations, and they inform decisions at all levels and across all departments. Whilst our approach to sustainability starts with our exceptional product and trusted brand, it runs through all our strategic priorities to provide the foundation for our plans to reshape M&S for growth that is sustainable in every sense.

We have reset the operating model and ways of working to more deeply devolve Plan A into the business with higher level of oversight. While accountability for the programme delivery remains within the businesses, responsibility for the central ESG team has moved into the remit of the Corporate Affairs Director this year. This change reflects the increased volume of environmental regulations, the strong link between ESG and corporate brand and the growing interest and engagement required across our different external and colleague stakeholder groups.

ESG Business Forum

During the year the existing Net Zero Steering Group was also reset as a simpler and more dynamic ESG Business Forum. The Forum brings together the accountable directors on a quarterly basis to review performance and unblock any issues and its reports are shared with Executive Committee and the ESG Committee. In particular, the model covers topics like human rights due diligence, where we expect to see growing attention from stakeholders and where strong governance is essential to the robustness of our approach.

GOVERNANCE STRUCTURE

BOARD

Ultimate responsibility for both ESG matters and risk management. Approves the Company’s ESG strategy, including the Group-wide net zero target.

EXECUTIVE COMMITTEE

The CEO/co-CEO oversee the development of Group-wide strategic goals and are accountable for the company’s Group-wide ESG programme. Executive Committee members are individually responsible for setting ESG strategy and putting in place mechanisms to deliver the strategy. Executive Committee members are individually responsible for reviewing and confirming ESG-related risks in their own areas.

BOARD COMMITTEES

ESG COMMITTEE

Responsible for ensuring the Company’s ESG strategy and associated governance is fit for purpose, and that plans are in place and reported on. Advises the Audit & Risk Committee on ESG related risks.

AUDIT & RISK COMMITTEE

Responsible for the effectiveness of the risk management process. Receives updates from business leadership and reviews the principal risks twice a year.

MANAGEMENT FORUMS

BUSINESS AND FUNCTIONAL LEADERSHIP TEAMS

Responsible for the delivery of the ESG strategy in their respective areas of the business. Responsible for the risk register of their business, and for managing and resourcing mitigating activities.

ESG BUSINESS FORUM

Accountable for driving progress against the workstreams/targets of the Company’s ESG programme and managing related ESG-related risks.

Meets quarterly to review progress against targets and provide updates to the Executive Committee and ESG Committee.
ESG COMMITTEE REVIEW

Plan A is core to delivering exceptional products and upholding our trusted brand. At the heart of our approach is the recognition of the vital importance of building, maintaining and valuing long-term supplier relationships. Together, we are shaping a future where sustainability is not just a buzzword, but a fundamental pillar of our success.”

Tamara Ingram
Chair of the Environmental, Social & Governance Committee

Review
Our priority was to ensure deeper integration of our Plan A sustainability programme and to ensure the organisation moves into delivery phase for the newly agreed targets including the Group-wide goal of being a net zero business by 2040. The Committee is encouraged by how the dynamic new leadership team are driving improved performance and accelerating our pace of progress.

The Committee has also continued to highlight the importance of ensuring our ESG activities, including Plan A, are understood and are able to demonstrate visible, meaningful change to our customers, colleagues and other stakeholders.

The progress on reducing food waste and plastic packaging, as well as raising the bar in animal welfare standards, is particularly encouraging as we know these are issues that really matter to our customers and colleagues.

During the year I visited parts of the Clothing & Home supply chain in Turkey and Bangladesh in July, and was impressed by the huge knowledge the local teams and suppliers possessed.

This solidified my belief that building, maintaining and valuing long-term supplier relationships is vital as we seek to maintain our high quality credentials, drive improvements across our supply chain and tackle the challenges presented by climate change. There have, of course, been external factors to contend with on our ESG agenda, which has widened the range of social issues our stakeholders expect us to act on: the devastating earthquakes in Turkey and Syria; the ongoing war in Ukraine; the cost of living crisis and how this continues to impact our colleagues, customers and communities alike.

As part of its horizon scanning of sustainability issues and stakeholder expectations, the Committee has been keen to hear from diverse voices and perspectives on sustainability matters.

We found it very valuable to hear from the wide range of suppliers, external experts and other business leaders on the following topics this year and I’m grateful to all those who shared their insights and experience.

Brand Reputation Tracker
Reviewing findings from the new Brand Reputation Tracker, which drills down into more detail on issues that matter most to customers on sustainability and their perception of M&S’ performance. Understanding the delivery roadmap to net zero from one of our top 10 Food supplier partners.

Upholding our standards on ethical trade
Understanding the opportunities and challenges facing our Sourcing Offices and suppliers on upholding our standards on ethical trade and delivering reductions in energy, waste and water across the textile supply chain in Bangladesh and Turkey.

Community Strategy
Deep dive on customer and colleague views on issues that matter most where M&S could make a positive impact as part of the review of a new Community Strategy.

Science-led policy
Understanding the science on environment and nature and how that is informing policy. Harnessing digital and technology solutions for better sustainability outcomes.

Peer insights
Learning about how other companies are building sustainability into the core of their brand and purpose.
Future focus
As we move into the year ahead, the Committee agreed that a priority is to reinforce and upweight sustainability in our external messaging, so our customers actively identify M&S products, sourced and made with care and too good to waste, as a reason to shop with us.

The brand reputation metric complements the established Family Matters Index and provides the brand and marketing teams with a strong platform to measure progress on sustainability-related marketing and communications.

Building on the reset of Plan A last year, the new leadership team has now integrated sustainability through all the strategic priorities as a foundation for our plans to reshape M&S for growth that is sustainable in every sense. While our approach to sustainability starts with our exceptional product and trusted brand, it runs through all our strategic priorities to provide the foundation for our plans to reshape M&S for growth that is sustainable in every sense.

Of course by modernising our supply chain, rotating our store estate and working closely with our supplier partners on how we source and make our products we will progress delivery of our net zero goals. Solutions are dependent not just on collaboration with our suppliers but also the inputs of government and wider industry stakeholders, and as a Committee we will be looking at how we can take more of a campaigning approach on topics such as reduced waste and the sequencing of national infrastructure investments. External factors will continue to present new opportunities as well as risks to our business.

As a Committee, we remain alert to the importance of horizon scanning so that we can better anticipate and respond to changing consumer and wider societal expectations. At the heart of our approach is the recognition of the vital importance of building, maintaining and valuing long-term supplier relationships. Together, we are shaping a future where sustainability is not just a buzzword, but a fundamental pillar of our success.
ESG DATA

This year, we have assessed what our customers, colleagues and investors tell us are their sustainability priorities and reviewed the sustainability reporting landscape, considering the views of our principal regulatory bodies, which support standards being developed by the International Sustainability Standards Board (ISSB). This has informed the reporting of our key targets and performance in the following data tables. References to specific frameworks and standards that our stakeholders consider to be most significant are provided.

Most of the data and statements in this update relate to our most recent financial year (2022/23) and the previous financial year (2021/22). Where data relates to the calendar year or another period, this is clearly stated. Note that percentage change and summed total figures in this report may not align precisely to the figures provided in data tables due to rounding. Detail on how the data in this report has been prepared is in our 2023 Basis of Reporting.

To note, the performance updates published in this report are not performance updates against M&S Revolving Credit Facility Sustainability KPIs (information below).

Revolving Credit Facility
M&S has access to a Revolving Credit Facility (RCF) which was agreed in December 2021 and updated in November 2022. Under the terms of the RCF, the applicable interest rate may be adjusted each year (downward or upward) depending on whether we meet all, some or none of the targets in place across the four agreed Sustainability KPIs.

Updated targets have now been put in place for each financial year between now and financial year 2025/26. The substance of the Sustainability KPIs remain unchanged following the November 2022 update and focus on what continue to be material emissions hotspots aligned with our net zero roadmap and which lend themselves to annual updates during the lifetime of the facility.

This data is subject to a discrete assurance process scheduled to be published in autumn 2023. The Basis of Reporting document for M&S RCF Sustainability KPIs, outlining the scope and methodology, will be published alongside the performance update in autumn 2023.

<table>
<thead>
<tr>
<th>SUSTAINABILITY KPI</th>
<th>TARGET FOR FINANCIAL YEAR ENDING MARCH 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of soy used in animal feed sourced from physically certified deforestation and conversion free supply chains</td>
<td>100%</td>
</tr>
<tr>
<td>Proportion of polyester used in Clothing &amp; Home products from verified recycled sources</td>
<td>100%</td>
</tr>
<tr>
<td>Cumulative metric tonnes of Scope 1 and 2 GHG emissions reduced from the property estate through the implementation of emissions saving schemes (calculated against a baseline of property estate emissions for the financial year 2021/22)</td>
<td>34,000 tonnes CO₂e (cumulative reduction)</td>
</tr>
<tr>
<td>Cumulative number of plastic pieces (units) that have been removed from the packaging portfolio (calculated from the start of the financial year 2021/22)</td>
<td>405m units (cumulative reduction)</td>
</tr>
</tbody>
</table>

Go to our 2023 Basis of Reporting
## ENVIRONMENT – NET ZERO (GHG EMISSIONS)

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>BASE YEAR PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
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</thead>
<tbody>
<tr>
<td><strong>SCOPE 1 AND 2 GHG EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct emissions from operations (Scope 1) (000 tonnes CO₂e)</td>
<td>–</td>
<td>226**</td>
<td>234</td>
<td>240</td>
<td></td>
<td>IFRS draft S2-21(a)(i) TCFD Guidance Table A2.1</td>
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<tr>
<td>Location-based indirect energy emissions from operations (Scope 2) (000 tonnes CO₂e)</td>
<td>–</td>
<td>137**</td>
<td>142</td>
<td>296</td>
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<td>IFRS draft S2-21(a)(i) TCFD Guidance Table A2.1</td>
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<tr>
<td><strong>Total location-based Scope 1 and 2 emissions (000 tonnes CO₂e)</strong></td>
<td>55% reduction by 2030 (vs 2016/17 base year)</td>
<td>363** 32% reduction against base year</td>
<td>376</td>
<td>536</td>
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<td>IFRS draft S2-21(a)(i) TCFD Guidance Table A2.1</td>
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<tr>
<td>Market-based indirect energy emissions from operations (Scope 2) (000 tonnes CO₂e)</td>
<td>–</td>
<td>20**</td>
<td>17</td>
<td>NA</td>
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<td>IFRS draft S2-21(a)(i) TCFD Guidance Table A2.1</td>
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<tr>
<td><strong>Total market-based Scope 1 and 2 emissions (000 tonnes CO₂e)</strong></td>
<td>–</td>
<td>246**</td>
<td>250</td>
<td>NA</td>
<td></td>
<td>IFRS draft S2-21(a)(i) TCFD Guidance Table A2.1</td>
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<tr>
<td>Location-based emissions per 1,000 sq ft of salesfloor (tonnes CO₂e per sq ft)</td>
<td>–</td>
<td>17.3**</td>
<td>18.2</td>
<td>NA</td>
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<td>IFRS draft S2-21(a)(ii) TCFD Guidance Table A2.1</td>
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<td>Total market-based emissions per 1,000 sq ft of salesfloor (tonnes CO₂e per sq ft)</td>
<td>–</td>
<td>11.7**</td>
<td>12.1</td>
<td>NA</td>
<td></td>
<td>IFRS draft S2-21(a)(ii) TCFD Guidance Table A2.1</td>
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<tr>
<td><strong>SCOPE 3 GHG EMISSIONS</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Scope 3 GHG emissions (million tonnes CO₂e)†</td>
<td>55% reduction by 2030 (vs 2016/17 base year)</td>
<td>6.1</td>
<td>–</td>
<td>5.7</td>
<td></td>
<td>TCFD Guidance Table A2.1</td>
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</table>

*Assured by DNV.

*Figures for previous reporting periods are restated to account for the acquisition of Gist by M&S in 2022, as well as to reflect data accuracy improvements.

†In line with growth in our business our overall footprint has increased, with some of the growth offset with emissions reduction programmes we have been able to quantify. Due to the modelling approach for supply chain carbon emissions (which uses industry average benchmarks), a number of programmes that we have in place to deliver emissions reductions cannot yet be seen in our disclosed emissions. We are looking to address this through the implementation of new systems and measurement processes.

Read more in How we make our products on page 23.
## ENVIRONMENT – NET ZERO (SOURCES OF ENERGY USE/ EMISSIONS)

<table>
<thead>
<tr>
<th>LOCATION-BASED SCOPE 1 AND SCOPE 2 GHG EMISSIONS (000T CO₂E)</th>
<th>ENERGY (MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022/23 PERFORMANCE**</td>
<td>2021/22 PERFORMANCE</td>
</tr>
<tr>
<td><strong>FLEET</strong></td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>145</td>
</tr>
<tr>
<td>Refrigerant leakage</td>
<td>2</td>
</tr>
<tr>
<td>UK &amp; ROI PROPERTY</td>
<td>197</td>
</tr>
<tr>
<td>Refrigerant leakage</td>
<td>36</td>
</tr>
<tr>
<td>Gas</td>
<td>41</td>
</tr>
<tr>
<td>Heating fuel oils</td>
<td>2</td>
</tr>
<tr>
<td>LPG</td>
<td>0</td>
</tr>
<tr>
<td>District heating and cooling</td>
<td>1</td>
</tr>
<tr>
<td>Generated electricity (diesel)</td>
<td>0</td>
</tr>
<tr>
<td>Generated electricity (solar PV)</td>
<td>–</td>
</tr>
<tr>
<td>Purchased electricity (grid)</td>
<td>1</td>
</tr>
<tr>
<td>Purchased electricity (renewable)</td>
<td>117</td>
</tr>
<tr>
<td><strong>INTERNATIONAL PROPERTY</strong></td>
<td>21</td>
</tr>
<tr>
<td>Refrigerant leakage</td>
<td>3</td>
</tr>
<tr>
<td>District heating and cooling</td>
<td>0</td>
</tr>
<tr>
<td>Generated electricity (diesel)</td>
<td>0</td>
</tr>
<tr>
<td>Purchased electricity (grid)</td>
<td>18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>363</td>
</tr>
</tbody>
</table>

**Assured by DNV.**
## ENVIRONMENT – NET ZERO (ELECTRICITY USE, TOTAL AND RENEWABLE)

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROUP</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group electricity use (MWh)</td>
<td>641,281</td>
<td>618,223</td>
<td>SASB FB-FR-130a.1(2)/(3)</td>
</tr>
<tr>
<td>Group electricity that is renewable (% of total global electricity use)</td>
<td>94%**</td>
<td>95%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
<tr>
<td>Group renewable electricity that is generated (% of total global renewable electricity use)</td>
<td>1%</td>
<td>1%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
<tr>
<td>Group renewable electricity that is purchased via green tariffs or certificates (% of total global renewable electricity use)</td>
<td>93%</td>
<td>94%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
<tr>
<td><strong>UK AND ROI STORES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK and ROI store electricity use (MWh)</td>
<td>540,216</td>
<td>521,165</td>
<td>SASB FB-FR-130a.1(2)/(3)</td>
</tr>
<tr>
<td>UK and ROI store electricity that is renewable (% of total UK and ROI store electricity use)</td>
<td>100%**</td>
<td>100%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
<tr>
<td>UK and ROI renewable store electricity that is generated (% of total UK and ROI renewable store electricity use)</td>
<td>0%</td>
<td>0%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
<tr>
<td>% of UK and ROI renewable store electricity that is purchased via green tariffs or certificates (% of total UK &amp; ROI renewable store electricity use)</td>
<td>100%</td>
<td>100%</td>
<td>SASB FB-FR-130a.1(3)</td>
</tr>
</tbody>
</table>

**Assured by DNV.
## ENVIRONMENT – SUPPLY CHAIN (FOOD)

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOW IMPACT FARMING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK growers for M&amp;S that passed annual LEAF Marque verification (% of all UK growers for M&amp;S)</td>
<td>–</td>
<td>96%</td>
<td>97%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average % of core Landscape and Nature module practices reported to be in place (Average % of all UK LEAF Marque growers)</td>
<td>–</td>
<td>86%</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average % of core Integrated Pest Management module practices reported to be in place (Average % of all UK LEAF Marque growers)</td>
<td>–</td>
<td>69%</td>
<td>New data point</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEFORESTATION FREE SOURCING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total soy (direct and indirect) used in M&amp;S-branded products (tonnes)</td>
<td>–</td>
<td>Indirect soy: 99,800** Direct soy: 500**</td>
<td>Indirect soy: 75,600** Direct soy: 300**</td>
<td></td>
<td>SASB FB-FR-430a.3 UK Soy Manifesto</td>
</tr>
<tr>
<td>Soy sourced from verified deforestation and conversion-free (vDCF) supply chains (% of total direct and indirect soy)</td>
<td>100% by 2025/26.</td>
<td>39%**</td>
<td>New Target</td>
<td></td>
<td>SASB FB-FR-430a.3 UK Soy Manifesto</td>
</tr>
<tr>
<td>Soy sourced from physically certified deforestation and conversion free supply chains (% of indirect soy)</td>
<td>100% by end of March 2026.</td>
<td>This data is subject to a discrete assurance process linked to our financing and is scheduled to be published in autumn 2023.</td>
<td>–</td>
<td></td>
<td>SASB FB-FR-430a.3 UK Soy Manifesto</td>
</tr>
<tr>
<td>Soy that is certified or verified deforestation and conversion free (% of total direct and indirect soy)</td>
<td>–</td>
<td>55% **</td>
<td>76% **</td>
<td></td>
<td>SASB FB-FR-430a.3 UK Soy Manifesto</td>
</tr>
<tr>
<td>Total amount of palm oil used in M&amp;S-branded products (tonnes)</td>
<td>–</td>
<td>5,121 **</td>
<td>4,891*,**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil)</td>
<td>100% by 2025/26</td>
<td>98%** **</td>
<td>90%*, **</td>
<td></td>
<td>SASB FB-FR-430a.3</td>
</tr>
</tbody>
</table>

**Assured by DNV.

* Figures reported in the 2022 Sustainability Report were based on financial year data and included non-food products, and have been updated here to allow like-for-like comparison.

** Figures are calendar year.
## ENVIRONMENT – SUPPLY CHAIN (FOOD) CONTINUED

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairtrade-certified tea and coffee</td>
<td>Maintain 100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td>SASB FB-FR-430a.2</td>
</tr>
<tr>
<td>(% of all M&amp;S tea and coffee products)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TCFD Metric</td>
</tr>
<tr>
<td>Amount paid to growers through</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairtrade premiums (£)</td>
<td>–</td>
<td>£2,106,814</td>
<td>£1,709,643</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cocoa from verified sustainable sources</td>
<td>Maintain 100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td>SASB FB-FR-430a.2</td>
</tr>
<tr>
<td>(% of all M&amp;S cocoa products)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# ENVIRONMENT – SUPPLY CHAIN (C&H)

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton used in Clothing &amp; Home products from more sustainable sources (% of all cotton used)</td>
<td>100% by 2025/26</td>
<td>Clothing 100%, Home 90% (in Q4 of 2022/23)</td>
<td>Clothing 100%</td>
<td></td>
<td>SASB CC-AA-440a.4(2) TCFD Metric</td>
</tr>
<tr>
<td>Polyester used in C&amp;H products from more sustainable sources (% of all polyester used)</td>
<td>100% by 2025/26</td>
<td>This data is subject to a discrete assurance process linked to our financing and is scheduled to be published in autumn 2023.</td>
<td>–</td>
<td>N/A</td>
<td>SASB CC-AA-440a.4(2) TCFD Metric</td>
</tr>
<tr>
<td>MMCF used in C&amp;H products from more sustainable sources (% of all MMCF used)</td>
<td>100% by 2025/26</td>
<td>45% (in Q4 of 2022/23)</td>
<td>21%</td>
<td></td>
<td>SASB CC-AA-440a.4(2)</td>
</tr>
<tr>
<td>Leather used in C&amp;H products from Leather Working Group (LWG) certified tanneries (% of all leather used)</td>
<td>100% by 2030/31</td>
<td>97%**</td>
<td>90%**</td>
<td></td>
<td>SASB CC-AA-440a.4(2)</td>
</tr>
<tr>
<td>Wool from more sustainable sources (% of all wool used in clothing products)</td>
<td>50% by 2025/6, 100% by 2030/31</td>
<td>13%</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C&amp;H Tier 1 and Tier 2 suppliers with a verified Higg FEM (Facility Environmental Module) result</td>
<td>50% of invited suppliers verify their Higg FEM 2021 module</td>
<td>Tier 1 – 72% Tier 2 – 86%</td>
<td>Tier 1 – 58% Tier 2 – 78%</td>
<td></td>
<td>SASB CC-AA-430a.2</td>
</tr>
</tbody>
</table>

** Figures are calendar year
# Environment – Reducing Waste and Protecting Resources

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target Description</th>
<th>2022/23 Performance</th>
<th>2021/22 Performance</th>
<th>Assessment of Progress</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food Waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total food not sold (tonnes)</td>
<td>–</td>
<td>18,204 **</td>
<td>19,100***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total food not sold that was fit for human consumption (tonnes)</td>
<td>–</td>
<td>10,576</td>
<td>11,288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total food not sold that was not fit for human consumption (tonnes)</td>
<td>–</td>
<td>7,628</td>
<td>7,812</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total food not sold that was fit for human consumption which was not redistributed (tonnes)</td>
<td>–</td>
<td>2,201</td>
<td>5,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food waste (tonnes)</td>
<td>50% reduction by 2029/30</td>
<td>9,829**</td>
<td>12,869***</td>
<td></td>
<td>SASB FB-FR-150a.1</td>
</tr>
<tr>
<td><strong>Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues (food surplus) (% of food not sold that was fit for human consumption)</strong></td>
<td>100% by 2025/26</td>
<td>79%</td>
<td>56%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food surplus (tonnes/meal equivalents)</td>
<td>–</td>
<td>8,375 tonnes**</td>
<td>6,231 tonnes***</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shwopping</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items collected through Shwopping (number)</td>
<td>–</td>
<td>308,555</td>
<td>401,720</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational Waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operational waste (tonnes)</td>
<td>–</td>
<td>69,000**</td>
<td>78,000***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational waste to landfill (% of total operational waste)</td>
<td>Maintain 0%</td>
<td>0%**</td>
<td>0%***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Assured by DNV.**

**Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report.
## ENVIRONMENT – REDUCING WASTE & PROTECTING RESOURCES

### PACKAGING

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>2022/23 Performance</th>
<th>2021/22 Performance</th>
<th>Assessment of Progress</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group total primary packaging placed on the market (all packaging materials and including clothing hangers) (tonnes)</td>
<td>–</td>
<td>112,000**</td>
<td>114,000**</td>
<td></td>
<td>FB-FR-430a.4, CC-MR-410a.3, UK Plastics Pact</td>
</tr>
<tr>
<td>Own brand</td>
<td>–</td>
<td>103,000**</td>
<td>108,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded</td>
<td>–</td>
<td>9,000**</td>
<td>7,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group total primary plastic packaging placed on the market (includes clothing hangers) (tonnes)</td>
<td>–</td>
<td>37,000**</td>
<td>37,000**</td>
<td></td>
<td>FB-FR-430a.4, CC-MR-410a.3, UK Plastics Pact</td>
</tr>
<tr>
<td>Own brand</td>
<td>–</td>
<td>36,000**</td>
<td>36,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded</td>
<td>–</td>
<td>1,000**</td>
<td>1,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foods primary plastic packaging placed on the market (tonnes)</strong></td>
<td>–</td>
<td>30,000**</td>
<td>30,000**</td>
<td></td>
<td>FB-FR-430a.4, UK Plastics Pact</td>
</tr>
<tr>
<td>Own brand</td>
<td>–</td>
<td>29,000**</td>
<td>29,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded</td>
<td>–</td>
<td>1,000**</td>
<td>1,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C&amp;H primary plastic packaging placed on the market (excluding hangers) (tonnes)</strong></td>
<td>–</td>
<td>2,000**</td>
<td>2,000**</td>
<td></td>
<td>CC-MR-410a.3, UK Plastics Pact</td>
</tr>
<tr>
<td>Own brand</td>
<td>–</td>
<td>2,000**</td>
<td>2,000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded</td>
<td>–</td>
<td>0**</td>
<td>0**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plastic clothing hangers (including both new hangers and used hangers that are collected and returned to suppliers for reuse) (tonnes)</td>
<td>–</td>
<td>5,000**</td>
<td>4,000**</td>
<td></td>
<td>CC-MR-410a.3, UK Plastics Pact</td>
</tr>
<tr>
<td>Number of individual pieces of plastic (units) that have been removed from the M&amp;S own-brand packaging portfolio</td>
<td>Remove 1bn units of plastic packaging by the end of 2027/8, and remove 75m units in 2022/23</td>
<td>Achieved in-year target</td>
<td>Achieved in-year target</td>
<td></td>
<td>FB-FR-430a.4, UK Plastics Pact</td>
</tr>
<tr>
<td>Food own-brand primary plastic packaging that is widely recyclable in the UK (% of total UK packaging by weight)</td>
<td>100% by 2022</td>
<td>93%** **</td>
<td>89%* **</td>
<td></td>
<td>FB-FR-430a.4, UK Plastics Pact</td>
</tr>
</tbody>
</table>

*The figure reported last year (89%) classified packaging recyclable via the M&S plastic take-back scheme as recyclable. The definitions used for this metric have been reviewed and updated to use only OPRL classifications and exclude consideration of the M&S plastic take-back scheme. See our basis of reporting for more detail.

** Figures are calendar year

**Assured by DNV. *** Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report
### SOCIAL – FOOD ANIMAL WELFARE AND PRODUCT STANDARDS

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking amongst retailers with highest number of products within M&amp;S Food product range adhering to RSPCA Assured certification</td>
<td>Maintain #1 position</td>
<td>#1</td>
<td>#1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier in the Business Benchmark on Farm Animal Welfare (BBFAW)</td>
<td>Maintain Tier 1</td>
<td>Tier 1</td>
<td>Tier 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh chicken that is higher-welfare and slower-reared (% of all fresh chicken)</td>
<td>100% by autumn 2022</td>
<td>100%</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-sourced pork used for EU charcuterie production from farms operating free farrowing breeding systems and higher-welfare finishing</td>
<td>100% by the end of 2022</td>
<td>100%</td>
<td>–</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SOCIAL – HEALTHY AND SUSTAINABLE EATING

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of plant-based products (£)</td>
<td>£75m by 2024/25</td>
<td>£65m</td>
<td>New target</td>
<td></td>
<td>TCFD Metric</td>
</tr>
<tr>
<td><strong>NET ZERO PRIORITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food sales from healthier products (% of all Food sales)</td>
<td>50% by 2022/23</td>
<td>51%</td>
<td>36%****</td>
<td></td>
<td>SASB FB-FR-260a.1</td>
</tr>
<tr>
<td>Remarksable products designated Eat Well (% of Remarksable range)</td>
<td>Maintain 33%</td>
<td>57%</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- The figure (36%) reported last year included only products from the M&S Eat Well range. The scope of this metric has been reviewed and updated to include all healthier products. See the 2023 Basis of Reporting for more detail.
- *** Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report
# PEOPLE – INCLUSION AND DIVERSITY

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees who are female (% of all employees)</td>
<td>–</td>
<td>68.5%</td>
<td>68.7%</td>
<td>0</td>
<td>SASB CG-MR-330a.1</td>
</tr>
<tr>
<td>Senior managers who are female (% of all senior managers)</td>
<td>50% by 2025/26</td>
<td>44.8%</td>
<td>42.9%</td>
<td>0</td>
<td>SASB CG-MR-330a.1</td>
</tr>
<tr>
<td>Senior managers from ethnic minorities (% of all senior managers)</td>
<td>15% by 2025/26</td>
<td>5.4%</td>
<td>6.8%</td>
<td>0</td>
<td>SASB CG-MR-330a.1</td>
</tr>
<tr>
<td>Board directors who are female (% of all Board directors)</td>
<td>Maintain 30%</td>
<td>55%</td>
<td>45%</td>
<td>0</td>
<td>Listing Rule 9.8.6R (9)</td>
</tr>
<tr>
<td>Senior Board roles (CEO/Co-CEO/CFO/Chair/SID) occupied by women (number)</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>Listing Rule 9.8.6R (9)</td>
</tr>
<tr>
<td>Gender pay gap (mean) (%)</td>
<td>–</td>
<td>12.5%</td>
<td>12.5%</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
## PEOPLE – EMPLOYABILITY

<table>
<thead>
<tr>
<th>METRIC</th>
<th>TARGET</th>
<th>2022/23 PERFORMANCE</th>
<th>2021/22 PERFORMANCE</th>
<th>ASSESSMENT OF PROGRESS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks &amp; Start work placements started</td>
<td>–</td>
<td>748</td>
<td>427***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals completing Marks &amp; Start work placements who were offered an employment contract at M&amp;S (% of all placements)</td>
<td>–</td>
<td>80%</td>
<td>81%***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*** Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report
## Community

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>2022/23 Performance</th>
<th>2021/22 Performance</th>
<th>Assessment of Progress</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds donated by M&amp;S (£)</td>
<td>–</td>
<td>£5.8m**</td>
<td>£5.2m***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds raised through customers, colleagues and partners (£)</td>
<td>–</td>
<td>£2.3m**</td>
<td>£4m***</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Assured by DNV.

*** Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report
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 M&S Sustainability Report 2023 (the “Report”) for the 52 weeks ended 01 April 2023.

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 below.

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 above.

– During the reporting period, M&S updated the governance processes for key indicators published in the Report. This included positive improvements such as quarterly reporting to senior management, and the implementation of formal internal methodology documents. We understand that M&S plans to roll this out to all indicators, and recommend this is implemented to further enhance the positive changes.
– M&S introduced a digital data collection and reporting system for the energy and greenhouse gas (GHG) indicators during the reporting period. We found this system helped to streamline reporting by reducing manual inputs which reduces the risk of human error and providing some automated error checking for efficiency. Going forward M&S may wish to consider integrating other indicators such as waste reporting into the digital data collection and reporting system.
– During data testing of the operational waste indicators we identified multiple errors in the aggregation of the data. For the international property indicators generated electricity from diesel and purchased electricity, we found manual input errors and inconsistent estimation methodology in the data. These were corrected prior to report publication. To reduce the risk of incorrect reporting, we recommend that additional checks are performed on the data at site level and by the central reporting team to improve its accuracy.

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 co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

SELECTED INFORMATION
The scope and boundary of our work is restricted to the indicators included within the Report for the 2023 reporting period (the “Selected Information”), listed below:

SCOPE 1 & SCOPE 2 GHG EMISSIONS
– Direct GHG emissions from operations (Scope 1) (location-based) (ktCO₂e)
– Location-based indirect energy GHG emissions from operations (Scope 2) (ktCO₂e)
– Total Location-based Scope 1 & Scope 2 GHG emissions (ktCO₂e)
– Total Location-based GHG emissions per 1,000 sq. ft of salesfloor (tCO₂e per 1,000 sq ft of salesfloor)
– Market-based indirect energy GHG emissions from operations (ktCO₂e)
– Total Market-based Scope 1 & Scope 2 GHG emissions (ktCO₂e)
– Total Market-based GHG emissions per 1,000 sq. ft of salesfloor (tCO₂e per 1,000 sq ft of salesfloor)

FLEET ENERGY USE/EMISSIONS
– Fuel (MWh and ktCO₂e)
– Refrigerant leakage (ktCO₂e)

UK & ROI PROPERTY ENERGY USE/EMISSIONS
– Refrigerant leakage (ktCO₂e only)
– Gas (MWh and ktCO₂e)
– Heating fuel oils (MWh and ktCO₂e)
– LPG (MWh and ktCO₂e)
– District heating and cooling (MWh and ktCO₂e)
– Generated electricity (diesel) (MWh and ktCO₂e)
– Generated electricity (solar PV) (MWh and ktCO₂e)
– Purchased electricity (grid) (MWh and ktCO₂e)
INDIVIDUAL ASSURANCE STATEMENT CONTINUED

INTERNATIONAL PROPERTY
ENERGY USE/EMISSIONS
- Refrigerant leakage (ktCO₂e)
- District heating and cooling (MWh and ktCO₂e)
- Generated electricity (diesel) (MWh and ktCO₂e)
- Purchased electricity (grid) (MWh and ktCO₂e)

ELECTRICITY USE, TOTAL AND RENEWABLE
- Group electricity that is renewable (% of total global electricity use)
- UK and ROI store electricity that is renewable (% of total UK and ROI store electricity use)

FOOD WASTE
- Total food not sold (tonnes)
- Food waste (tonnes)
- Food surplus (tonnes/meal equivalents)

OPERATIONAL WASTE
- Total operational waste (tonnes)
- Operational waste to landfill (% of total operational waste)

COMMUNITY
- Funds donated by M&S (£m)
- Funds raised through customers, colleagues and partners (£)

PALM OIL
- RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil)

FOOD PLASTIC PACKAGING RECYCLABILITY
- All Food own-brand plastic packaging that is recyclable (by weight) (%)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used the M&S 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.

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; For the “RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil)” indicator the source evidence checked was the RSPO certification held by the palm oil suppliers provided by M&S’ third party consultant.
- 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;
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

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.

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

DNV Business Assurance Services UK Limited
London, UK
06 June 2023
Plan A.
because there is no plan b