



M&S

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# TRANSFORMATION UNDERWAY

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PLAN A REPORT  
2018

## INTRODUCTION

Our customers' world is changing fast. They are living through a period of great political, social and technological change.

**THEY'RE LOOKING FOR ORGANISATIONS THEY CAN TRUST TO OFFER LEADERSHIP, NOW AND IN THE FUTURE. MARKS & SPENCER HAS BEEN AT THE FOREFRONT OF SOCIAL CHANGE FOR 134 YEARS, AND WE'RE DETERMINED TO PLAY A LEADING ROLE IN THE YEARS AHEAD.**

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### GROUP PERFORMANCE

#### GROUP REVENUE

**£10.7bn**  
+0.7%

#### GROUP PROFIT BEFORE TAX

**£66.8m**  
-62.1%

#### GROUP PROFIT BEFORE TAX AND ADJUSTED ITEMS

**£580.9m**  
-5.4%

#### EMPLOYEES WORLDWIDE

**81,000**

#### EMPLOYEE ENGAGEMENT SCORE

**82%**  
+2% on LY

#### NUMBER OF SUPPLIERS GLOBALLY

**2,100**

#### CO<sub>2</sub>e EMISSIONS NET

**Zero** tonnes

#### CO<sub>2</sub>e GROSS

**430,000** tonnes  
-10%

#### PER 1,000 SQ FT

**23** tonnes  
-4%





## CHIEF EXECUTIVE'S INTRODUCTION

# WE ARE LISTENING TO OUR CUSTOMERS



### THE FIRST YEAR OF PLAN A 2025

Every aspect of the retail sector is being disrupted. The shift to online shopping, the focus on price, the growing importance of services rather than physical products, the rising use of automation and robotics, the personalisation of products – no shortage of challenges.

And that means we have to keep on transforming business, in a timely and cost-effective way, even as we put the highest priority on our strong social, ethical and environmental values. Plan A 2025 is at the very heart of what we're doing here. It's helping us to stay relevant with our customers as they seek greater value, quality and ethical performance from retailers.

We're proud of the fact that Plan A is regarded so highly by our external stakeholders – which keeps the pressure on us to keep on raising our game! But it also matters enormously to me that our people, throughout the company, have come to recognise Plan A as a critical part of our purpose, vital to the way we're seen by our customers.

And vital too for our shareholders, enabling us to redefine our cost base, driving out waste in all its forms from our operations and supply chains. It's also future-proofing our business model in anticipation of rapid shifts in social expectations, regulation, investors' appetite for risk, market competition – and even changing weather patterns.

So when we updated Plan A in June 2017, we shaped it around three bold goals to be achieved by 2025: to help 10 million people live happier and healthier lives; to help transform 1,000 communities; to become a zero-waste business. One year on from launch, these goals seem even more relevant, and we've made steady progress towards them.

But for me, success is about more than the number of commitments we've met. It's about the bigger picture – engaging our customers and integrating Plan A 2025 into how we do business. And on both these strategic fronts we've also made progress, though I'm the first to acknowledge that things do not always move as fast as we would like.

In June 2017, we launched a major customer engagement programme to share our Plan A story in-store, via our digital retail channels and social media. The response from our customers was hugely encouraging – for example, we achieved our highest ever 'open' rate for an email telling the story of what our stores are doing in their local communities. This was sent to six million Sparks card customers.

We also engaged directly with our employees, with our stores getting stuck into new community projects. More than 90% of our colleagues who took part in these projects told us this made them feel more engaged with the business.

No illusions here: we're a very down to earth retailer, and I would describe these achievements as no more than small steps along the road. But they've given us some real momentum around engagement. We've known for a long time that we had to do better in addressing these challenges, without putting all our energy into technical delivery, internal target-setting and so on.

The past year has been incredibly fluid – politically, economically, socially, technologically and environmentally. And I think we can pretty much guarantee that it's going to stay that way for the foreseeable future.

But one thing is clearer now than ever before: in this turbulent and volatile world, Plan A 2025 provides the deep social purpose we need to 'anchor' the M&S brand for customers and colleagues alike, giving practical expression to the enduring values that underpin everything this company does.

STEVE ROWE CHIEF EXECUTIVE

### WHAT CUSTOMERS HAVE TOLD US

- **How customers define themselves**  
Customers now define themselves more in terms of attitude than age. We can help them get the most out of life, no matter how young or old they are.
- **Meaningful connections**  
Customers want more meaningful connections with other people and with the world around them.
- **Making a difference**  
Customers want us to make it easier for them to do the right thing and make a difference.
- **Tackling injustice**  
They're increasingly aware of injustice, particularly at a local level, and these issues are the ones customers also feel empowered to tackle.
- **Scrutinising businesses**  
Customers expect that businesses will be highly scrutinised to ensure they do the right thing – but also hope that retailers will use their power to promote wider changes for good in society.
- **The quality of products**  
Our customers value quality – they really care about how products are made.

## SUSTAINABLE BUSINESS DIRECTOR'S OVERVIEW

# INTRODUCING PLAN A 2025



“Plan A 2025 moves us on another step towards becoming a sustainable business.”

MIKE BARRY SUSTAINABLE BUSINESS DIRECTOR

### THE THREE PILLARS OF PLAN A 2025

#### NOURISHING OUR WELLBEING

We believe that taking care of ourselves is the first step to helping the people around us.



##### OUR GOAL

**Our goal is to help 10 million people live happier, healthier lives.**

#### TRANSFORMING LIVES AND COMMUNITIES

We believe we can achieve more together than we can on our own.



##### OUR GOAL

**Our goal is to help transform 1,000 communities.**

#### CARING FOR THE PLANET WE ALL SHARE

We believe we should leave the planet better than we found it.



##### OUR GOAL

**Our goal is to become a zero-waste business.**

### WHY PLAN A 2025 AND WHY NOW?

We launched Plan A 2025 in June last year. Our Plan A 2020 commitments were coming to their conclusion and we were clear that our future activities needed more ambition, a faster pace and greater scale. It was important for us to put our customers at the heart of our thinking and so we designed Plan A 2025 to meet their future needs. We recognised that after 10 years of incremental change, we needed to become more disruptive and transformative; that we needed to imagine the world in 2025 and change our business accordingly, rather than focusing on the next two or three years.

After extensive consultation during 2016 and 2017, we crystallised the latest version of Plan A under three pillars, supporting three main goals: helping 10 million people live happier, healthier lives; transforming 1,000 communities; and becoming a zero-waste business (see left).

The past year has shown that the future social and environmental issues we anticipated and set out to address in Plan A, are now playing out in our customers' lives, in government regulation and in business.

2017 saw the introduction of a new sugar tax, heightened media focus on the NHS, and a growing incidence of mental illness – all of which show how the debate about caring for a growing, ageing population is fast becoming part of our customers' lives. Similarly, the widely reported demise of traditional high street retail, points towards a very different future for local communities.

Many communities will take this transformation in their stride, but for some, losing the traditional high street shops that have anchored the community for decades presents a significant social challenge.

Transparency, once a matter of choice for some businesses, is increasingly becoming a basic social expectation, prompting greater public debate and accelerating action on issues such as the gender pay gap and modern slavery. An equally vociferous national debate has been sparked by Sir David Attenborough's Blue Planet II documentary series, which highlighted man-made threats to the world's oceans, such as overfishing, acidification, and most significantly, our use of plastic.

If all these issues were not enough to deal with, the retail industry is also experiencing rapid change and M&S has embarked on a new transformational business strategy. Launched in November 2017, this focuses on taking three steps: restore the basics; shape the future; and (within the next four years) make M&S special again. You can read more about how Plan A will support each of these steps on pages 6 and 7. We are accelerating our plans to make M&S special again through sustainable, profitable growth as a business that makes a positive impact on our customers' wellbeing, communities and the planet. Plan A has always provided a bridge between our customers' lives and M&S. Through Plan A we anticipate and respond to the shifting forces that shape our customers' lives: we spot and reduce emerging risks; we find new ways to satisfy their needs and support their aspirations. The insights we've gained have inspired Plan A 2025.



## SUSTAINABLE BUSINESS DIRECTOR'S OVERVIEW CONTINUED

### WHAT STAKEHOLDERS HAVE TOLD US

- **How we can impact people's lifestyles**  
M&S can play a bigger role in enabling more sustainable, healthy lifestyles.
- **Our focus**  
Plan A 2025 must focus on our customers and be integrated into our brand purpose.
- **Future areas of interest**  
There are big opportunities to be explored in the circular and sharing economies.
- **The importance of sustainability**  
We must continue to focus on incorporating sustainability in our supply chain. Key issues include living wage, conserving water and improving communities. We should also focus on more sustainable packaging.
- **The importance of local communities**  
We should use our significant physical retail presence to play a greater role in connecting initiatives at a local level.
- **How we can improve our communication**  
We should increase collaborations, partnerships and advocacy to ensure the M&S voice is heard more clearly.
- **The example we need to set**  
We're expected to be transparent and are encouraged to talk even more frankly about the challenges we face and our failures.
- **How Plan A will need to adapt**  
Plan A 2025 must set a consistent direction of travel – towards becoming a truly sustainable retailer, for example – but will also need to evolve in response to a changing world.
- **The role of responsible businesses**  
Responsible companies should develop social and environmental targets that support the overall aims of the UN Sustainable Development Goals.

### WHAT'S DIFFERENT ABOUT PLAN A 2025?

The aims of Plan A 2025 are to:

#### **Be the world's leading retailer on engaging and supporting customers in sustainable living**

Our customers want us to help them live more sustainably and we've made good progress over the past 10 years. However, there is much more we can do and Plan A 2025 will see us fully integrate sustainability into our brand and deliver a step change in the way we engage and support our customers.

#### **Help 10 million people live happier and healthier lives**

We will extend the work we've done on our food products to our clothing, home and beauty offers too. We will have a particular focus on addressing issues of mental wellbeing, ensuring people are connected and happy as well as physically healthier. We will also work hard to ensure we support our customers and colleagues with cancer, heart disease, dementia and mental health issues.

#### **Help transform 1,000 communities**

We have a long tradition of our stores, offices and warehouses supporting their neighbouring communities. In Plan A 2025, we are going to bring together these many individual activities to ensure that our stores are able to help play a transformative role in the communities we serve, many of which face enormous challenges.

#### **Be a leader on transparency**

Over the past two years, we have published digital transparency maps identifying all the factories that produce food, clothing, home and beauty products for us. With Plan A 2025, we'll add information on the raw material sources we use and also translate this into 'on product' information to help guide our customers' decision making.

#### **Achieve a science-based target to accelerate our shift to a low carbon business**

The new plan includes a bold new (approved) science-based target to further improve the efficiency of our own operations as well as cutting 13.3m tonnes of CO<sub>2</sub>e from our wider value chain. We will also continue to invest in carbon offsets for our own operations in order to remain carbon neutral.

#### **Champion human rights by taking a lead on addressing in-work poverty, modern day slavery and an inclusive society**

Plan A 2025 sees a decisive step change on social issues. We have worked hard to manage ethical compliance over the last decade, but now we're setting more aspirational goals to respect and positively impact individual human rights in all that we do.

#### **Ensure 100% of our products address 100% of their material social and environmental impacts**

We have an existing commitment that every one of the 3 billion food, clothing, home and beauty products we sell every year has at least one Plan A attribute by 2020. An attribute being, for example, Fairtrade certified tea or coffee or FSC certified timber in furniture. We believe it's vital that Plan A should apply to everything we sell and not be a niche 'ethical range' in the corner of a store.

#### **Ensure 100% of factories are on a sustainability ladder with 50% of our products coming from our highest Gold Standard**

Currently, every factory that supplies M&S food is on a Bronze/Silver/Gold sustainability ladder to drive measurable improvements in its social and environmental performance. We are now making the same commitment for factories producing our clothing, home and beauty products as well as factories and suppliers to our Property Division.

By 2025, every factory producing products for us will be systemically improving its environmental and ethical performance.

#### **Ensure our 50 key raw materials (80% by volume of what we use) come from a sustainable source**

Many of the raw materials we use today come from more sustainable sources. With Plan A 2025, we are extending our commitment to a much greater range of the raw materials we use. We are setting a goal that 100% of the key raw materials we sell will come from sources respecting people, communities, planet and animal welfare.

#### **Be a circular business generating zero waste**

Since 2012, we have been zero waste to landfill across our own operations in the UK and Republic of Ireland. Plan A 2025 sets a bold new goal to be a zero-waste business across all that we do – our operations, our supply chains and of course when our customers come to remove packaging and use our products. This includes designing our products and packaging to underpin the creation of a circular economy in the markets we serve.



## SUSTAINABLE BUSINESS DIRECTOR'S OVERVIEW CONTINUED

[+ Read more](#) about the Plan A Committee on page 39

### LOOKING BACK OVER THE FIRST YEAR OF PLAN A 2025

#### Key highlights

In June 2017, we celebrated 10 years of Plan A under the banner of Making Every Moment Special in the Community. Thousands of M&S colleagues across the UK and ROI volunteered to help hundreds of community projects. Throughout the year our stores raised over £1m for local charities of the year, we distributed over a million meals to local organisations near our stores, and 130,000 customers voted for 25 community energy schemes to receive funding from M&S Energy.

In August, our Clothing & Home colleagues launched a range of Sustainable selvedge denim jeans. Like much of our cotton, these jeans support the Better Cotton Initiative but also score 21 using the Jeanologia Environmental Impact Measurement, which classifies low impact as being anything under a score of 33. These are probably the most sustainable items of clothing that M&S has ever sold.

In September, we announced that M&S is the first major food retailer to have all its milk producing dairy farms assured by the RSPCA for animal welfare. Milk was the first of our raw materials to feature on our interactive supplier map.

The theme of Plan A 2025 is transformation and a number of specific commitments are disproportionately important for us in understanding how we achieve greater scale and impact.

To engage our customers we're putting Plan A at the heart of our Food and Clothing & Home brand strategies for the next three years, while also testing many different approaches to local engagement and the use of digital tools to connect with customers.

We're making good progress with our community transformation programme. Having listened closely to the needs of the 10 pilot communities, we now have detailed action plans and a measurement system in place focused on the areas of education & employability and social wellbeing. We are also playing an active role with the Business in the Community Place leadership team. This activity is shaping the way we'll deliver a number of our other people and communities commitments – on inclusion, wellbeing, employability and volunteering. For our commitments on sustainable sourcing, we've been working with others and are encouraged to see that more than 60 companies have joined us by signing up to the statement of support for the Cerrado Manifesto, calling for sustainable soy production.

#### Action on plastic

In April 2018, we became a founding member of the UK Plastics Pact to 'transform the UK plastic packaging sector' and in addition to our Plan A 2025 commitments we announced plans to replace 75 million items of plastic cutlery and 2 million plastic straws and remove plastic from 450 million tea bags.



#### Plan A 2025 progress so far

Since we launched Plan A 2025 in June 2017, we've made steady progress, but clearly, an eight-year transformation plan for a business of our scale and complexity was never going to deliver immediate results. Out of our 100 commitments, we've achieved two (on International Marks & Start and Franchise Reward Forums) and 48 are satisfactorily On plan. Thirty-seven are shown as Not started because they don't yet have a defined delivery plan, but in many cases the groundwork is underway. Thirteen commitments are reported as Behind plan. Some of these, such as UK & ROI energy efficiency and Clothing & Home fleet efficiency, are being affected by the way our business is growing. More energy intensive food footage is disguising progress on energy efficiency and the shift to online sales is slowing Clothing & Home fleet efficiency figures. Others that are Behind plan are dependent on us finding innovative, cost-effective ways to implement them. Overall, we're where we planned to be at this stage, but have a lot more work to do over the next 12 months.

#### Governance

Plan A 2025 was co-created by colleagues and leaders from across M&S, who collectively signed up to our ambitious targets. In addition, we identified the need to simplify and strengthen Plan A governance, taking into account the impact of our business-wide transformative plan and new leaders joining the business.

We invested time in anchoring the foundations of Plan A 2025, to ensure clear accountability and responsibility for every commitment – only then did we proceed to the delivery phase.

In 2017, we launched a new internal Governance process for Plan A, which centres on a single Plan A Committee in place of the previous two-tier approach. This new Committee reports into the overall Operating Committee (see page 39 for further details). Throughout the year, we've worked closely with our Governance and Internal Audit colleagues to improve our governance process, including the sign-off procedures for this report.

#### The year ahead for Plan A

The first stage of restoring the basics will be delivered by the time we report next year. These include key actions to inform our customers about Plan A product attributes and on rewarding choices of healthier food.

We'll also be within touching distance of achieving our longer-running commitments on Product Plan A attributes, energy efficiency, food waste and zero deforestation, which are all due for completion in 2020.

Finally, we'll need to stay alert to new and developing issues and to track how changes in the wider retail marketplace impact on our plans.

MIKE BARRY SUSTAINABLE BUSINESS DIRECTOR



## PLAN A 2025 & OUR STRATEGY

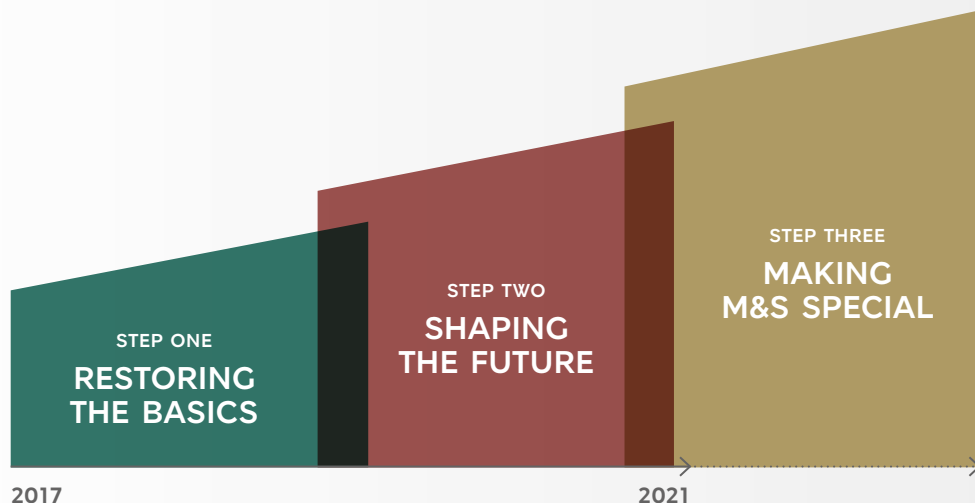
# HELPING TO MAKE M&S SPECIAL AGAIN

### TRANSFORMATION TIMEFRAME

#### STARTING AFRESH

In November 2017, we launched a new plan to accelerate the transformation of our business with the aim of making M&S special again through sustainable, profitable growth that delivers value for customers, colleagues, shareholders, communities and planet alike.

We have always recognised that our sustainability activities have to be central to how we do business. We have to make sure that Plan A 2025 is aligned with our Business Transformation Plan. We are in the process of ensuring that Plan A is aligned with this new corporate strategy.



#### STEP ONE

### RESTORING THE BASICS

Over the next 12-18 months we want to build on the legacy of over 10 years of Plan A progress.

We want our customers to choose M&S products and services because they're informed about the healthier and more sustainable options we offer.

We need our colleagues to be fully involved in developing and promoting the business.

And we need to find ways for our operations and supply chains to become even more efficient.



#### CUSTOMERS

- **Bringing Plan A product attributes to life**  
Showcasing the M&S difference of how we source our products.
- **A bigger role for Plan A in communication**  
Both in how we market our brands and drive innovation to meet the needs of our customers.
- **Building trust**  
Reducing risks through robust governance, systems, compliance and partnerships.

#### COLLEAGUES

- **Using Plan A for even greater engagement**  
To build our relationships with the communities around us and contribute to the development of an inclusive business able to attract the best talent.

#### EFFICIENCY

- **Driving down costs by cutting waste**  
Through focusing on energy and food waste.
- **Reducing risks and increasing productivity**  
By working with suppliers to address the challenges of plastic waste, packaging and climate change.



## HELPING TO MAKE M&S SPECIAL AGAIN CONTINUED

### STEP TWO

## SHAPING THE FUTURE

These are actions which we're already piloting and testing today, ready to roll out in 2-3 years' time.

Together, they will represent the next step to a more digital, technology-enabled business that reflects and values customers' lifestyles.

This will be a phase where we take newly founded innovations, efficiencies and loyalties to create a business for the future.



### CUSTOMERS

- **Plan A attracts new customers**  
By providing evidence of a contemporary and ethical brand, appealing to a wide range of new and existing customers.
- **Transparency**  
Demonstration of our ethical and environmental standards in action, visible to all.

### COLLEAGUES

- **An engaged, skilled and inclusive workforce**  
Scaling-up our activities on transforming communities and meeting new benchmarks of equality in the workplace.

### EFFICIENCY

- **Leaner supply chains and franchises**  
Supplier Sustainability Scorecards being extended to all supply chains and efficiency benchmarks to key franchises.
- **Sustainably designed products**  
Designed to give the best customer experience and with the least social and environmental impact.



### STEP THREE

## MAKING M&S SPECIAL

By 2022, our Plan A 2025 commitments will be a platform of excellence, providing an M&S difference to all our products and services.

This will inspire the development of new products and services.

As well as addressing today's risks, we want to evolve an approach which automatically responds to any new emerging social and environmental challenges.



### CUSTOMERS

- **Plan A allows us to move into new markets**  
New products and services meeting the social and environmental needs of our customers.
- **Engagement**  
Engaged customers, clear about the steps they can take to make a positive difference.

### COLLEAGUES

- **An employer of choice**  
Regarded for our values, skills and innovation.

### EFFICIENCY

- **Zero waste, carbon neutral supply chains**  
Suppliers and business partners adopt M&S's zero waste, carbon neutral culture.
- **Sustainable products**  
Products that exceed customers' expectations while also creating a fairer and sustainable world.





## OUR RESOURCES AND RELATIONSHIPS

# HOW WE CREATE VALUE

The M&S difference is a way of doing business that creates value for us and our investors, and across all the resources and relationships on which we depend.

We aim to create long-term value through the effective management of resources and relationships. We manage these in line with our core values of Inspiration, Innovation, Integrity and being In touch.

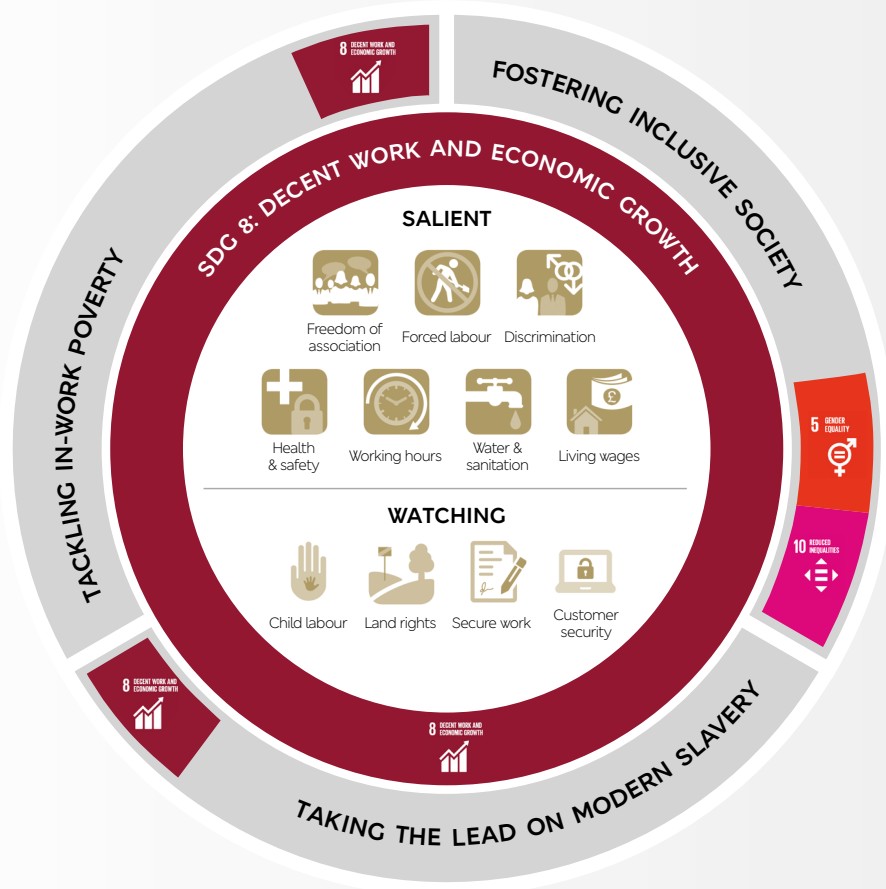
These values run through everything we do – they help us make the M&S difference of making M&S special through the products and services we offer our customers in the UK and internationally.

	<b>FINANCIAL</b>	<b>A</b>	<b>Generating returns for our stakeholders through effective management of our financial resources.</b>	<ul style="list-style-type: none"> <li>– Plan A marketing</li> <li>– Zero waste and efficiency</li> </ul>	<b>COMMITMENTS ON MARKETING M&amp;S PLAN A PRODUCT QUALITIES</b>	<b>3</b>	<b>WASTE TO LANDFILL TONNES</b>	<b>ZERO</b>	
	<b>PRODUCTS &amp; CHANNELS</b>	<b>A</b>	<b>Maintaining our channels and supply chain infrastructure to meet customer demand.</b>	<ul style="list-style-type: none"> <li>– Sustainable Food suppliers</li> <li>– Sustainable Clothing &amp; Home suppliers</li> </ul>	<b>FOOD FROM SILVER LEVEL SUSTAINABILITY FACTORIES</b>	<b>63%<sup>+7%</sup></b>	<b>CLOTHING &amp; HOME FACTORY PLAN A COMMITMENTS</b>	<b>3</b>	
	<b>INTELLECTUAL CAPITAL</b>	<b>A</b>	<b>Strengthening our brand through creation and protection of our intellectual property.</b>	<ul style="list-style-type: none"> <li>– Plan A activities</li> <li>– Healthier food</li> </ul>	<b>PLAN A 2025 COMMITMENTS</b>	<b>100</b>	<b>HEALTHIER FOOD SALES % TO TOTAL</b>	<b>43%</b>	
	<b>PEOPLE</b>	<b>A</b>	<b>Developing our employees and their knowledge.</b>	<ul style="list-style-type: none"> <li>– Inclusion and diversity</li> <li>– Training and development</li> <li>– Marks &amp; Start work experience</li> </ul>	<b>UK NON-DEMOGRAPHIC PAY GAP</b>	<b>1.5%</b>	<b>PEOPLE HELPED BY MARKS &amp; START THIS YEAR</b>	<b>3,600</b>	
	<b>STAKEHOLDERS</b>	<b>A</b>	<b>Building and nurturing relationships with our customers and suppliers, and in the communities in which we operate.</b>	<ul style="list-style-type: none"> <li>– Sustainable Retail Advisory Board</li> <li>– Community partners and projects</li> <li>– Supplier Exchange best practice programme</li> </ul>	<b>DONATED OR RAISED FOR COMMUNITY PROGRAMMES</b>	<b>£25.7m</b>	<b>HOURS OF COMMUNITY VOLUNTEERING</b>	<b>30,500</b>	
	<b>NATURAL RESOURCES</b>	<b>A</b>	<b>Sourcing responsibly and using natural resources efficiently.</b>	<ul style="list-style-type: none"> <li>– Carbon neutral operations</li> <li>– Zero waste</li> <li>– Responsibly sourced raw materials</li> </ul>	<b>RESPONSIBLY SOURCED COTTON</b>	<b>77%<sup>+28%</sup></b>	<b>RESPONSIBLY SOURCED PALM OIL</b>	<b>100%</b>	

## FOCUS ON: HUMAN RIGHTS

# OUR COMMITMENT TO HUMAN RIGHTS

### HOW IMPORTANT (SALIENT) HUMAN RIGHTS ISSUES CONNECT TO OUR ACTIVITIES



+ For more information on UN Human Rights Salient issues, see: [ungpreporting.org/resources/salient-human-rights-issues/](https://ungpreporting.org/resources/salient-human-rights-issues/)

### OUR APPROACH

At M&S, we have a long history of respecting human rights in the UK and standing up for those values internationally. Our commitment to human rights is reinforced in our Human Rights Policy and Code of Ethics and Behaviours and for all suppliers and business partners in our Global Sourcing Principles. We strive to be a fair partner by paying a fair price to suppliers, supporting local communities and ensuring good working conditions for everyone working in our business and supply chains. We are committed to building our employees' and suppliers' knowledge and awareness on human rights, encouraging them to speak up about any concerns without fear of retribution.

### GOVERNANCE

Central to our approach is a robust governance structure. Directors of each business area, supported by a business area Human Rights practitioner, are responsible for ensuring effective human rights and modern slavery risk assessment and due diligence activity. Our Human Rights Practitioner Committee reports to a Human Rights and Modern Slavery Steering Group, which is also informed by our independent Human Rights Advisory Stakeholder Group.

To strengthen our governance, Oxfam is helping us to assess the impact of our sourcing practices on human rights in our UK food supply base and footwear supply chains in India. We have also relaunched our grievance reporting process with plans to improve how reports are managed and followed-up.

### EMBEDDING HUMAN RIGHTS INTO HOW WE DO BUSINESS

In 2016 and 2017, we published two separate human rights reports which described our approach in detail and explained how it connected to our seven salient issues and to a further four on which we've adopted a watching-brief. We illustrated this relationship with the diagram you can see on the left-hand side of this page.

This report provides an update on our progress against the human rights targets published in the 2017 Human Rights report and our Plan A 2025 update.

+ Read more on human rights on page 39

### RAISING AWARENESS – FLAGSHIP INTERNATIONAL HUMAN RIGHTS CONFERENCE

In January 2018, we held our first international Forced Labour and Human Rights conference in Delhi, with 250 attendees from our sourcing offices, franchise partners, suppliers, business partners and Indian retail joint venture. This event set out to help attendees understand and manage modern slavery risks in their operations and wider supply chains. External speakers included Coca-Cola, BT, Unseen and representatives from the Indian, UK and Australian governments. At the event we also launched a new International Forced Labour Toolkit for Suppliers and Partners, which we are keen to develop with stakeholder feedback.



## OUR COMMITMENT TO HUMAN RIGHTS CONTINUED

### TAKING THE LEAD ON MODERN SLAVERY

Our 2018 Modern Slavery Statement highlights the ways in which we've made improvements. These cover policies, risk assessment, due diligence and collaborative action on understanding the prevalence of recruitment fees, increasing demand for responsible recruitment, identifying responsible recruiters and ensuring the voices of victims are heard and the intelligence learnt and acted upon.

### TACKLING IN-WORK POVERTY

This year, we held an in-work poverty roundtable to define it and understand the likelihood of where it occurs. Financial awareness and support were identified as key interventions that M&S could make. As a result, we are launching a microsite to increase basic understanding for UK employees on how to manage finances and where to get external expertise if they need it.

We're reviewing ways to expand supply chain financial literacy training and our regional teams have completed some detailed wage investigations. Through the Ethical Trading Initiative Bangladesh Social Dialogue programme, we are supporting the development of better workplace industrial relations by training both management and workers' representatives to communicate more effectively. In our food supply chain, we participate in the Malawi 2020 Tea Coalition which is reducing the gap between actual earnings and a living wage for smallholder growers by improving productivity and quality. Around a fifth of these smallholder growers have benefited and 65% of them are women.

In our UK logistics supply chains, we've identified significant human rights risks associated with courier drivers. Over the last 12 months we've worked with DPD our largest partner and will be sharing this learning with other courier service providers.

### FOSTERING AN INCLUSIVE SOCIETY

Our aim is to create a culture of inclusion across M&S so that people from all backgrounds can join the workforce, reach their potential and feel valued for being themselves. We want to encourage suppliers and business partners to do the same. Consistent research shows that diverse businesses perform better – through innovation, better decision making, and attracting and keeping great people. Consequently, they're likely to be more financially successful, to increase market share and capture new markets.

M&S has a long-established track-record for diversity and inclusion and we've been recognised in the Times Top 50 Employers for women for the last eight years. We first introduced our Board Diversity Policy in 2012 which includes a commitment to at least 30% female representation. We run four employee-led networks on gender, ethnicity (BAME), sexual orientation (LGBT) and health conditions. This year, we also held our second Diversity and Inclusion festival, engaging thousands of colleagues across M&S. In February 2018, we published our gender pay gap (see page 21) which is lower than both the UK and retail industry average. This is positive but the issues at play are complicated and we've committed to closing key gaps over the next few years. Gender programmes in our supply chains have also been continued. These include: Emerging leaders which encourages both women and men to become confident leaders; and programmes with the Indian British High Commission, Change Alliance and Business for Social responsibilities HerProject, which are addressing sexual harassment. We have also formed a new partnership with Work Opportunities for Women (WOW) and the UK government's Department for International Development to map where women workers are located and support their development.

### DECENT WORK

All our human rights work is underpinned by our continued commitment to decent work, ensuring good working conditions for everyone working in our business and supply chains. We use many sources of data to inform our human rights approach, including the ethical audit results shared on the Sedex database (see page 23). We are currently reviewing the ethical assessment methodology to make it more sensitive to human rights issues. We aim to share our findings in next year's report. We know that there is a greater need for transparency when human rights stakeholders and campaigners raise concerns about issues in our supply chain, both in terms of being open about the issue raised and making public the details of our response and resolution. As of last year, our Plan A website summarises the key third-party challenges we've received since 2014.

### SECURING SAFE AND DECENT WORK IN BANGLADESH

Bangladesh is a key sourcing country for M&S Clothing & Home products and we are committed to ensuring the safety of workers in our supply chain there. We were early signatories to the 2013 Bangladesh Accord which has made significant improvements in building safety and fundamentally changed the mindset of the Bangladeshi factory owners and the Employers' Associations. It has also been successful in promoting women as training case handlers and providing a leading example of a strong, effective grievance system. By November 2017, 90% of original issues had been remediated, 82% of original and new issues were remediated and our individual progress was 93%. We've re-signed the Bangladesh Transition Accord to ensure a timely smooth handover of the responsibility of the Accord to a national regularity authority after May 2018.

### READ MORE

Health & safety	p15
Discrimination	p19
Freedom of association	p22
Forced labour	p22
Working hours	p22
Living wage	p22
Water and sanitation	p33

[+ Read more on human rights](#)

[+ Read more on the Modern Slavery Act](#)

## PLAN A 2025

# PERFORMANCE SUMMARY

## WELLBEING

PAGES 13–15

## COMMUNITY

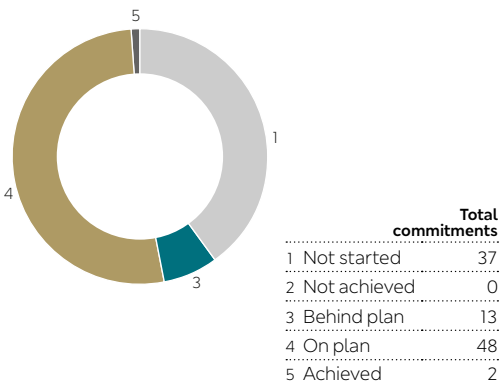
PAGES 17–23

## PLANET

PAGES 25–34

	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
<b>HEALTHY FOOD PRODUCTS</b>					
Improved indulgent food**					
Calorie-cap single portion food**					
50% healthier food**					
Vegetarian options					
Destination of choice (food)					
<b>CLOTHING &amp; HOME PRODUCTS</b>					
Clothing health attributes					
<b>HOW WE SELL</b>					
Rewarding customers (health)**					
Franchise confectionary tillpoints					
Wellbeing advice to customers					
£25m for health causes**					
<b>COLLEAGUE WELLBEING</b>					
Colleague wellbeing framework					
Colleague health assessment**					
Wellbeing in employability					
Mental health training					
Health and safety data**					
<b>SUPPLY CHAIN WELLBEING</b>					
Franchise/supplier wellbeing					

## COMMITMENT PERFORMANCE SUMMARY



\*\* Assured by DNV GL

	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
<b>CONNECTING WITH COMMUNITIES</b>					
UK community space**					
Volunteering**					
Education partnership					
All food eaten by people**					
Supporting local fundraising					
Helping transform communities**					
Town centre regeneration					
Community entrepreneur award					
Food artisan strategy					
Community donations**					
Social dividend					
M&S Energy					
<b>SKILLS AND EMPLOYMENT</b>					
Skills gap research					
Next generation technologies**					
International Marks & Start					
Marks & Start					
<b>INCLUSIVE BUSINESS</b>					
Retail accessibility benchmark					
Inclusion Strategy					
Inclusive Design Standards					
Diversity					
Senior management diversity					
Gender equality programme					
Colleague social mobility					
Colleague gender pay gap**					
Colleague diversity pay gap					
Supplier gender diversity					
<b>HUMAN RIGHTS</b>					
Oxfam human rights programme**					
Raising human rights concerns					
Anti-slavery**					
Supplier worker representation					
Franchise Reward Forums					
In-work poverty					
Supplier worker payments					
Living wage					
Global Community Programme**					
Supplier feedback					
Supplier ethical audits					

	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
<b>INSPIRING OUR CUSTOMERS</b>					
Product Plan A attributes**					
Supply chain transparency**					
Sustainable design toolkit					
Labelled sustainable products					
Reward customers (sustainability)					
Recyclable packaging**					
Clothing reuse and recycling**					
Clothing & Home recycled materials					
Clothing & Home repair services					
Clothing & Home circular economy standards					
Food waste (digital campaign)					
Food waste (household top 10)					
<b>M&amp;S GREENHOUSE GAS EMISSIONS</b>					
Science-based target emissions**					
Carbon neutral operations**					
<b>ENERGY CONSUMPTION AND SOURCING</b>					
UK and ROI energy efficiency**					
International energy efficiency**					
Renewable electricity**					
Biomethane**					
Renewable peak-energy management					
Clothing & Home fuel efficiency**					
Food fuel efficiency**					
<b>REFRIGERATION</b>					
Store refrigeration (emissions)**					
Store refrigeration (HFCs)**					
<b>STORE CLIMATE ADAPTATION</b>					
Store climate adaptation					

	NOT STARTED	NOT ACHIEVED	BEHIND PLAN	ON PLAN	ACHIEVED
<b>SUPPLY CHAIN GHG EMISSIONS</b>					
Science-based target footprint**					
Clothing & Home air freight					
Sustainable animal protein					
Food supplier climate plans					
<b>ZERO WASTE IN M&amp;S OPERATIONS</b>					
Zero landfill**					
Food waste (reduction)**					
Food waste (halve)**					
Reused shop fit-out					
Construction waste					
<b>SUPPLY CHAIN RAW MATERIALS</b>					
Sustainable cotton**					
Zero deforestation**					
M&S Farming for the Future**					
Soil health					
Forever Fish**					
Responsibly sourced raw materials**					
Supplier water stewardship					
Clothing & Home animal welfare					
Construction and shop fit Plan A attributes					
<b>SUPPLIERS</b>					
Sustainable Food factories**					
Sustainable Clothing & Home factories					
Sustainable Clothing & Home processing					
Clothing & Home supplier water efficiency**					
Sustainable Property suppliers					



## PILLAR 1

# WELLBEING

We believe that taking care of ourselves is the first step to helping the people around us. As a society, we need to re-balance our diet to eat more healthy food. It's not only obesity that's a challenge but what comes with it in terms of increased heart disease and type 2 diabetes.

TARGET FOR HEALTHIER  
FOOD SALES BY 2022

# 50%

TARGET FOR DONATIONS TO  
WELLBEING CAUSES BY 2025

# £25m

## OUR GOAL

**IS TO HELP 10 MILLION PEOPLE  
LIVE HAPPIER, HEALTHIER LIVES**

## HEADLINE TARGETS

- **By 2019**, we'll incentivise and reward our customers for making healthier choices.
- **By 2022**, 50% of our global Food sales will come from healthier products.
- **By December 2018**, M&S single serve portion sizes of snacks, confectionery and ice cream will contain no more than 250 calories.
- **Between 2017 and 2025**, we'll help to make a positive difference to people who are affected by either cancer, heart disease, mental health, loneliness or dementia by helping to raise £25m for charities that support these causes.
- **By 2022**, we'll enable our M&S colleagues worldwide to complete a health risk assessment, including health checks, where appropriate. We'll use this data to tailor our interventions/advice and report annually on progress.

## IN THIS SECTION

Healthy food products	13
Clothing & Home products	14
How we sell	14
Colleague wellbeing	15
Supply chain wellbeing	15





## PILLAR 1: WELLBEING CONTINUED

### PROGRESS KEY



## HEALTHY FOOD PRODUCTS

### IMPROVED INDULGENT FOOD\*\*

#### Aim

By 2019, our indulgent M&S Food categories will have 20% fewer calories, saturated fat and total<sup>^</sup> sugar in total compared to 2017.

#### Progress

As of March 2018, we have reduced total calories by 4%, saturated fat by 7% and total sugar by 5% across the top 10 indulgent categories that contribute most to UK diets. This is based on a progressive measurement rolled-up from October 2016.

Examples of areas where we have achieved calorie reductions include a 13% reduction in single ice creams and a 12% reduction across our most popular café cakes.

However, we're still in the process of developing our plans to reach these ambitious 20% reduction targets by 31 March 2019.

TARGET CALORIE REDUCTION IN M&S FOOD BY 2019

20%

<sup>^</sup> Originally published as an 'added' in error.

### VEGETARIAN OPTIONS

#### Aim

By 2020, we'll have grown a comprehensive range of vegetable-based protein convenient meal solutions and components for cooking.

#### Progress

As of April 2018, we have launched a new range of vegetable-based protein alternatives, including soya mince, soya chunks, marinated tofu and a tofu-based salad – none of which were available in our baseline year of 2016.

We have also relaunched our vegetarian range with 12 plant-based meat alternative dishes. We are still working with our suppliers and chefs to expand choice.



### DESTINATION OF CHOICE (FOOD)

#### Aim

By 2020, we'll rationalise our number of health brands and simplify our on-pack messages in order to maintain M&S Food being the destination of choice for healthy food for our customers as shown by the overall results from nutritional benchmarking, number of healthy products within a category and market trends analysis.

#### Progress

This year, we've simplified our health brands and health offering by bringing them all together under the Eat Well sunflower logo. Our 'Count on Us' and 'Balanced For You' ranges focus on calorie management; other on-pack labelling highlights specific diet choices, such as vegetarian, vegan, gluten-free, vitamin D and no added sugar. As a result, we have removed other M&S health brands, such as Active Health and Guilt Free Snacking.

We continue to benchmark the nutritional content and health qualities of M&S food and drinks and use this information each time we review a product's recipe.

82% of M&S Food meets the Department of Health's 2017 salt targets and we have improved the nutritional content of benchmarked lines by increasing Eat Well choices and five-a-day content as well as offering vegetarian, vegan and gluten-free options.

We are still developing our plan to define and measure Destination of Choice.

### 50% HEALTHIER FOOD\*\*

#### Aim

By 2022, 50% of our global Food sales will come from healthier products.

#### Progress

As of April 2018, 43% of M&S Food sales came from healthier products. This percentage excludes non-M&S brands, wine and hospitality lines, but includes any healthy or healthier food and drink product, such as those labelled as Eat Well.

### CALORIE-CAP SINGLE PORTION FOOD\*\*

#### Aim

By December 2018, M&S single serve portion sizes of snacks, confectionery and ice cream will contain no more than 250 calories.

#### Progress

As of April 2018, 75% of our single serve portions of snacks, confectionery and ice cream have no more than 250 calories per pack. We have launched 15 new portion-controlled biscuits, cereal bar and chocolate lines, all with less than 250 calories, and made all our single choc-ices, ice cream cones and bars less than 250 calories.

## PILLAR 1: WELLBEING CONTINUED

### PROGRESS KEY



### CLOTHING & HOME PRODUCTS

#### CLOTHING HEALTH ATTRIBUTES

##### Aim

By 2025, 20% of all M&S clothing will have a special Plan A health or wellbeing attribute (e.g. SkinKind™ accessories and specialist/adapted clothing).

##### Progress

We already have a small number of special Plan A health or wellbeing attributes.

As of April 2018, 8% of the volume of M&S clothing items sold worldwide had one of these attributes.



PERCENTAGE OF CLOTHING WITH PLAN A ATTRIBUTE BY 2025

20%

#### WELLBEING ADVICE TO CUSTOMERS

##### Aim

By 2020, we will extend our health and wellbeing advice to our customers to help them live happier, healthier lives.

##### Progress

This year, we've published more wellbeing advice for customers online, including blogs about: alcohol consumption; the impact of processed foods; healthy food trends; and plant-based diet options.

We've also conducted small trials of face-to-face Health MOT interviews in stores.

See more <https://corporate.marksandspencer.com/blog>

#### FRANCHISE CONFECTIONERY TILLPOINTS

##### Aim

By 2021, we'll work with our franchise partners to remove confectionery from tillpoints in all key franchise partner operated M&S stores worldwide (excluding petrol station forecourts).

### HOW WE SELL

#### REWARDING CUSTOMERS (HEALTH)\*\*

##### Aim

By 2019, we'll incentivise and reward our customers for making healthier choices.

##### Progress

This year, we've developed a programme of future in-store and Sparks card activities to help people make healthier choices.

#### £25M FOR HEALTH CAUSES\*\*

##### Aim

Between 2017 and 2025, we'll help to make a positive difference to people who are affected by either cancer, heart disease, mental health, loneliness or dementia by helping to raise £25m for charities that support these causes.

##### Progress

This year we've supported a number of charities who address cancer, heart disease, mental health, loneliness or dementia, raising £7.4m towards our £25m target.

Fundraising activities included Breast Cancer Awareness Month, Fashion Targets Breast Cancer for Breast Cancer Now, Sparks Card donations and Charity Christmas cards.

For the eighth year running, M&S Cafés, Food Halls and Simply Foods stores participated in Macmillan Cancer Support's World's Biggest Coffee Morning, which together with activities throughout the year, raised £3.5m. This total included over £1.5m raised by our colleagues and Macmillan volunteers in our stores (last year £1.2m).

#### ANNUAL FUNDRAISING FOR MACMILLAN CANCER SUPPORT

£3.5m



## PILLAR 1: WELLBEING CONTINUED

### PROGRESS KEY



### COLLEAGUE WELLBEING (ALSO A SALIENT HUMAN RIGHTS ISSUE)

#### COLLEAGUE WELLBEING FRAMEWORK

##### Aim

By 2019, we'll launch an independently benchmarked retail industry leading health and wellbeing framework, providing support to M&S colleagues worldwide on physical and mental health as well as nutrition and wellbeing.

##### Progress

Since we launched this commitment, further research has shown that robust, independent benchmarks for retail industry wellbeing frameworks are not readily available. These could be established, but we believe it's more important to focus our efforts on improving wellbeing outcomes for our colleagues. To reflect this change of emphasis and allow time for delivery, we've updated the wording of this commitment to read:

By 2020, we'll launch an improved health and wellbeing framework, providing support to M&S colleagues worldwide on physical and mental health as well as social wellbeing.



#### COLLEAGUE HEALTH ASSESSMENT\*\*

##### Aim

By 2022, we'll enable our M&S colleagues worldwide to complete a health risk assessment, including health checks, where appropriate. We'll use this data to tailor our interventions/ advice and report annually on progress.



#### WELLBEING IN EMPLOYABILITY

##### Aim

By 2022, health and wellbeing learning and support will be included in all our employability programmes worldwide.

#### MENTAL HEALTH TRAINING

##### Aim

By 2022, we'll offer training on mental health to M&S colleagues in our offices, stores and warehouses worldwide.

#### HEALTH & SAFETY DATA\*\*

##### Aim

We will continue to report on our UK and ROI health and safety data and extend to owned international operations from 2020.

##### Progress

In addition to UK and ROI data below, internal reporting is also taking place for our International operations in Greece, Czech Republic and joint venture in India, but is currently only available in a different format.

#### 2017/18 UK AND ROI HEALTH AND SAFETY\*\*

RIDDOR injury rate per 100,000 employees	Fatal	Specified	Over 3 or 7 days	Total
M&S UK retail	0	25	130 (7)	155
2016/17 HSE UK retail benchmark	0.11	48	172 (7)	220
M&S NI retail	0	74	148 (3)	222
M&S ROI retail	0	38	193 (3)	231
M&S warehouse	0	52	262 (7)	314
2016/17 HSE UK warehouse benchmark	1.42	325	1,252 (7)	1,577

### SUPPLY CHAIN WELLBEING (ALSO A SALIENT HUMAN RIGHTS ISSUE)



#### FRANCHISE/SUPPLIER WELLBEING

##### Aim

By 2019, we'll define our expectations on nutrition and physical and mental wellbeing for our franchise partners and direct suppliers and by 2022 launch a range of initiatives, including health checks where appropriate, to enable them to tailor their interventions and advice. We'll report annually on progress.





## PILLAR 2

# COMMUNITY

We believe we can achieve more together than we can on our own.  
 Throughout our 134 year history, we've supported our local communities.  
 We know that working with our customers to support vibrant communities  
 is essential for our own future success.



TARGET NUMBER OF HOURS  
 OF PAID COLLEAGUE COMMUNITY  
 VOLUNTEERING BY 2025

1m

## OUR GOAL IS TO HELP TRANSFORM 1,000 COMMUNITIES

### HEADLINE TARGETS

- **By 2020**, in 10 locations we will have completed programmes that aim to secure meaningful economic, social and environmental benefits in the communities around our stores and beyond. We'll build on our insights and roll out programmes in 100 further locations in the UK and internationally by 2023, then share our learnings with 1,000 locations by 2025.
- **By 2025**, 50% of our full line M&S operated stores and offices in the UK will have space available for community groups, charities and local interest groups to use.
- **Between 2017 and 2025**, we'll support M&S colleagues worldwide to provide one million hours of work-time community volunteering.
- **By 2025**, we want all edible surplus food from M&S stores, key franchises and direct M&S Food suppliers worldwide to be diverted for human consumption.

### IN THIS SECTION

Connecting with communities	17
Skills and employment	18
Inclusive business	19
Human rights	21

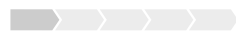
## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



## CONNECTING WITH COMMUNITIES

### ALL FOOD EATEN BY PEOPLE\*\*



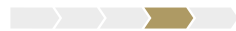
#### Aim

By 2025, we want all edible surplus food from M&S stores, key franchises and direct M&S Food suppliers worldwide to be diverted for human consumption.

#### Progress

See the Food waste (reduction) commitment on page 31 for progress at UK M&S stores.

### VOLUNTEERING\*\*



#### Aim

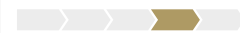
Between 2017 and 2025, we'll support M&S colleagues worldwide to provide one million hours of work-time community volunteering.

#### Progress

In 2017/18, we provided at least 30,534 hours of work-time volunteering, including our Making Every Moment Special in the Community event, which was run across the UK and ROI in June 2017.



### EDUCATION PARTNERSHIP



#### Aim

By 2020, we'll launch an education programme in the UK in partnership with others to promote the importance of wellbeing, employability and sustainability in schools and colleges.

#### Progress

Having commissioned research, in 2018/19 we plan to develop content focused on selected aspects of health and wellbeing, employability and sustainability. This content will then be trialled in schools connected to our 'Helping transform communities' commitment. If successful we intend to make this content available to other schools and colleges in 2019/20.

### UK COMMUNITY SPACE\*\*



#### Aim

By 2025, 50% of our full line M&S operated stores and offices in the UK will have space available for community groups, charities and local interest groups to use.

#### Progress

Our aim is that by 2025, around half of our larger stores in the UK will regularly provide space for the use of community groups, charities and local interest groups. We've started to research the best ways of providing this space and the number of M&S stores that already do so.

### SUPPORTING LOCAL FUNDRAISING



#### Aim

Between 2017 and 2025, we aim for M&S operated and key franchise stores worldwide to make a positive difference to their local community by supporting local charities through fundraising, volunteering and product donations.

RAISED FOR CHARITY IN THE UK AND ROI

£1.2m

#### Progress

This year, 502 of our stores in the UK and ROI have adopted a charity of the year and helped to raise over £1m for local and national charities working in the local community. In addition, 514 stores have donated surplus food to local charities as well as contributing most of the 30,534 hours of work-time volunteering.

M&S stores in our joint venture in India also raised in excess of £40,000 supporting two main charities of CRY (Child Rights & You) and OGAAN Cancer Foundation.

### HELPING TRANSFORM COMMUNITIES\*\*



#### Aim

By 2020, in 10 locations we will have completed programmes that aim to secure meaningful economic, social and environmental benefits in the communities around our stores and beyond. We'll build on our insights and roll out programmes in 100 further locations in the UK and internationally by 2023, then share our learnings with 1,000 locations by 2025.

#### Progress

This year, we've met representatives from communities to find out what they want us to achieve in their local area. There have been differences from one area to another, but it is clear that 'education and employability' and 'social wellbeing' should be our two priorities.

We're now planning a series of trials to test different approaches.

"The kids are bored and they fight for something to do. They need something else to focus on."

MEMBER OF THE COMMUNITY LIVERPOOL

## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



## CONNECTING WITH COMMUNITIES CONTINUED

### TOWN CENTRE REGENERATION

#### Aim

By 2019, 200 of our retail managers will have taken a lead role in collaborations which aim to revitalise and secure lasting social benefits in city and town centre locations.

#### Progress

Building on the Business in the Community backed 'Healthy High Streets' programme, this year, 58 of our retail managers have played a hands-on, lead role, in collaborations to improve town and city centres. These include a wide range of activities to support the development of Business Improvement Districts (BIDs) across the UK.

### COMMUNITY ENTREPRENEUR AWARD

#### Aim

By 2019, we'll launch an annual Community Business Competition to support and recognise local community entrepreneurs who bring positive benefits to society. We'll report annually on progress.

### FOOD ARTISAN STRATEGY

#### Aim

By 2019, we'll launch a strategy to support growing artisan and smallholder producers in the M&S Food supply chain.

### COMMUNITY DONATIONS\*\*

#### Aim

We will report annually on our community donations and amounts raised with support from customers and suppliers.

#### Progress

	2016/17 £m	2017/18 £m	% change
Cash	10.6	<sup>^</sup> 5.9	-44
Time	1.8	1.2	-33
In-kind	6.2	6.5	+5
<b>Total</b>	<b>18.6</b>	<b>13.6</b>	<b>-27</b>

Leveraged (additional funds raised from other sources as a result of M&S activities)

	7.9	<sup>^</sup> 12.1	+53
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<sup>^</sup> Carrier bag proceeds for 2017/18 have moved to leveraged in line with new London Benchmarking Group guidance and include funds used to support key M&S community activities.



### SOCIAL DIVIDEND

#### Aim

By 2019, we'll develop an approach for calculating and accounting for the financial and non-financial support enabled by M&S and the associated benefits to society. We'll then measure and report on our performance on an annual basis.

### M&S ENERGY

#### Aim

By 2025, M&S Energy will help at least 200 communities to reduce their carbon footprint through the installation of renewable energy generation or energy efficiency measures, including battery storage.

#### Progress

In 2017/18, the M&S Energy Community Energy Fund supported low-carbon energy installations in 26 communities across the UK. Over 130,000 people voted for their favourite projects including two competing schemes in Greater Manchester, each registering over 6,000 votes.

The winners included a range of projects to install solar pv panels and LED lighting, as well as a new asphalt surface made using waste plastic. In total, projected greenhouse gas emission savings are around 222 tonnes a year.

[+ Read more](#) on M&S Energy Fund winners

## SKILLS AND EMPLOYMENT

### SKILLS GAP RESEARCH

#### Aim

From 2019, we'll undertake regular research to understand the current and future labour market skills gaps for our business. We'll then provide an annual update on our actions.

#### Progress

In 2018/19, we plan to collate wide-ranging research on skills gaps in the labour market and analyse how current trends will impact on M&S. We will then develop responses.

### NEXT GENERATION TECHNOLOGIES\*\*

#### Aim

By 2020, we'll complete collaborative research into the likely employment impacts of next generation technologies. We'll then provide an annual update on our actions to prepare our people for the future, whether they work for M&S or other employers.





## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



### SKILLS AND EMPLOYMENT CONTINUED

#### INTERNATIONAL MARKS & START

##### Aim

By 2019, we aim to have an employability programme in all countries where we have M&S operated stores and will report on our progress of launching programmes in countries where we have franchised stores.

##### Progress

As of 31 March 2018, we have employability programmes available in the UK and ROI, Greece, Czech Republic and our joint-venture in India.

In addition, we've also supported a similar scheme with our franchise partners in Hong Kong.

#### UK AND ROI EMPLOYEE TURNOVER

	2016/17	2017/18	% change
Total	17%	17%	–
Unplanned	11%	11%	–

#### GLOBAL EMPLOYEE YOUR SAY SURVEYS RESULTS\*\*

	2016/17	2017/18	% change
Participation	80%	81%	+1
Engagement score	80%	82%	+2
Plan A score	82%	78%	–4

From 2017/18 onward, we will be using new indices to measure employee experience: Empowerment (84%) and Enablement (78%). We will report progress against these new indices from next year.

#### MARKS & START

##### Aim

Between 2017 and 2025, we aim to offer 25,000 Marks & Start work placements worldwide to people from disadvantaged parts of the community, with 50% going into work and 50% of these retaining work for at least 12 months.

WORK PLACEMENTS BETWEEN 2017 AND 2025

25,000

##### Progress

In 2017/18, we offered over 2,900 work placements to people in the UK and ROI from disadvantaged parts of the community. Over 60% of those who completed one of the placements went on to find work. Data for those who retained work for over 12 months will be available from next year.

We also offered 779 work placements through our international operations, where we're unable to track into success rates.

### INCLUSIVE BUSINESS (ALSO A SALIENT HUMAN RIGHTS ISSUE)

#### RETAIL ACCESSIBILITY BENCHMARK

##### Aim

By 2022, we'll undertake regular benchmarking to ensure we have the most accessible and inclusive retail proposition in store and online. We'll aim to extend this approach to our international locations from 2023.

##### Progress

We've developed a project plan and are currently scoping research into consumer expectations about accessibility and inclusion, and into how these can be benchmarked.

While working on this new programme, we've maintained our commitment to the DisabledGo disability **store access checker**.

#### INCLUSIVE DESIGN STANDARDS

##### Aim

Between 2020 and 2025, we'll implement new Inclusive Design Standards to ensure M&S Food and Clothing & Home products and packaging are accessible to and usable by as many people as possible. These new Inclusive Design Standards will be created by a detailed review to be published in 2019.



#### INCLUSION STRATEGY

##### Aim

By 2019, we'll launch an independently endorsed retail industry leading inclusion strategy that is locally relevant for our business, franchise partners and supply chain.

##### Progress

We're creating an internal diversity and inclusion group to help shape a new M&S Inclusion Strategy. The group will include representatives from across M&S and independent specialists will also be invited to make contributions to its work.

The group will focus on addressing local needs across our business.

## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



## INCLUSIVE BUSINESS (ALSO A SALIENT HUMAN RIGHTS ISSUE) CONTINUED

### DIVERSITY

#### Aim

By 2025, we want M&S workforces to reflect the diversity of each region in which we operate. We'll report on progress from 2019.

#### Progress

This year, we were again recognised in the Times Top 50 Employers for Women (eight years running). We run four employee-led networks on gender, ethnicity (BAME), sexual orientation (LGBT) and health conditions. This year, we also held our second Diversity and Inclusion festival, engaging thousands of colleagues across M&S.



### M&S GROUP GENDER DIVERSITY

(including M&S operated locations and joint-ventures)

	Women employees	Women managers <sup>^</sup>	Women store managers	Women in senior management
2018	72%	63%	48%	42%
2017	72%	61%	48%	41%

<sup>^</sup> Management is defined as people with first line supervisory responsibilities or professional and technical specialists.

### M&S UK AND ROI WORKFORCE GENDER DIVERSITY

	Women employees	Women managers <sup>^</sup>	Women store managers	Women in senior management
2018	73%	63%	49%	42%
2017	72%	62%	49%	41%

<sup>^</sup> Management is defined as people with first line supervisory responsibilities or professional and technical specialists.

### M&S UK WORKFORCE ETHNIC DIVERSITY

	Employees from ethnic minority backgrounds	Managers from ethnic minority backgrounds <sup>^</sup>
2018	11%	13%
2017	11%	13%

<sup>^</sup> Management is defined as people with first line supervisory responsibilities or professional and technical specialists.

### M&S UK AND ROI WORKFORCE AGE AND EXPERIENCE

% of total UK workforce	Employees aged 25 years and under	Employees aged 50 years and over	Employees aged 60 years and over	Employees aged 65 years and over	Employees with over 11 years' service
2018	23%	39%	13%	5%	32%
2017	23%	37%	12%	4%	29%

All data as of March 2018.

### SENIOR MANAGEMENT DIVERSITY

#### Aim

By 2022, we aim to have 50% female and at least 15% BAME (Black, Asian, and Minority Ethnic) representation on the M&S senior management team.

#### Progress

As of 31 March 2018, 42% of senior management are women.

As we're still developing our plans this commitment is Behind plan.

### COLLEAGUE SOCIAL MOBILITY

#### Aim

By 2020, we'll measure the socio-economic and educational background of our global M&S employee base and establish a target to improve our social mobility by 2025.



### GENDER EQUALITY PROGRAMME

#### Aim

By 2019, we'll help advance women's human rights and combat gender discrimination by launching programmes and initiatives that promote gender equality and women's empowerment in our business and supply chains.

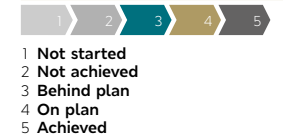
#### Progress

Our new Inclusion Strategy will address gender equality (see our commitment on Inclusion Strategy). We also supported supply chain programmes including the **Business for Social Responsibility HerProject** which benefited over 18,000 women last year and the **Emerging Leaders** programme.

While these programmes will continue at the same level in 2018/19, no further initiatives are planned to be launched, making us Behind plan.

## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



### INCLUSIVE BUSINESS (ALSO A SALIENT HUMAN RIGHTS ISSUE) CONTINUED

#### COLLEAGUE GENDER PAY GAP\*\*

##### Aim

We'll aim to reduce the non-demographic gender pay gap within M&S in the UK (this is the gap adjusted for different gender demographic by grade and the impact of disproportionately high female numbers in our retail operation) by at least 10% by 2020 and by 25% by 2025 compared to 2017.

##### Progress

The gender pay gap is the difference between the average hourly rates paid to men and women across the UK. In March 2018, we published our first gender gap data for our UK employees:

	2017 M&S UK	Retail sector*	UK*
Median (or mid-point) pay gap	3.3%	9.3%	18.4%
Mean (or average) pay gap	12.3%	16.4%	17.4%
Non-demographic (equal numbers of men and women at all levels) pay gap	1.5%		

\* Based on estimates from the Office for National Statistics.

Our gender pay gap is largely attributable to the fact that more of our customer assistants are women than men, while the reverse is true of our senior management roles.



#### COLLEAGUE DIVERSITY PAY GAP

##### Aim

By 2020, we'll extend our UK pay gap monitoring and reporting to include ethnicity, disability and age (where known) and will take action to close any gaps.

#### SUPPLIER GENDER DIVERSITY

##### Aim

By 2022, we aim for our Food and Clothing & Home first-tier manufacturing sites to have 25% women in management positions.

### HUMAN RIGHTS (GOVERNANCE AND MANAGING SALIENT ISSUES)

#### OXFAM HUMAN RIGHTS PROGRAMME\*\*

##### Aim

We'll enter into a new collaboration with Oxfam over three years focusing on the UK and India to develop a deeper understanding of the connection between our sourcing practices and our human rights impacts. Oxfam will report the findings independently, while M&S will develop a programme of actions and report annually on our progress from 2018.

##### Progress

This collaboration will focus on our Food suppliers in the UK and Footwear suppliers in India. At the request of Oxfam, the timetable has been delayed for four months. This means that Oxfam's final report has been re-scheduled for early 2020 and this may delay our own progress report.



#### RAISING HUMAN RIGHTS CONCERNS

##### Aim

By 2019, we'll put in place mechanisms to make human rights complaints or raise concerns, which are accessible to all individuals and communities connected with our business. From 2020, we'll report annually on the use and performance of these mechanisms.

##### Progress

We've re-launched our grievance reporting, which includes human rights, with plans to improve processes for logging human rights concerns, tracking how they're handled, training our colleagues and giving better guidance to suppliers and business partners.

This will allow us to start reporting publicly from 2020 but we're currently behind where we'd planned to be.



[+ Read more](#) on human rights



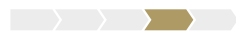
## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



## HUMAN RIGHTS (GOVERNANCE AND MANAGING SALIENT ISSUES) CONTINUED

### ANTI-SLAVERY\*\*



#### Aim

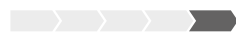
We will further our work to eradicate modern slavery. By 2018, we will report annually on scaling-up responsible recruitment and better management of third-party labour providers as well as our progress towards ensuring no worker pays for a job.

#### Progress

This commitment forms part of our mandatory annual statement on modern slavery.

[+ Read more](#) on the Modern Slavery Act

### FRANCHISE REWARD FORUMS



#### Aim

From 2018, we'll run Reward Forums for key franchise and third-party operators to set out our approach to delivering higher rates of pay in the UK based around paying the living wage in a sustainable way.

#### Progress

In April 2018, we ran the first Reward Forum to share experiences on pay and the living wage with some of our key UK franchise partners. We intend to hold further Reward Forums, if required, as our approach develops.

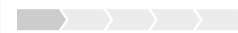
### SUPPLIER WORKER REPRESENTATION



#### Aim

By 2020, we'll carry out and publish a review of the effectiveness of workers' representation arrangements for enabling improved workers' rights, within our Food and Clothing & Home first-tier manufacturing supply chain. We'll develop a programme of actions and report annually on our progress.

### SUPPLIER WORKER PAYMENTS



#### Aim

By 2020, all workers in our first-tier Food and Clothing & Home manufacturing sites will have the opportunity to be paid digitally.

### IN-WORK POVERTY



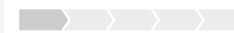
#### Aim

By 2019, we'll carry out and publish a detailed review of our potential impact on in-work poverty and develop a programme of transformative interventions to improve livelihoods in our business and supply chains, enabling progress on our living wage commitments and demonstrating sector leadership. We'll report annually on progress.

#### Progress

We held a roundtable meeting to create 'pen-

### SUPPLIER FEEDBACK



#### Aim

By 2019, we'll develop and launch a mechanism that enables all M&S Food suppliers and raw material suppliers to report transparently on their experience of working with M&S and for M&S to report on steps taken to improve our score.

### LIVING WAGE



#### Aim

By 2025, we'll aim for a living wage for all our direct employees as set by us and reviewed by credible stakeholders in a way that is sustainable for M&S and demonstrate how we've encouraged our key franchises and direct supply chains to do the same.

picture' examples of how in-work poverty occurs in our operations and supply chains. For UK employees, we've started work on a financial education micro-site with the first section, about borrowing money, to be launched in 2018/19.

We are also reviewing options for programmes to address in-work poverty in our supply chains.

As these supply chain programmes still need to be implemented and we have yet to extend support to our international M&S employees and demonstrate sector leadership, this commitment is considered as being Behind plan.

### SUPPLIER ETHICAL AUDITS



#### Aim

By 2019, we'll work with others to review and implement ethical assessment methodologies that drive better outcomes for workers in our supply base and report annually on our progress.

#### Progress

We're working with a specialist consultancy to review different types of ethical assessment methodologies with the aim of identifying an improved range of assessment tools.

### GLOBAL COMMUNITY PROGRAMME\*\*



#### Aim

Between 2017 and 2025, our Global Community Programme will benefit one million people in our supply chain communities by working in partnership with others to help build livelihoods, protect the environment and improve wellbeing focusing on our areas of biggest human rights and environmental impact.

#### Progress

Last year, the programme operated in nine countries covering subjects such as health, finance, farming techniques and gender equality. While we believe that this plan can scale-up to meet our eventual target, we are not currently able to quantify the number of beneficiaries.

## PILLAR 2: COMMUNITY CONTINUED

### PROGRESS KEY



## HUMAN RIGHTS (GOVERNANCE AND MANAGING SALIENT ISSUES) CONTINUED

### M&S FOOD SUPPLIER ETHICAL AUDITS 2017/18\*\*

All direct M&S Food suppliers and our most important raw material suppliers are required to undertake ethical audits at a frequency determined by risk.

Continent	Supplier sites	Audited supplier sites	Workers at supplier sites	Audits	Improvements required	Improvements required per audit
Africa	31	7	15,350	7	25	3.6
Asia	51	24	43,669	26	109	4.2
Europe	962	251	233,677	264	1,124	4.3
North America	19	0	4,980	0	0	0
Oceania	32	0	30,777	0	0	0
South America	28	6	7,980	6	32	5.3
<b>Total</b>	<b>1123</b>	<b>288</b>	<b>336,433</b>	<b>303</b>	<b>1,290</b>	<b>4.3</b>

### M&S CLOTHING & HOME SUPPLIER ETHICAL AUDITS 2017/18\*\*

All direct M&S Clothing & Home suppliers are required to undertake ethical audits at a frequency determined by risk.

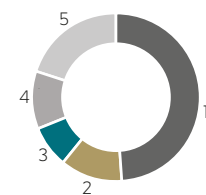
Continent	Supplier sites	<sup>^</sup> Audited supplier sites	Workers at supplier sites	<sup>^</sup> Audits	<sup>^</sup> Improvements required	Improvements required per audit
Africa	17	13	12,907	15	76	5.1
Asia	956	566	653,852	679	2,181	3.2
Europe	297	130	68,068	144	524	3.6
North America	3	1	1,077	1	4	4.0
Oceania	0	0	0	0	0	0
South America	1	1	10	1	5	5.0
<b>Total</b>	<b>1,274</b>	<b>711</b>	<b>735,914</b>	<b>840</b>	<b>2,790</b>	<b>3.3</b>

<sup>^</sup> Figures lower than last year due to a transition to a longer audit window of 3 months.



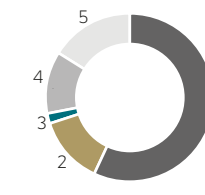
### TYPES OF IMPROVEMENT REQUIRED

	% to total
1 Health and safety	49
2 Working hours	12
3 Regular employment	8
4 Wages	11
5 Other	20



### TYPES OF IMPROVEMENT REQUIRED

	% to total
1 Health and safety	57
2 Working hours	13
3 Regular employment	2
4 Wages	12
5 Other	16





## PILLAR 3

# PLANET

We believe that we should leave the planet better than we found it.  
We aim to offer our customers the great value,  
high quality products and services they expect from us  
while also caring for the environment on which we all depend.

TARGET FOR THE PERCENTAGE  
OF M&S PRODUCTS TO HAVE A  
PLAN A ATTRIBUTE BY 2020

# 100%

### OUR GOAL

**IS TO BECOME A ZERO-WASTE BUSINESS**

### HEADLINE TARGETS

- **By 2020**, 100% of M&S products will have at least one Plan A attribute and by 2025 every product will have attributes which address all priority social, ethical and environmental impacts.
- **By 2022**, all M&S product packaging in the UK that could end up with our customers will be not only 'recyclable', but 'widely recycled'. To achieve this, we will actively collaborate with others to bring about changes in local government recycling policy. By 2022, we will also assess the feasibility of making all M&S plastic packaging from one polymer group, which will help maximise the use of recycled content.
- **By 2025**, the 50 key raw materials used for M&S products will come from sources verified as respecting the integrity of ecosystems, the welfare of animals and the wellbeing of people and communities. This will cover over 80% of M&S raw material usage by volume.

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## PILLAR 3: PLANET CONTINUED

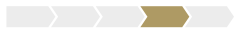
### PROGRESS KEY



- 1 Not started
- 2 Not achieved
- 3 Behind plan
- 4 On plan
- 5 Achieved

## INSPIRING OUR CUSTOMERS

### PRODUCT PLAN A ATTRIBUTES\*\*



#### Aim

By 2020, 100% of M&S products will have at least one Plan A attribute and by 2025 every product will have attributes which address all priority social, ethical and environmental impacts.

#### Progress

As of April 2018, based on the volume of items sold worldwide, 83% of M&S products have at least one Plan A attribute (last year 79%).

This includes 84% of M&S Food products (last year 81%) and 75% of M&S Clothing & Home products (last year 68%).

M&S PRODUCTS WITH AT LEAST ONE PLAN A ATTRIBUTE **+4%**

**83%**

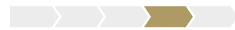
FOOD **+3%** CLOTHING & HOME **+7%**

**84%**

**75%**

[+ Read more](#) on Plan A product attributes

### SUPPLY CHAIN TRANSPARENCY\*\*



#### Aim

We'll become even more transparent about how we operate. We aim to add further Food and Clothing & Home supply chain details by 2019 and details of raw materials suppliers by 2022. We'll ensure all information can be easily viewed by our customers in-store or online worldwide by 2025.

#### Progress

This year, we launched new online content, including information about our Food Animal Welfare performance, data on our suppliers' usage of antibiotics in agriculture, and the locations of M&S Milk Pool farms.



[+ See more:](#) [interactivemap.marksandspencer.com](http://interactivemap.marksandspencer.com)

### LABELLED SUSTAINABLE PRODUCTS



#### Aim

By 2019, we'll develop and launch a mechanism enabling products that meet certain sustainability criteria to be clearly labelled, helping customers worldwide identify these products in-store or online.

#### Progress

We've developed a project to map our Plan A product attributes against the issues that are most important to our customers and the relevant ways of communicating them at the point of purchase.

### REWARD CUSTOMERS (SUSTAINABILITY)



#### Aim

By 2022, we'll incentivise and reward our customers for making more sustainable choices.

### SUSTAINABLE DESIGN TOOLKIT



#### Aim

By 2019, we'll develop and publish an independently endorsed, retail industry leading, sustainable product design toolkit for M&S Food and Clothing & Home products and subsequently report on its implementation.

### RECYCLABLE PACKAGING\*\*



#### Aim

By 2022, all M&S product packaging in the UK that could end up with our customers will be not only 'recyclable', but 'widely recycled'. To achieve this, we will actively collaborate with others to bring about changes in local government recycling policy. By 2022, we will also assess the feasibility of making all M&S plastic packaging from one polymer group, which will help maximise the use of recycled content.

#### M&S food packaging



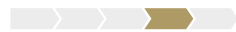
## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## INSPIRING OUR CUSTOMERS CONTINUED

### CLOTHING REUSE AND RECYCLING\*\*



#### Aim

Between 2017 and 2025, we'll help customers around the world give clothes a second life, by facilitating the collection of at least three million garments a year for reuse and recycling.

#### Progress

It's now over 10 years since we launched our first clothing re-use and recycling scheme in January 2008.

In that time, we've helped our customers to donate over 30 million used garments. In 2017/18, our customers donated 3.1 million garments, mainly through our UK and ROI Shwopping partnership with Oxfam.

DONATED GARMENTS SINCE 2008

30m

**SHWOPPING**  
ORDINARY clothes made  
EXTRAORDINARY



This also includes smaller volumes from our stores in the Czech Republic, joint venture in India and franchise in Hong Kong.

#### Men's Shwop suit made from recycled materials



### CLOTHING & HOME CIRCULAR ECONOMY STANDARDS



#### Aim

Between 2020 and 2025, we'll implement new circular economy standards to ensure that M&S Clothing & Home products are made to last and can be reused or recycled in the most effective way. These new circular economy standards will be documented in a detailed review to be published in 2019.

### CLOTHING & HOME REPAIR SERVICES



#### Aim

By 2022, we'll introduce a range of repair services for M&S Clothing & Home products.

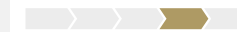
### CLOTHING & HOME RECYCLED MATERIALS



#### Aim

By 2025, at least 25% (by volume) of M&S Clothing & Home products will be made using at least 25% reused or recycled materials.

### FOOD WASTE (HOUSEHOLD TOP 10)



#### Aim

By 2022, we'll introduce messaging and implement relevant design changes to our top 10 most wasted food products (as defined by WRAP) to help our customers prevent food waste in the home.

#### Progress

Working with WRAP (Waste Resources Action Programme) we've identified the top 10 most wasted food products that we sell. These include bread, potatoes, milk, drinks, poultry, meat and cakes. We've also held a workshop and started to identify actions we could take to help customers reduce food waste in their homes.

### FOOD WASTE (DIGITAL CAMPAIGN)



#### Aim

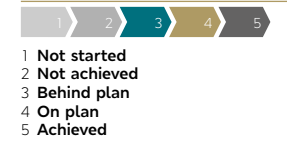
By 2019, we'll develop a digital strategy and campaign to engage customers on the value of food.

#### Progress

We are developing digital content, including films, to highlight the care and attention that goes into producing a range of ingredients for M&S Food. We plan to make these available in the UK on various digital platforms. We will then assess how they influence customers' opinions about the value of M&S Food.

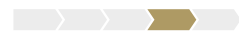
## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## M&S GREENHOUSE GAS EMISSIONS

### SCIENCE-BASED TARGET EMISSIONS\*\*



#### Aim

By 2030, in line with climate science, we aim to reduce greenhouse gas emissions from M&S operations worldwide by 80% compared to 2006/07, en route to a 90% reduction by 2035.

TARGET REDUCTION BY 2035

90%



### CARBON NEUTRAL OPERATIONS\*\*



#### Aim

We'll maintain carbon neutrality for our worldwide operations up to at least 2025. We will develop a strategy to ensure that by 2022, participants of our supply chain can benefit from our carbon credit purchases.

#### Progress

To the best of our knowledge, we're still the only major retailer in the world with carbon neutral global operations, achieved and maintained by using a combination of reductions, procuring renewable energy, and purchasing and retiring high quality carbon offsets. As a signatory to the United Nation's Climate Neutral Now initiative, we procured 10% of the offsets retired for 2017/18, through the Clean Development Mechanism (CDM) process. For more information see: [climatenewtonnow.org](https://climatenewtonnow.org).

In 2017/18, our location method emissions were 430,000 tonnes CO<sub>2</sub>e, down by 33% on 2006/07 (640,000 tonnes CO<sub>2</sub>e). Around 30,000 tonnes of the reduction achieved in 2017/18 was due to the further lowering of UK grid factors.

Our market method emissions were 157,000 tonnes CO<sub>2</sub>e, down by 75% on 2006/07 (640,000 tonnes CO<sub>2</sub>e), putting us in a strong position to achieve our science-based target reduction of 80% by 2030.

You can find full disclosure of M&S climate risks by registering as a user at [cdp.net](https://cdp.net).

More detailed data by source covering several years can also be accessed [here](#).

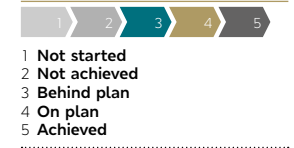
### M&S GROUP CO<sub>2</sub> EMISSIONS

	Plan A baseline 2006/07 000 t CO <sub>2</sub> e	Last year 2016/17 000 t CO <sub>2</sub> e	This year 2017/18 000 t CO <sub>2</sub> e	Achievement on 2006/07
<b>LOCATION METHOD (USING NATIONAL GRID AVERAGES)</b>				
Direct emissions from operations ( <b>SCOPE 1</b> )	246	185	182	-26%
Indirect energy emissions from operations ( <b>SCOPE 2</b> )	394	293	248	-37%
<b>Total of scope 1 and scope 2 emissions</b>	<b>640</b>	<b>478</b>	<b>430</b>	<b>-33%</b>
<b>Total location method emissions per 1,000 sq ft of sales floor</b>	<b>40</b>	<b>24</b>	<b>23</b>	<b>-43%</b>
<b>MARKET METHOD (USING CONTRACTED ENERGY SUPPLIES AND OTHER INSTRUMENTS)</b>				
Direct emissions from operations ( <b>SCOPE 1</b> )	246	173	157	-36%
Indirect energy emissions from operations ( <b>SCOPE 2</b> )	394	0	0	-
<b>Total of scope 1 and scope 2 emissions</b>	<b>640</b>	<b>173</b>	<b>157</b>	<b>-75%</b>
<b>Total market method emissions per 1,000 sq ft of sales floor</b>	<b>40</b>	<b>9</b>	<b>8</b>	<b>-80%</b>
<b>CARBON NEUTRALITY</b>				
Carbon offsets purchased and retired	0	173	157	-
<b>Total net emissions</b>	<b>640</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total net emissions per 1,000 sq ft of sales floor</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>-</b>

Emissions are shown in compliance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised and have been calculated using revised carbon conversion factors published by BEIS in August 2017. For international electricity, 2017 IEA Scope 2 factors have been used. Additional refrigeration gases are drawn from Bitzer Report 19. This includes all activities where we have operational control. It excludes all non-metered premises and shopping service contract supplies. Renewable electricity tariffs have been calculated in accordance with the March 2015 WRI/WBCSD CHG Scope 2 Guidance on procured renewable energy. We have also added a conservatively estimated 2006/07 baseline for our International operations based on 2013/14 data. Scope 3 emissions shown in previous years are now included in our new Science-Based Target Footprint commitment.

## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## ENERGY CONSUMPTION AND SOURCING

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

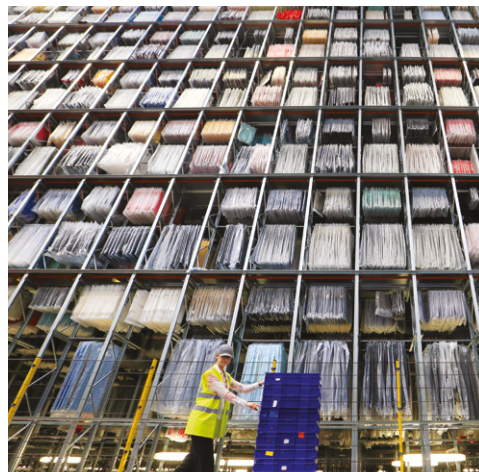


#### Aim

By 2020, we aim to improve energy efficiency in M&S operated stores, offices and warehouses in the UK and ROI by 50% compared to 2006/07, rising to 60% by 2025.

#### ENERGY EFFICIENCY IMPROVEMENT

40%



#### Progress

This year, total energy efficiency across our stores, offices and warehouses was up 40%, to 34.4 KWhs/sq ft, compared with 2006/07 (57.4 KWhs/sq ft).

Store energy efficiency was +40% at 40.8 KWhs/sq ft, compared to 67.9 KWhs per sq ft in 2006/07. Gas usage included in our calculation has been adjusted using standard degree days to reflect changes in the number of cold days (43.9 KWhs/sq ft before adjustment).

This modest progress is due to a number of factors, including the opening of more energy intensive food footage which cancelled out some improvements.

We improved energy efficiency in our warehouses by 39% at 16.1 KWhs/sq ft compared with 2006/07: 26.4 KWhs/sq ft and we improved energy use in our offices by 11% at 43.8 KWhs/sq ft (2006/07: 49.4 KWhs/sq ft).

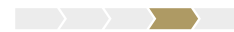
Our current performance is below the level required to achieve our 50% target by 2020.

### UK AND ROI ENERGY EFFICIENCY

Total store, office and warehouse energy usage in KWhs/sq ft

2006/07 Actual	2016/17 Actual	2017/18 Actual	2020 Target	Achievement on 2006/07
57.4	35.1	34.4	28.7	-40%

### INTERNATIONAL ENERGY EFFICIENCY\*\*



#### Aim

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

#### Progress

Last year, we operated stores in 11 countries outside the UK and ROI, including a joint-venture business in India. Around a quarter of these international stores' total footage uses energy provided by the landlord and is outside our operational control. We've only included the energy and footage over which we have operational control.

Throughout the year, we ran a store closure programme and all data is pro-rata. We now have continuing retail operations in the Czech Republic and Greece and a joint venture in India.

In 2017/18, we reduced our energy consumption by 13%, achieving 24.3 KWhs/sq ft compared to 2013/14 (27.9 KWhs/sq ft). Energy consumption in

our international stores is much lower than in those in the UK and ROI because most International stores don't sell chilled food and use heating and air conditioning provided by the landlord.

We also have four international warehouses. These warehouses showed a 70% improvement in efficiency, due to changes in the way they use their footage.

### INTERNATIONAL STORES (OUTSIDE OF ROI)

Total store energy usage in KWhs/sq ft

2013/14 Actual	2016/17 Actual	2017/18 Actual	2020 Target	Achievement on 2013/14
27.9	25.5	24.3	19.5	-13%

### INTERNATIONALLY-LOCATED WAREHOUSES

Total warehouse energy usage in KWhs/sq ft

2013/14 Actual	2015/16 Actual	2016/17 Actual	2020 Target	Achievement on 2013/14
9	6.9	2.7	6.3	-70%





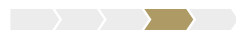
## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## ENERGY CONSUMPTION AND SOURCING CONTINUED

### RENEWABLE ELECTRICITY\*\*



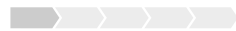
#### Aim

Between 2017 and 2035, 100% of electricity purchased for M&S operated stores, offices and warehouses worldwide will be classified as renewable.

#### Progress

This year, all the electricity purchased for M&S operated stores, offices and warehouses worldwide came from on-site generation, green tariff renewable sources, or was supported by renewable electricity certificates. A small amount of electricity (1,738 MWh), equivalent to 0.3% of our consumption, was generated on-site using diesel generators to assist relief of peak grid demand in the UK.

### RENEWABLE PEAK-ENERGY MANAGEMENT



#### Aim

By 2025, we'll deliver 50% of our UK property estate peak-energy demand flexibly, using clean and renewable technologies.

CLEAN AND RENEWABLE TECHNOLOGIES BY 2025

50%

### BIOMETHANE\*\*



#### Aim

By 2025, all gas procured for M&S operated stores, offices and warehouses in UK and ROI will be certified biomethane.

#### Progress

In 2017/18, we purchased 133 GWhs of biomethane gas, equivalent to 57% of our annual usage (last year 27%). This reduced our market-method reported emissions by nearly 24,500 tonnes. However, as we still need to secure future contracts to ensure that we achieve this commitment, we are Behind plan.

### CLOTHING & HOME FLEET FUEL EFFICIENCY\*\*



#### Aim

By 2025, we aim to improve fuel efficiency for M&S Clothing & Home deliveries to store in the UK and ROI by 40% by 2025 and 60% by 2030 compared to 2006/07.

#### Progress

During the year, our Clothing & Home store delivery greenhouse gas emissions were 26.2 kg CO<sub>2</sub>e per 1,000 singles delivered, compared to 25.4 kg CO<sub>2</sub>e in 2006/07 and our 2025 target of 15.2 kg CO<sub>2</sub>e. This is up 3% on 2006/07 and is due to the changing shape of our Clothing & Home business with an increasing volume of sales online. This is despite a range of actions to improve efficiency.

### FOOD FLEET FUEL EFFICIENCY\*\*



#### Aim

By 2025, we aim to improve fuel efficiency for M&S Food deliveries to store in the UK and ROI by 40% by 2025 and 60% by 2030 compared to 2006/07.

#### Progress

During the year, our Food store delivery greenhouse gas emissions were down 46% at 3.6 kg CO<sub>2</sub>e per store per month, compared to 6.7 kg CO<sub>2</sub>e in 2006/07 and our 2025 target of 4.0 kg CO<sub>2</sub>e.

Although this exceeds our 2025 target we're showing this commitment as On plan (rather than Achieved) because of potential changes that may impact this progress in the near future.



## REFRIGERATION

### STORE REFRIGERATION (EMISSIONS)\*\*



#### Aim

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

#### Progress

This year, our emissions from UK and ROI refrigeration and air-conditioning were 54,000 tonnes CO<sub>2</sub>e. Allowing for changes in store footage, emissions were down 67% at 3.1 tonnes CO<sub>2</sub>e/1000 sq ft (2006/07: 9.4 tonnes CO<sub>2</sub>e/1,000 sq ft).

### UK AND ROI STORE REFRIGERATION AND AIR-CONDITIONING EMISSIONS

In tonnes CO<sub>2</sub>e per 1,000 sq ft

2006/07 Actual	2016/17 Actual	2017/18 Actual	2020 Target	Achievement on 2006/07
9.4	3.1	3.1	1.9	-67%



## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



### REFRIGERATION CONTINUED

#### STORE REFRIGERATION (HFCs)\*\*



##### Aim

By 2030, we aim to replace HFCs in refrigeration systems in all M&S operated stores in the UK and ROI.

##### Progress

69 M&S stores now have HFC-free sales floor refrigeration systems, our standard specification for all new-build stores. This represents a significant increase on last year's total of 37 stores. However, we have not devised a plan for our existing stores to be converted by 2030, making it Behind plan.

#### REFRIGERATION AND AIR-CONDITIONING GASES USED IN M&S UK AND ROI STORES

HCFC	1%
HFC	68%
HFO	0%
Other natural fluids and gases	31%

#### HFC-FREE SALES FLOOR REFRIGERATION SYSTEMS

69

### STORE CLIMATE ADAPTATION

#### STORE CLIMATE ADAPTATION



##### Aim

By 2025, we'll install building fabric solutions in 20 stores at high risk of climate-related weather events, to improve our resilience to climate risks.

##### Progress

We've identified the M&S stores in the UK which we believe are at the highest risk of climate-related weather events using our Climate Risk and Mitigation Tool, cross referenced with other relevant data.

We've also developed a delivery programme but are not currently in a position to proceed at the required scale in order to achieve this commitment by 2025.

#### STORES WITH IMPROVED WEATHER DEFENCES BY 2025

20

### SUPPLY CHAIN GREENHOUSE GAS EMISSIONS

#### SCIENCE-BASED TARGET FOOTPRINT\*\*



##### Aim

By 2030, in line with climate science, we'll reduce our indirect greenhouse gas emissions from upstream and downstream sources by at least 13.3 million tonnes.

##### Progress

We've modelled our total value-chain greenhouse gas emissions at around 6 million tonnes in total for 2016.

This includes small quantities of emissions from operational waste and business travel (previously shown separately) but is mainly split equally between our Food and Clothing & Home product value-chains.

We've appointed specialist consultants, 3Keel, to help us collate data from existing Plan A activities that contribute carbon reductions, such as 'Sustainable cotton', 'Sustainable food factories' and 'Reducing food waste' and to help us develop new activities. We intend to start reporting on our progress for the first time in our 2019 Plan A Report.

#### CLOTHING & HOME AIR FREIGHT



##### Aim

By 2022, we'll end the use of air freight for Clothing & Home products.

#### SUSTAINABLE ANIMAL PROTEIN



##### Aim

By 2019, we'll establish a new partnership to increase our understanding and definition of sustainable animal protein and report about the action we take to implement our findings.

##### Progress

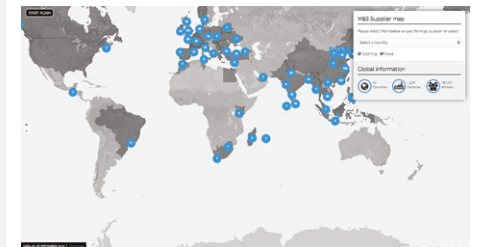
We've developed a new partnership to start collating the data required to create a definition of sustainable animal protein and to assess how we might make improvements.

#### FOOD SUPPLIER CLIMATE PLANS



##### Aim

By 2022, all of our strategic Food suppliers will be required to have implemented a 10-year strategic climate mitigation and adaptation plan.



## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## ZERO WASTE IN M&S OPERATIONS

### ZERO LANDFILL\*\*



#### Aim

We'll maintain zero waste to landfill for M&S operations in the UK and ROI and extend this to our M&S and key franchise operations worldwide by 2025.

#### Progress

In 2017/18, our UK and ROI operations once again effectively recycled 100% of the

waste generated in our stores, offices and warehouses (2008/09: 41%). Our total waste was down by 30%, to 81,000 tonnes compared with 116,000 tonnes in 2008/09.

At present we're only able to report on M&S operated stores in the UK and ROI.

### UK AND ROI STORE, OFFICE AND WAREHOUSE WASTE IN 000 TONNES

	2008/09	2016/17	2017/18	Achievement on 2008/09
Total waste	116	83	81	-30%
Waste per sq ft of sales floor (kgs)	7.7	4.7	4.6	-40%
Waste to landfill	69	0	0	-
% recycled in all forms <sup>^</sup>	41%	100%	100%	+59%

<sup>^</sup> Includes a wide range of recycling technologies with energy-from-waste as a last option.

### FOOD WASTE (HALVE)\*\*



#### Aim

By 2025, we'll halve net food waste relative to sales from M&S operated and franchised locations worldwide against a newly established baseline.



### FOOD WASTE (REDUCTION)\*\*



#### Aim

By 2020, we plan to reduce food waste in our UK stores by 20% per sq ft against 2013/14. In addition, we will review opportunities to donate an increased amount of food to charities.

#### Progress

In 2017/18, our UK retail food waste was 3.86 tonnes per 1,000 sq ft of food sales floor, down 9% compared to 2013/14. This is Behind plan to reach 20% by 2020.

### UK M&S OPERATED STORE RETAIL FOOD WASTE

	2013/14	2016/17	2017/18	2019/20 Target	Achievement on 2013/14
<sup>^</sup> Tonnes of food waste per 1,000 sq ft of M&S operated food sales floor	4.22	4.06	3.86	3.38	-9%

<sup>^</sup> UK M&S operated store retail food waste calculated by taking the total weight of unsold food collected and deducting averaged estimations for packaging, café and other types of waste.

By working with the Neighbourly social network, we ensured that 626 charities benefited from the redistribution of over 840 tonnes of surplus food (2014/15: 60 tonnes).

Between June 2015 and March 2018, we donated over 2.3 million meals to those in need.

### REUSED SHOP FIT-OUT



#### Aim

By 2025, 95% (by weight) of equipment and other fit-out materials arising from UK and ROI store refresh/refurbishment projects will be reused.

### CONSTRUCTION WASTE



#### Aim

By 2025, we'll have reduced total waste from M&S Property activities (including packaging) in the UK and ROI by 50% against a newly developed baseline and will recycle at least 95% of the waste that's produced.

## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



### WATER CONSUMPTION

#### TOTAL UK AND ROI, STORE, OFFICE AND WAREHOUSE WATER EFFICIENCY\*\*

In litres per 1,000 sq ft



	2006/07	2016/17	2017/18	Achievement on 2006/07
Total in m <sup>3</sup>	1,266,704	1,179,558	<b>1,141,911</b>	-10%
Litres per 1,000 sq ft	67	49	<b>46</b>	-31%

#### SUSTAINABLE COTTON\*\*



##### Aim

We'll source 100% of cotton from sustainable sources by 2019 and by 2025 will aim to have increased the proportion of Fairtrade, organic and recycled sources to 25%.

##### Progress

This year, 77% of the cotton sourced by suppliers for M&S products came from Better Cotton Initiative, Fairtrade, organic or recycled sources (last year 49%).



### SUPPLY CHAIN RAW MATERIALS

#### ZERO DEFORESTATION\*\*



##### Aim

Building on the substantial progress we've already made, and in recognition of forest protection as part of climate change mitigation, we're aiming to ensure zero deforestation from the use of palm oil, soy, cattle, wood and wood derived materials in the production of M&S products by 2020.

##### Progress

In 2016, we published our sourcing policies for palm oil, soy, cattle and paper materials.

[Read more](#) on natural resources

As of April 2018:

**Palm oil:** In 2017/18, all the palm oil used in M&S products was Roundtable on Sustainable Palm Oil (RSPO) certified. \*97% was a mix of segregated and mass balance (last year \*90%), with the remaining \*3% covered by the purchase of RSPO Credits (previously known as GreenPalm certificates) to encourage the transition to sustainable supplies.

**Soy:** Nearly all the soy used in M&S supply chains is in animal feed. We've communicated a standard for sourcing soy to our suppliers as part of an Animal Feed Code of Conduct. In 2017, we became signatories of the Cerrado Manifesto with the aim of protecting biodiversity

in this region of Brazil and we remain members of the Amazon Soy Moratorium Customer Group.

We also purchased 15,000 Round Table for Sustainable Soy credits to match our Oakham chicken feed to support the transition to sustainable supplies. However, robust global systems of stewardship will need to be available for us to be able to achieve this commitment by 2020.

**Brazilian leather:** We already have sourcing policies and traceability assessments in place to ensure that none of the leather used in M&S products contributes to deforestation.

**Paper materials:** These are covered by our responsible paper sourcing policy and we're currently developing plans for a new measurement system.

PALM OIL USED IN M&S PRODUCTS  
CERTIFIED BY RSPO

100%

\* Calendar year data.



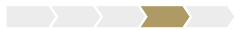
## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



## SUPPLY CHAIN RAW MATERIALS CONTINUED

### M&S FARMING FOR THE FUTURE\*\*



#### Aim

From 2018, we'll report on our use of animal welfare and environmental outcome-indicators for fresh meat, farmed fish, poultry, fresh milk and laying hens. We'll use this data to shape future production standards and drive a continual improvement culture across our farm supply base.

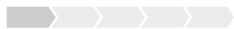
#### Progress

We now intend to report on our animal welfare and environmental outcome-indicators covering fresh meat, farmed fish, poultry, fresh milk and laying hens.

[+ Read more](#) on Farming for the Future

We've also started using the results from these indicators to set best practice improvement targets with our suppliers.

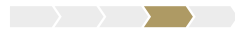
### CLOTHING & HOME ANIMAL WELFARE



#### Aim

By 2025, we'll implement independently endorsed retail industry leading standards on animal welfare for Clothing & Home products.

### SOIL HEALTH



#### Aim

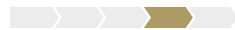
By 2019, in collaboration with our suppliers and other partners, we will carry out and publish a detailed review of the potential for adopting restorative/regenerative agricultural practices aimed at improving soil organic matter, sequestering carbon and reducing the dependency on artificial inputs within our

Food supply base. We'll then provide an annual update on our actions to implement.

#### Progress

We've started to conduct research with the consultancy, Forum for the Future, and plan to hold an initial workshop in 2018.

### FOREVER FISH\*\*



#### Aim

By 2021, we will strengthen our Forever Fish programme, rolling out globally best practice for crew welfare, expanding responsible fisheries management and advocating for policy reform to protect the marine environment.

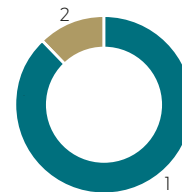
#### Progress

Our Forever Fish programme currently includes work on social standards, education and sustainable sourcing.

We are involved in education partnerships with the Blue Marine Foundation and the Seafood School at Billingsgate Fish Market.

### OUR WILD CAUGHT FISH SOURCING DATA FOR 2017/18

	%
1. Sustainable practice applied or participating in a fisheries improvement project	87
2. Working with WWF for improvement	13



[+ See Blue Marine Foundation:](#) [bluemarinefoundation.com](http://bluemarinefoundation.com)

[+ See Sea Food Training:](#) [seafoodtraining.org](http://seafoodtraining.org)

### RESPONSIBLY SOURCED RAW MATERIALS\*\*



#### Aim

By 2025, the 50 key raw materials used for M&S products will come from sources verified as respecting the integrity of ecosystems, the welfare of animals and the wellbeing of people and communities. This will cover over 80% of M&S raw material usage by volume.

#### Progress

This commitment is currently being developed – please see our separate commitments on Sustainable cotton, Zero deforestation, M&S Farming for the Future, and Forever Fish.

### SUPPLIER WATER STEWARDSHIP

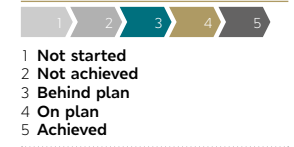


#### Aim

By 2020, we'll implement a programme to put in place water stewardship plans for our most material and at-risk watersheds in our Food and Clothing & Home supply chains.

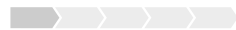
## PILLAR 3: PLANET CONTINUED

### PROGRESS KEY



### SUPPLY CHAIN RAW MATERIALS CONTINUED

#### CONSTRUCTION AND SHOP FIT PLAN A ATTRIBUTES



##### Aim

By 2025, all key products and materials used for construction fit out, shop fit, marketing décor and visual merchandise in our UK and ROI stores, offices and warehouses will have Plan A attributes that address all priority social, environmental and ethical impacts.



#### SUSTAINABLE FOOD FACTORIES\*\*



##### Aim

By 2020, at least 95% of M&S Food (by volume) will come from factories that achieve Silver level on our Food Sustainability Scorecard and by 2025 at least 50% will be achieve Gold level.

##### Progress

As of April 2018, the proportion of M&S Food products provided by Silver level suppliers had increased to 63% (last year 56%) as a result of the validated performance of 134 supplier sites. To achieve this standard, a site has to perform at Silver level or above across three areas: human resources, environment and resource efficiency.

Looking ahead to next year, we have reviewed and improved our Food Sustainability Scorecard by introducing better governance and a new fourth area called Supply Chain. We've also added an expanded Silver-flex category designed for small suppliers or those that only supply us with a small percentage of their total output. From next year, our data will be re-calibrated using this new approach.

FOOD PROVIDED BY SILVER LEVEL SUPPLIERS

63%

#### SUSTAINABLE CLOTHING & HOME FACTORIES



##### Aim

By 2025, at least 50% of M&S Clothing & Home products (by volume) will come from factories that achieve Gold level on a new Clothing & Home Sustainability Scorecard and 95% of other factories have achieved at least Silver.



#### SUSTAINABLE CLOTHING & HOME PROCESSING



##### Aim

By 2025, for our M&S Clothing & Home products, we'll only use dyehouses, printers, laundries, tanneries and finishing facilities that meet credible independent standards of environmental and social sustainability.

#### CLOTHING & HOME SUPPLIER WATER EFFICIENCY\*\*



##### Aim

By 2019, we'll develop a credible methodology for measuring the water efficiency of our textile and garment wet processing and set targets for reduction by 2025.

##### Progress

We've adopted the widely used Higg Index as our credible methodology for measuring water efficiency in our Clothing & Home supply chain. We are now working with a consultancy to develop a roll-out programme for suppliers.

[+ Read more](#) on the Higg Index

#### SUSTAINABLE PROPERTY SUPPLIERS



##### Aim

By 2025, at least 50% of all our major UK and ROI direct property suppliers will achieve Gold level on a new Property Sustainability Scorecard and 95% of our other major UK and ROI direct suppliers will have achieved at least Silver.

## ABOUT PLAN A

# UNDERSTANDING THIS REPORT

This is our 13th annual report on our social and environmental performance. Published in June 2018, it covers our financial year from April 2017 to March 2018.

### ABOUT M&S

Marks & Spencer (Marks and Spencer Group plc) is one of the UK's leading retailers. We offer our customers mainly own-brand high quality, great value food, clothing and home products. There are 1,463 M&S stores worldwide and we employ 81,000 people. Our values are: Inspiration, Innovation, Integrity and In touch; and our core purpose is 'Making every moment special'. Marks & Spencer is publicly listed on the London Stock Exchange and our principal trade associations are Eurocommerce, Confederation of British Industry and the British Retail Consortium. We are also a member of the World Economic Forum and Consumer Goods Forum.

STORES WORLDWIDE

EMPLOYEES

1,463

81,000

### AUDIENCE

Our Plan A Report is written primarily for an external audience with an interest in our social and environmental (non-financial) performance. It contains detailed data and easy-to-read summaries. It complements our main Annual Report, which provides greater contextual information about the ways in which we create sustainable value.

Our Annual Report is written primarily for an investor audience. The Annual Report refers readers who require further details about social and environmental performance to the Plan A Report. We share the information in our reports with employees and customers in a number of different formats.

### REPORT STRUCTURE

The Plan A Report 2018 contains senior management commentaries on our progress and explains how Plan A is creating value and supporting our overall strategy – of Making M&S Special Again. In addition, it provides a systematic update against the 100 commitments in our Plan A 2025 sustainability strategy, under the three headings of Wellbeing, Community and Planet.

The report also explains how we manage social and environmental issues through our Governance structure. Independent review is provided in the form of commentary and assurance. Key awards and benchmarks are listed at the end of the report.

We reserve the right to amend published commitments outside the final 12 months before their planned completion date. We will always highlight where commitments have been amended and explain the reasons why. We will not amend commitments inside their final 12 months of completion.

### SCOPE

This report covers all M&S operated activities, which includes joint ventures where we have a majority ownership as well as retail operations in India which are a minority owned joint venture. It includes global data for greenhouse gas emissions, energy efficiency, gender diversity, employee Your Say survey results, work experience initiatives and community programmes. We are still developing our systems for operations outside of the UK and Republic of Ireland for waste, water, diversity (other than gender), employee turnover or health and safety. The report covers all M&S products, no matter where in the world they're sold, but not the small proportion of non-M&S products we also sell. The report does not contain operational information relating to our business

partners, for example, M&S Bank (operated by HSBC), M&S Energy (operated by SSE), or UK and international M&S stores operated under franchise.

### DATA

During 2017/18, we completed the closure of M&S stores in 10 countries and announced the sale of our stores in Hong Kong to a franchise partner, as of 2018/19. Most of the data and statements in this report relate to the financial years 2017/18, 2016/17, and 2006/07 (our baseline year before the launch of Plan A). Where target completion years are stated as 2020 or 2025, these are taken as meaning 'by 31 March' in that year, unless otherwise stated. To ensure consistency, we've included some calendar year data where this is used for other purposes in this format. This data is marked with an asterisk\*. Where we refer to events which occurred after the end of our 2017/18 financial year, we've quoted a date.

In line with UK legislation, our 2006/07 baseline greenhouse gas emission calculations are now fixed, except when we need to retrospectively correct errors or include previously missing data. Greenhouse gas emissions for 2017/18 have been calculated using BEIS 2017 Greenhouse Gas Reporting Guidance, (which includes a 15% lower carbon intensity rating for UK grid electricity that reduces our emissions by around 30,000 tonnes CO<sub>2</sub>e compared to our 2016/17 figures) and Bitzer 19 for additional refrigeration gases. 2018 is the fifth year in which we've used a dual approach for reporting greenhouse gas emissions. Renewable electricity tariffs and biomethane have been calculated in accordance with the March 2015 WRI/WBCSD Scope 2 Guidance on procured renewable energy to show a market-based figure alongside the legally mandated location-based data.

### M&S ANNUAL REPORT 2018

## ABOUT PLAN A

### UNDERSTANDING THIS REPORT CONTINUED

#### CATEGORISING OUR PERFORMANCE

The Plan A Report 2018 is our first report on progress against the 100 commitments published as Plan A 2025 in June 2017. All commitments are shown as Not achieved, Not started, Behind plan, On plan or Achieved. As this is a new eight-year sustainability programme we do not believe that all 100 commitments need to be started immediately and instead they will be phased to build on the learning from other commitments. We will only show a commitment as moving from Not started to On plan when there is confidence that there is a clear pathway to the target being achieved. However, in many cases, detailed preliminary work will still have been carried-out on commitments shown as Not started.

#### CARBON NEUTRALITY

Stores, offices, warehouses and delivery fleets operated by Marks & Spencer or in joint ventures worldwide have been self-certified as carbon neutral, in accordance with British Standards Institution's PAS2060 at 30 April 2018 for the period commencing April 2017 to 31 March 2018, with a commitment to maintain carbon neutrality at least up to 31 March 2025. This means that in addition to significantly reducing emissions and purchasing renewable electricity tariffs compliant with WRI/ WBCSD Scope 2 Guidance on procured renewable energy, we have sourced a portfolio of high quality carbon credits, and a quantity equal to the remaining gross carbon emissions has been retired. You will find further supporting documentation at: [marksandspencer.com/plana](https://marksandspencer.com/plana).

#### REPORT TECHNICAL STANDARDS

We've used our Plan A 2025 commitments to structure this report but also indicated how these support the United Nations Sustainable Development Goals launched in 2015. To provide a common Index we've also referenced the Global Reporting Initiative Sustainability Reporting Standards, launched in 2016. See page 43 for more details. As a signatory to the United Nations Global Compact, this report forms part of our Communication of Progress as indicated by the reference table on page 43.

#### LEGAL COMPLIANCE

We had no environmental or health and safety prosecutions in 2017/18 and no work-related fatalities.

#### KEY IMPACTS, MATERIALITY AND ASSURANCE

Many different social, environmental and ethical issues have an impact on our business, either directly or through our global supply chains. Consequently, we have to manage a continually evolving set of issues. We have developed and updated our Plan A sustainability programme with the help of stakeholders in order to address our key social and environmental challenges. This version of Plan A, known as Plan A 2025, was launched in June 2017 and was used to determine the materiality of issues covered in this report, see: [marksandspencer.com/plana](https://marksandspencer.com/plana).

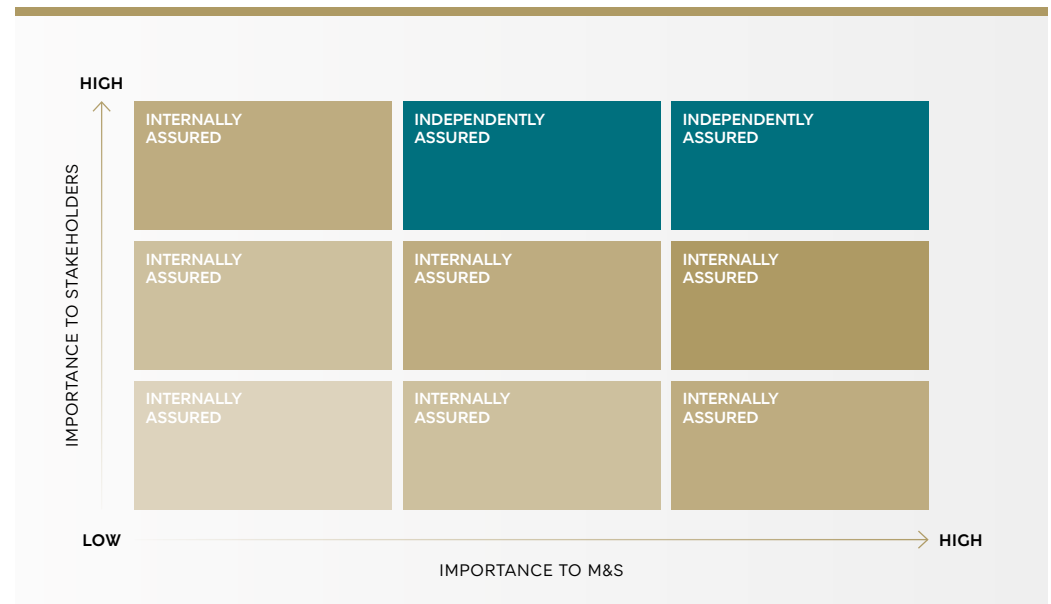
For this report, Plan A 2025 commitments were assessed for their materiality and urgency by M&S management, which ranked them in terms of their 'importance to stakeholders' and 'importance to M&S' on a 3 x 3 matrix. The positions on the matrix were then reviewed and amended as necessary, in accordance with direction from our independent assurance provider, DNV GL.

Forty commitments and five additional indicators were rated as being of 'high importance to stakeholders' and either 'high or medium importance to M&S' (see below). DNV GL has been commissioned to provide independent assurance on these commitments using its proprietary VeriSustain standard, which is aligned with the principles and concepts of GRI guidelines, AA1000 AS and ISAE 3000. These are, denoted by \*\* in the performance section of this report. See the assurance statement on page 44. All other commitments were reviewed and assured by the Marks & Spencer Internal Audit team.

#### M&S ANNUAL REPORTS

Our 2018 Annual Report contains a comprehensive review of our financial performance and governance. It's published online, along with this report. Both reports can be downloaded in PDF, large font and sound versions [here](#).

### MATERIALITY – WHICH COMMITMENTS ARE MOST IMPORTANT?



**+** Read more about Risk Management in our 2018 Annual Report



## STAKEHOLDER RELATIONSHIPS

# HOW WE ENGAGED THIS YEAR

OUR STAKEHOLDERS	HOW WE LISTEN		WHAT THEY'VE TOLD US	WHAT WE DID
CUSTOMERS	<ul style="list-style-type: none"><li>– Monitoring sales of products</li><li>– Participation in Plan A activities and campaigns</li><li>– Contacts to our Retail Customer Services</li></ul>	<ul style="list-style-type: none"><li>– Feedback through our Plan A email</li><li>– Customer research panels</li><li>– Social media</li><li>– Sparks Card charity donations</li></ul>	<p>Our customers are still keen to support local and national charities.</p> <p>From the end of 2017, our customers reflected national and international concerns about the use and disposal of plastic.</p>	<p>6.1 million Sparks Card customers have donated over £4m to date to their chosen charity.</p> <p>We were one of the founding signatories of the UK Plastics Pact and in addition to existing Plan A commitments announced further plans to reduce our usage of single-use plastic items.</p>
EMPLOYEES	<ul style="list-style-type: none"><li>– Plan A Champions</li><li>– Business Involvement Groups</li><li>– Feedback through our Plan A email and Yammer social media</li></ul>	<ul style="list-style-type: none"><li>– Annual Your Say survey</li><li>– Participation in Plan A activities and campaigns</li></ul>	<p>Our employees also reflected wider social concerns about the use and disposal of plastic items.</p>	
SHAREHOLDERS	<ul style="list-style-type: none"><li>– Annual General Meeting</li><li>– Meetings with institutional investors</li><li>– Shareholder panels</li></ul>	<ul style="list-style-type: none"><li>– Survey of institutional investors</li><li>– Ethical investment surveys</li></ul>	<p>On sustainability, there is a growing interest in global indices for different sets of issues. Operating under the World Benchmarking Alliance the largest group is developing benchmarks based on the UN Sustainable Development Goals.</p>	<p>We've participated in many of these benchmarks and consultation groups where they are relevant to M&amp;S and don't duplicate existing activities.</p>
SUPPLIERS	<ul style="list-style-type: none"><li>– Supplier conferences</li><li>– Tendering processes</li><li>– Supplier Exchange website and network</li></ul>	<ul style="list-style-type: none"><li>– Visits and meetings</li><li>– Agricultural Shows</li></ul>	<p>Our suppliers continue to work closely with us on Plan A, in particular our Global Community Programme and the development of sustainability scorecards.</p>	<p>All our milk pools became RSPCA certified for animal welfare.</p> <p>We've adopted the Higg Index for measuring and managing our supply chain water 'footprint'.</p>
GOVERNMENT AND REGULATORS	<ul style="list-style-type: none"><li>– Meetings</li><li>– Dialogues with trade associations</li></ul>	<ul style="list-style-type: none"><li>– Responses to consultations</li><li>– Plan A stakeholder conference</li></ul>	<p>Proposals for a 25 Year Environment Plan for the UK and deposit-return schemes for plastic drinks containers across the UK have been announced.</p>	<p>We have supported high environmental standards and recycling schemes that best meet the needs of our customers.</p>
NON-GOVERNMENTAL ORGANISATIONS	<ul style="list-style-type: none"><li>– Visits and meetings</li><li>– Participation in benchmarking and surveys</li></ul>	<ul style="list-style-type: none"><li>– Joint projects</li><li>– Plan A stakeholder conference</li></ul>	<p>Environmental NCOs have also been largely focused on the issue of plastic usage and its disposal.</p> <p>Social NGOs continue to be focused on Human Rights such as poverty and gender equality.</p>	<p>We have supported high environmental standards and continued our work on human rights in the supply chain.</p>

## GOVERNANCE

# HOW PLAN A WORKS

### MANAGING PLAN A

In 2017, we introduced a revised governance structure. Integral to this structure was the creation of a new Plan A Committee. This new committee supports the Operating Committee by overseeing the implementation and reporting of our Plan A sustainability improvement programme.

The Plan A Committee meets every two months and its Chair updates the CEO and full Board at least once a year.

Our Director of Sustainable Business, Mike Barry, works together with a small team, comprising social, environmental and ethical specialists, to support all Plan A governance activities.

This team focuses on developing policies and solutions, building stakeholder relationships and managing risks.

### PLAN A RISK PROFILE 2018

**Details of our Principal Risks and Uncertainties are included in our 2018 Annual Report. This table summarises the key changes to our social and environmental risks during the past 12 months:**

- Corporate Compliance and Responsibility – our ability to meet stakeholder expectations across a broad range of social, environmental and ethical concerns – is considered as a Principal Risk and Uncertainty.
- The use, recycling and disposal of single use plastic items and packaging became a high profile environmental concern towards the end of 2017.
- The reduction of food waste across the value chain as well as its re-distribution from stores continues to be a high-profile issue.
- Reducing the social impacts of M&S store re-locations and closures continues to be important to us.
- Human rights and modern slavery continues to be an important focus for corporate benchmarking and governments around the world.
- The UK's decision to leave the European Union, and the changes associated with this decision, have created significant social and environmental uncertainties, as well as wider product sourcing uncertainties.
- The Task Force on Climate-related Financial Disclosure published guidance reflecting the growing importance of shareholder visibility of these types of risk.

### INTEGRATING PLAN A

As Director of Sustainable Business, Mike Barry, oversees Plan A implementation, budget management and co-ordination. Plan A managers and specialists on relevant issues, including health and safety and supply chain social compliance, work in our Food, Clothing & Home, Retail, Finance, Property, Logistics, International and HR functions. Plan A Champions co-ordinate action across our stores and offices.

Many of our employees, including Executive Directors, have Plan A performance targets.

### MANAGING SOCIAL, ENVIRONMENTAL AND ETHICAL RISKS

The Board completes a Group Risk Profile every six months. Details of our approach to risk management and a list of our Principal Risks and Uncertainties are included in our 2018 Annual Report. With regards to Plan A, only 'Corporate Compliance and Responsibility' – our ability to meet stakeholder expectations across a broad range of social, environmental and ethical concerns – is considered as a Principal Risk and Uncertainty, although we continue to monitor the development of specific high-profile issues such as climate change, human rights and the use of plastic.

We have also adopted the Task Force on Climate Disclosure (TFCD)'s recommendations and our approved Science-Based Target for reducing greenhouse gas emissions meets the requirements of the most demanding 1.5°C scenario.

We developed our Plan A 2025 commitments to address key social and environmental risks. These have also been assessed against the materiality matrix published on page 36. All commitments are assured and the most important/urgent have been subject to external assurance. They are denoted by \*\*.

### CERTIFIED INTERNATIONAL SOCIAL, ENVIRONMENTAL AND ETHICAL STANDARDS

Like most other major retailers, we use our own, internally developed systems to keep pace in a fast-moving industry. These cover training, health & safety, environmental performance and quality. We've also followed a number of best practice standards in preparing this report (see About this Report for more details).

We regularly revise our Code of Ethics and Anti-Bribery Policy. Any breaches are reported to the Audit Committee.

## HOW PLAN A WORKS CONTINUED

### COMMITTEE STRUCTURE

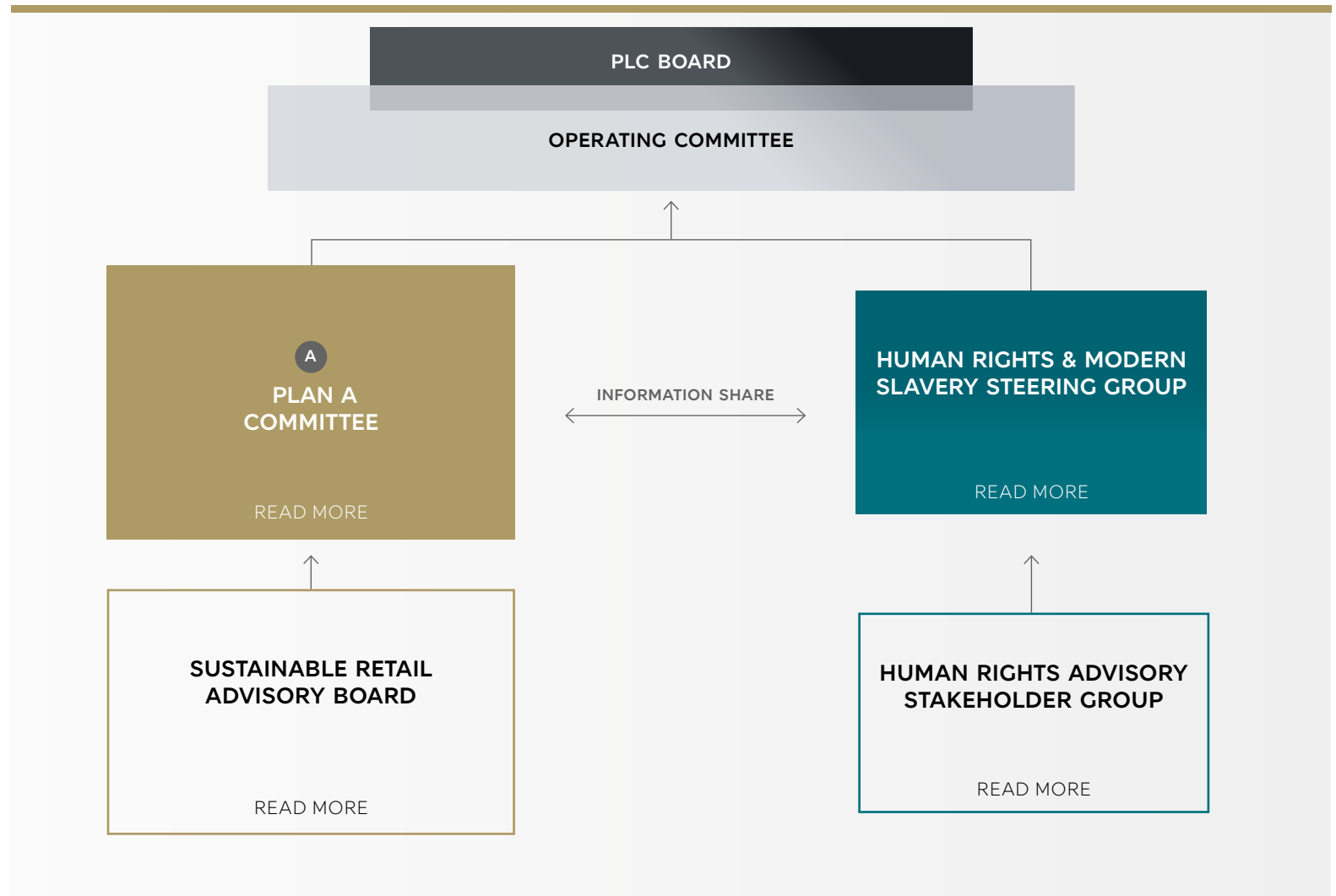
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

### HOW WE MANAGE PLAN A



## HOW PLAN A WORKS CONTINUED

### COMMITTEE STRUCTURE

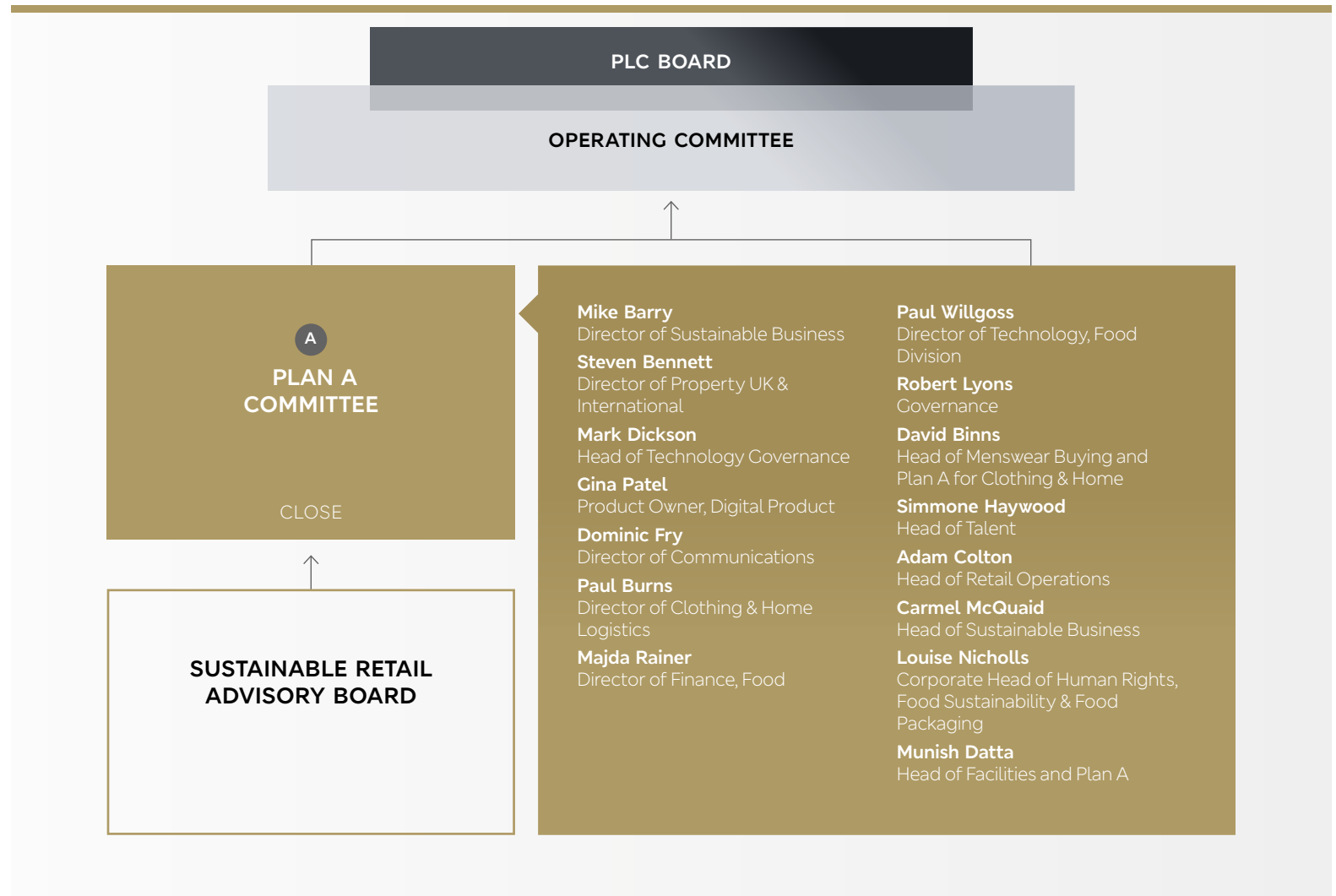
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

### HOW WE MANAGE PLAN A





## HOW PLAN A WORKS CONTINUED

### COMMITTEE STRUCTURE

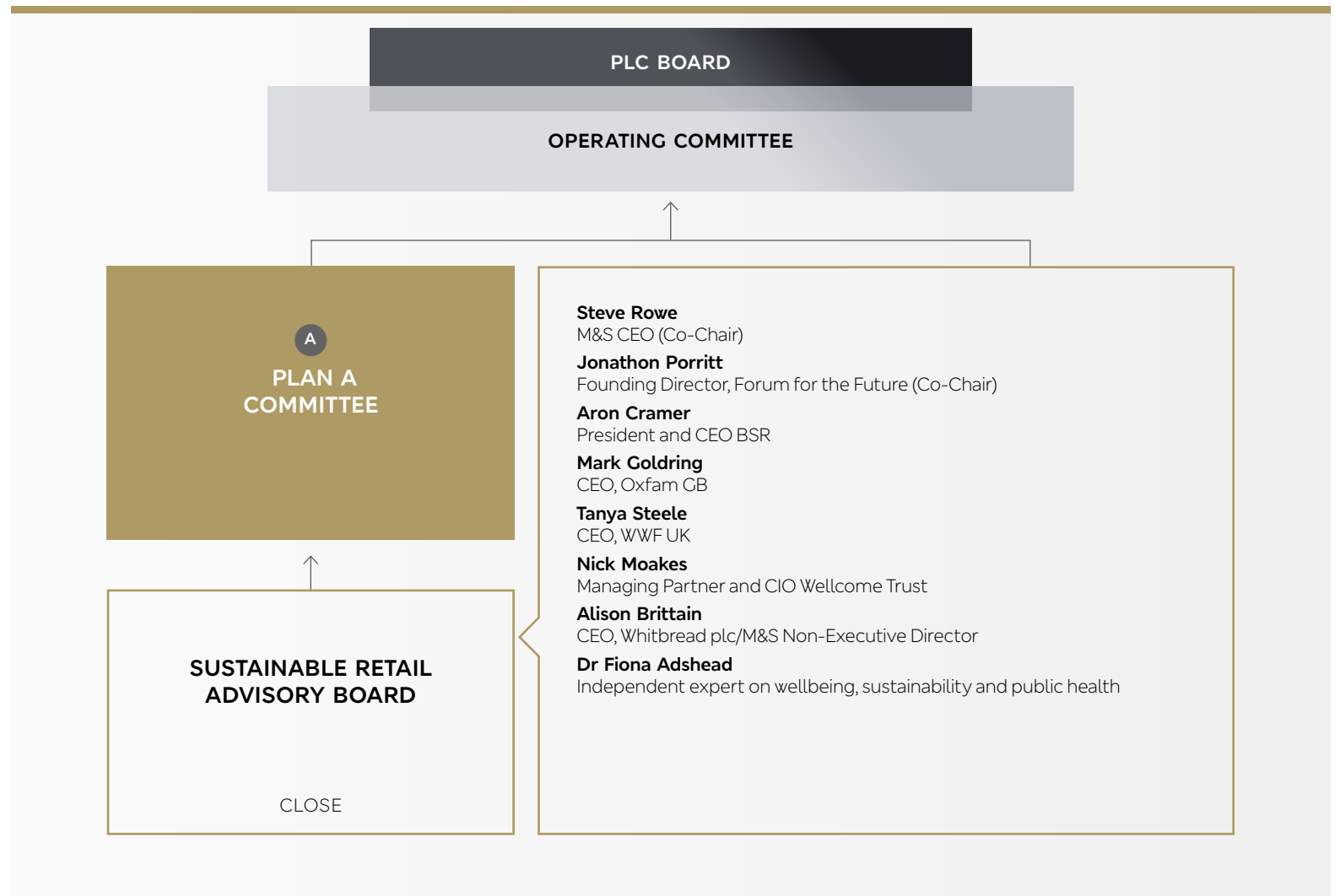
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

### HOW WE MANAGE PLAN A



## HOW PLAN A WORKS CONTINUED

### COMMITTEE STRUCTURE

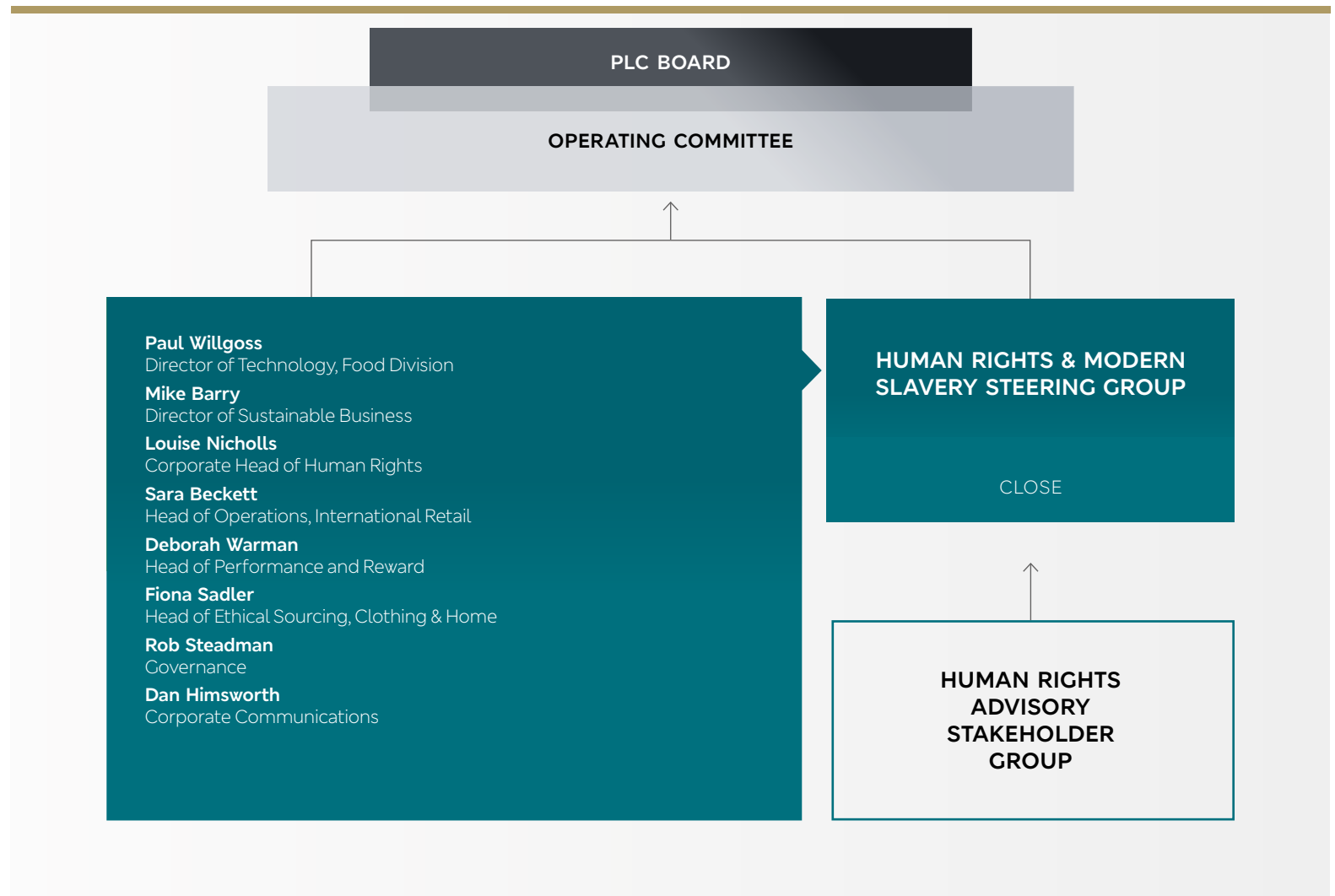
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

### HOW WE MANAGE PLAN A



## HOW PLAN A WORKS CONTINUED

### COMMITTEE STRUCTURE

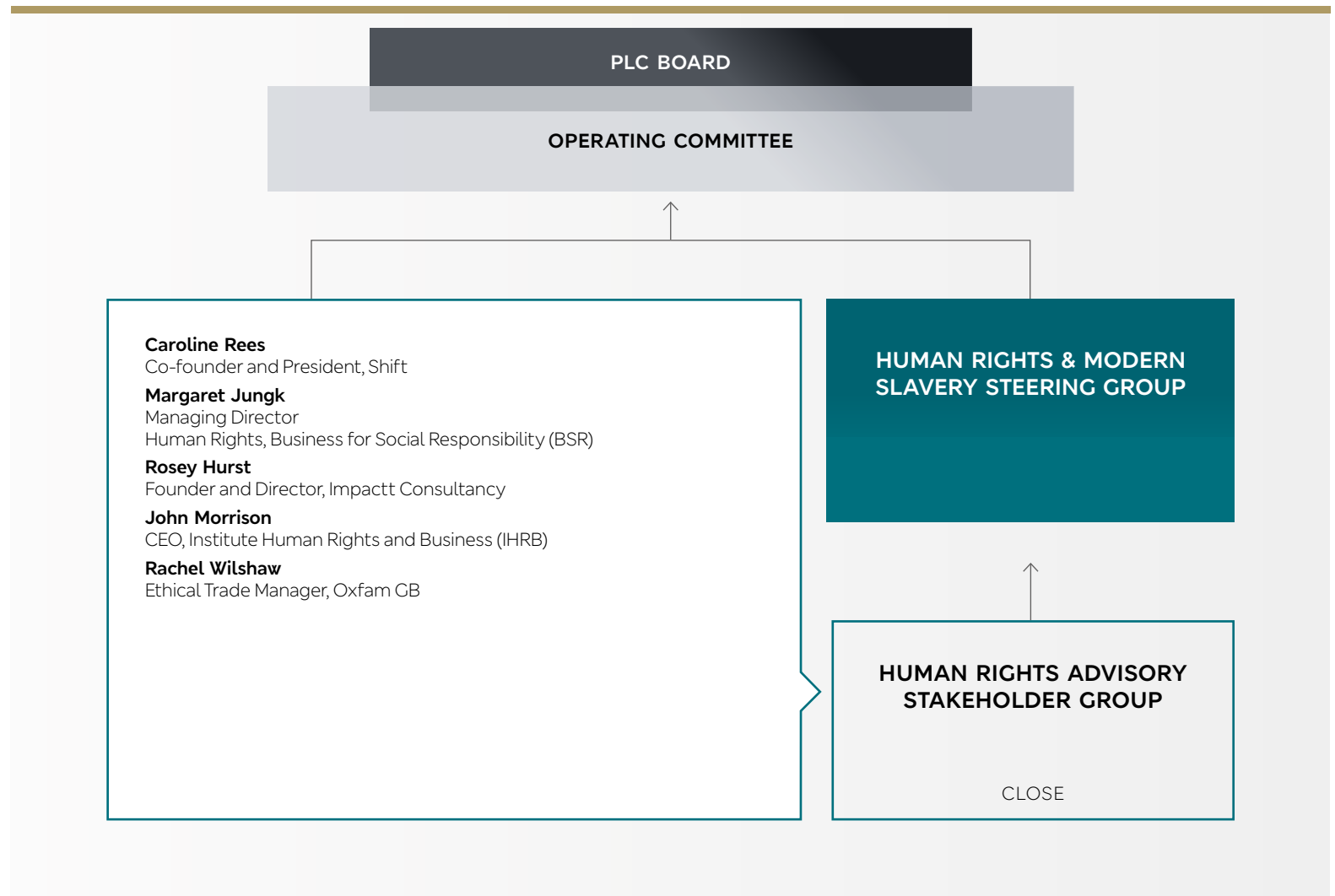
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

### HOW WE MANAGE PLAN A



## COMMENTARIES

# HOW SOME OF OUR STAKEHOLDERS VIEW PLAN A

### JONATHON PORRITT'S LETTER

## THE PUBLIC PROMINENCE

We have to be thankful when critical sustainability issues that have been languishing in relative obscurity are suddenly lifted up into stark public prominence – for all sorts of different reasons. That's what happened in 2017, when the build-up of plastic waste in our oceans at last crossed that threshold, and forced politicians and businesses to rethink years (if not decades!) of neglectful indifference.

I suspect that the horror story of plastic waste will stay right up there on the public visibility scale for a long time to come. Which means M&S will be expected to demonstrate the kind of leadership here as it has in so many other areas.

To be fair, M&S saw this coming back in 2015, when the targets for Plan A 2025 were first being discussed. Plans were afoot even as Blue Planet II was airing. But by their own acknowledgement, the gaps between anticipation, planning and decisive action are sometimes too drawn out inside M&S. The radar works well; acting on that intelligence definitely needs to be sharpened up.

Which is why our Sustainable Retail Advisory Board is focused as much on the foundations that enable a sustainability strategy like Plan A as on individual issues in the public domain. Take transparency, for instance. In survey after survey, a big majority of consumers profess to care deeply about transparency, but only a tiny minority ever put a company's performance to the test.

So here's a quick interactive challenge for you! Since we're online, take a look at M&S's **interactive 'transparency map'** on their website and then **email me** to tell me what you think. We think it's great, but it can still be improved.

It's the same story on metrics. One of the reasons why Plan A is so respected is the extraordinary amount of data that is monitored, verified and then reported on. Most people who love M&S, and trust what it stands for, know very little about the finer details of all that – but if it wasn't happening, that trust could ebb away overnight.

For instance, just flick back to page 27 and check out the data on M&S's CO<sub>2</sub> emissions and carbon neutral operations. Most of that data will be so much gobbledegook to most people, but it demonstrates just how comprehensive and rigorous M&S has to be, year after year, across every facet of its operations, to maintain its leadership in this area.

So I guess this is a bit of a shout out for all those crunching the numbers behind the scenes, invisible to anyone outside of M&S (and often to many people inside M&S!), on whom the entire edifice of trust, accountability and transparency ultimately depends.

**JONATHON PORRITT**  
FOUNDING DIRECTOR, FORUM FOR THE FUTURE

### HUMAN RIGHTS STAKEHOLDER ADVISORY GROUP

## WE LIVE IN A TIME OF DISRUPTION

We are witnessing huge shifts in attitudes and realities across business and society, and institutions are working out how to survive and thrive in this new world. Companies like M&S face the challenge of maintaining trust in the post #MeToo environment, when radical transparency is becoming a reality, and competitive pressures are at unprecedented levels. Key to maintaining trust is the ongoing demonstration of dignity and respect in the way companies interact with employees, customers and the people who help develop and deliver their products and services.

M&S, with its historically high trust levels and its commitment to human rights, is well positioned, even in tough times, to connect and align with deeper issues in society and enhance its place in the market for decades to come.

But to preserve this trust, and the value it creates for the company, M&S must redouble its efforts to ensure that respect for human rights is central to how business gets done. We urge M&S to sharpen its focus to concentrate on activities which have a real positive impact on vulnerable people: such as those at risk of modern slavery, those in in-work poverty and those who are excluded from opportunity in the societies where they make and sell their products.

While M&S is performing very well in human rights benchmarks, its high scores tend to be derived from excellent policies and commitments, rather than demonstrable positive change. We urge M&S to review its human rights commitments, identify an impact target for each and publish progress, making sure to report on the different impacts on men and women. Further, we are concerned that performance against the human rights targets in this report is slower than anticipated with 12 out of 20 human rights commitments either Behind plan or Not started. We would counsel against complacency.

M&S is at a crossroads, it has the opportunity to preserve its historic trust advantage, or the option of taking the low road. We urge M&S to take the high road to demonstrate positive human rights impacts. Its contribution to sustainable development depends on it doing so. And in this era of disruption, where the intangibles of trust and reputation make up much of any brand's financial valuation, offering human rights leadership in action as well as words will be essential.



## AWARDS

# INDEPENDENT RECOGNITION

### 2016

Corporate Knights:  
**Global 100 Most Sustainable Corporations in the World**

The Ocean Awards:  
**UK Retailer Award (for Forever Fish)**

SIGWATCH Most praised corporations worldwide:  
**Second rated company (highest rated retailer)**

Ethisphere:  
**World's Most Responsible Companies**

The Times:  
**Top 50 Employers for Women**

Third Sector Business Charity Award:  
**Marketing initiative of the year (partnership with Breast Cancer Now)**

Ethibel Sustainability Index:  
**Excellence Europe Constituent**

The Hong Kong Council of Social Service Award:  
**Ten years + Caring Company**

Go Green.org Award:  
**Hong Kong Green Organisation Award**

Business in the Community Environment Index:  
**Platinum level**

Better Society Awards:  
**Best carbon reduction/offsetting programme**

Freight Transport Association:  
**Multimodal Award for contribution to environmental sustainability**

Corporate Register Reporting Awards:  
**Best overall Global Sustainability Report (2015 Plan A Report)**

Corporate Register Reporting Awards:  
**Best Global Sustainability Report for openness and honesty (2015 Plan A Report)**

National Association of Convenience Stores Awards:  
**Winner, Insight International Convenience Retail Sustainability**

WWF Palm Oil Buyers Scorecard:  
**9 out of 9**

Corporate and Financial Awards:  
**Silver, Best Sustainability campaign (2016 Plan A Report)**

Carbonclear reporting on carbon emissions:  
**Top Retail Performer (2nd overall)**

Forest 500:  
**Leader (best retailer)**

Business and Human Rights Resource Centre:  
**Best Modern Slavery Statement**

Forest Footprint Disclosure Project:  
**Best General Retail Sector Performer**

### 2017

Corporate Knights:  
**Global 100 Most Sustainable Corporations in the World**

Ethisphere:  
**World's Most Responsible Companies**

Inaugural Corporate Human Rights Benchmark:  
**Top Band, Best Retailer, second overall**

The Times:  
**Top 50 Employers for Women**

Business Benchmark on Farm Animal Welfare:  
**Top tier (Leadership)**

Fashion Revolution Transparency Index:  
**Second overall**

National CSR Awards:  
**Winner of Green Supply Chain in partnership with WWF-UK**

Corporate Register Reporting Awards:  
**Best overall Global Sustainability Report (2016 Plan A Report)**

Corporate Register Reporting Awards:  
**Best Global Sustainability Report for openness and honesty (2016 Plan A Report)**

Carbonclear reporting on sustainability:  
**Top FTSE 100 Company, Top company overall**

Business and Human Rights Resource Centre:  
**Best Modern Slavery Statement**

United Nations Climate Solutions Awards:  
**Winner**

Northern Ireland Responsible Business Awards, Business in the Community:  
**Employability champion**

### 2018

Ethisphere:  
**World's Most Responsible Companies**

Ulster Grocer Marketing Awards:  
**Joint-winners, Best CSR initiative/charity partnership**

The Times:  
**Top 50 Employers for Women**

Fashion Revolution Transparency Index:  
**Top tier**

Corporate Register Reporting Awards:  
**Best overall Global Sustainability Report (2017 Plan A Report)**

Corporate Register Reporting Awards:  
**Runner-up Global Sustainability Report for openness and honesty (2017 Plan A Report)**

## FRAMEWORKS AND ASSURANCE

# PLAN A AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Launched in 2015, the **17 SDGs** form a shared global agenda for environmental improvement, social empowerment and greater equality. The table here show how Plan A 2025 supports 15 of the SDGs. While goal number 17, on Partnerships, underpins all of these activities.



			PAGES				PAGES
<b>WELLBEING</b>		We aim to provide our customers with industry-leading Food and Clothing & Home products, services and support to help them live more healthily. We'll also work to improve the health and wellbeing of M&S colleagues and people working in our supply chains.	<b>12-15</b>	<b>COMMUNITY CONTINUED</b>		We'll launch an M&S Inclusion Strategy and help one million people in our supply chains through our Global Community Programme.	<b>19,22</b>
<b>COMMUNITY</b>		We'll research the causes of in-work poverty and how we can make improvements. We're aiming to pay a living wage to all M&S colleagues worldwide and encouraging our key franchise partners and product suppliers to do the same.	<b>21-22</b>			We'll help transform 1,000 communities and provide community space in 50% of our full line UK stores.	<b>17</b>
		Our greatest contribution to eradicating hunger will be through championing human rights, inclusivity and fair pay across supply chains. In addition, any edible surplus food from our stores, key franchises and food suppliers will be consumed by people.	<b>21,31</b>			As a retailer, our most significant usage of water is in our supply chains. We'll use Sustainability Scorecards to improve water efficiency across our supply chains and water stewardship plans for the most at-risk watersheds.	<b>34</b>
		We'll identify future skills gaps and training needs for M&S colleagues and launch major education programmes in UK schools and colleges.	<b>17-18</b>	<b>PLANET</b>		We'll continue to improve our own energy efficiency and that of our suppliers using Sustainability Scorecards. We'll also support the development of renewable energy markets by procurement and help at least 200 communities generate their own energy.	<b>28-34</b>
		We want our workforce to reflect the diversity of the communities in which we trade. We'll launch programmes to combat gender discrimination, reduce the non-demographic pay gap in our UK business and work to promote gender equality at our suppliers.	<b>20-21</b>			We'll develop and implement new product circular economy standards and services, ensure all packaging is easy to recycle and halve net food waste.	<b>25-26</b>
		M&S employability programmes will continue to help disadvantaged parts of society into employment. We'll also launch further programmes to address the human rights impacts of our sourcing policies and eradicate modern slavery.	<b>19-22</b>			We'll maintain our position of operational carbon neutrality while also achieving a Science-Based Target for reducing GHG emissions by 80% and by 13.3m Tonnes across our value chains by 2030.	<b>27-30</b>
		As a retailer, our main contribution will be as a catalyst for product and supply chain management innovation by developing new standards of social and environmental sustainability.	<b>19-34</b>			We'll ensure all marine-based raw materials respect ecosystem sustainability standards.	<b>33</b>
						We'll ensure all land-based raw materials respect ecosystem sustainability standards.	<b>32-33</b>

## FRAMEWORKS AND ASSURANCE CONTINUED

### GLOBAL REPORTING INITIATIVE STANDARDS CONTENT INDEX

In October 2016, the UN Global Sustainability Standards Board introduced **new GRI Sustainability Reporting Standards** to replace the previous G4 version by July 2018. Since we launched the Plan A sustainability programme in 2007, our reporting has been based on our own assessment of materiality used to create Plan A with GRI as a secondary index. We've taken the same approach with GRI Standards and this report is GRI-referenced. We have retained a content Index to assist those who wish to use this report for benchmarking purposes.

GRI referenced disclosures	GRI standards	Inclusion	Page
<b>102: General disclosures 2016</b>	1, 4, 6, 7, 9, 16	<b>Yes</b>	IFC
	14	<b>Yes</b>	01
	2, 3, 4, 5, 8, 25, 28, 35, 36, 37, 45	<b>Yes</b>	AR
	40, 42, 43, 44, 53	<b>Yes</b>	36-37
	10, 11, 12, 13, 15, 18, 19, 20, 21, 22, 23, 24, 26, 27, 29, 30, 31, 32, 33, 34, 46, 47, 48, 49, 50, 51, 52	<b>Yes</b>	37-38
	17, 41	<b>Yes</b>	W
	55	<b>Yes</b>	43
	56	<b>Yes</b>	44-45
<b>Material topics in Plan A additional to GRI</b>	Transparency	<b>Yes</b>	25
	Healthy food	<b>Yes</b>	12
<b>103: Management approach</b>	1, 2, 3	<b>Yes</b>	37-38
<b>201: Economic performance</b>	1, 2, 3, 4	<b>Yes</b>	AR
<b>202: Market presence</b>	2	<b>Yes</b>	W
<b>301: Materials</b>	1, 2, 3	<b>Partial</b>	32-33
<b>302: Energy</b>	1, 3, 4	<b>Yes</b>	28 (927GWh)
	2, 5	<b>Yes</b>	W
<b>303: Water</b>	1	<b>Yes</b>	32
<b>304: Biodiversity</b>	2	<b>Yes</b>	32-33

GRI referenced disclosures	GRI standards	Inclusion	Page
<b>305: Emissions</b>	1, 2, 4, 5, 6	<b>Yes</b>	27
	3	<b>Yes</b>	30
<b>306: Effluents and waste</b>	2	<b>Yes</b>	31
<b>307: Environmental compliance</b>	1	<b>Yes</b>	37
<b>308: Supplier environmental assessment</b>	1, 2	<b>Yes</b>	34
<b>401: Employment</b>	2	<b>Yes</b>	W
<b>402: Labour management</b>	1	<b>Yes</b>	W
<b>403: Occupational health and safety</b>	1, 4	<b>Yes</b>	W
	2	<b>Yes</b>	15
<b>404: Training and education</b>	1, 2	<b>Partial</b>	18
	3	<b>Yes</b>	W
<b>405: Diversity and equal opportunity</b>	1	<b>Yes</b>	1-21
<b>406: Non-discrimination</b>	1	<b>Partial</b>	23
<b>407: Freedom of association</b>	1	<b>Partial</b>	23
<b>408: Child labour</b>	1	<b>Yes</b>	23
<b>409: Forced labour</b>	1	<b>Yes</b>	23
<b>413: Local communities</b>	1	<b>Yes</b>	17-18
<b>414: Supplier social assessment</b>	1, 2	<b>Yes</b>	23
<b>415: Political donations</b>	1	<b>Yes</b>	AR
<b>416: Customer health and safety</b>	1	<b>Yes</b>	15
<b>417: Marketing and labelling</b>	1	<b>Partial</b>	25

### UNITED NATIONS GLOBAL COMPACT REFERENCE TABLE



In May 2016, M&S became a signatory to the **United Nations Global Compact**, a set of 10 principles covering human rights, the environment and ethical behaviour. This table shows where you can find the relevant content either in this report or in our Human Rights report, which is published alongside it.

	Principle	Page
<b>HUMAN RIGHTS</b>	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	9-10, 21-22
	2. make sure that they are not complicit in human rights abuses.	9-10, 21-22
<b>LABOUR</b>	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	21-23
	4. the elimination of all forms of forced and compulsory labour;	21-23
	5. the effective abolition of child labour; and	21-23
	6. the elimination of discrimination in respect of employment and occupation.	19-21
<b>ENVIRONMENT</b>	7. Businesses should support a precautionary approach to environmental challenges;	25-33
	8. undertake initiatives to promote greater environmental responsibility; and	25-33
	9. encourage the development and diffusion of environmentally friendly technologies.	25-33
<b>ANTI-CORRUPTION</b>	10. Businesses should work against corruption in all its forms, including extortion and bribery.	9-10

## FRAMEWORKS AND ASSURANCE CONTINUED

# INDEPENDENT ASSURANCE STATEMENT

To the management of Marks and Spencer Group plc

Marks and Spencer plc ("M&S") commissioned DNV GL Business Assurance Services UK Limited ("DNV GL", "we", or "us") to undertake independent assurance of its Plan A Report 2018 (the "Report") for the 52 weeks ended 1st April 2018.

### OUR OPINION

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe M&S adherence to the Principles described below. In terms of reliability of the Selected Performance Information, nothing came to our attention to suggest that this information has not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

### SCOPE AND APPROACH

We performed our work using DNV GL's assurance methodology VeriSustain, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines. We evaluated the Report for adherence to the VeriSustain Principles (the "Principles") of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We evaluated the performance data using the reliability principle together with M&S data protocols for how the data are measured, recorded and reported.

We understand that the reported financial data and information are based on data from M&S Annual Report and Accounts, which are subject to a separate independent audit process. The review

of financial data taken from the Annual Report and Accounts is not within the scope of our work.

### LEVEL OF ASSURANCE

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

### DATA IN SCOPE

We evaluated the 40 highly material Plan A commitments and five indicators, annotated with "\*" in the Report (the "Selected Performance Information"), using the reliability principle for how the data are measured, recorded and reported.

### WITHOUT AFFECTING OUR ASSURANCE OPINION, WE ALSO PROVIDE THE FOLLOWING OBSERVATIONS:

M&S Plan A reporting is extensive, covering one hundred commitments and data indicators. This Report marks the launch of Plan A 2025, which builds on the current Plan A ambition and places a greater focus on the customer under the three pillars of Wellbeing, Community and Planet.

### STAKEHOLDER INCLUSIVENESS

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

We saw a good level of stakeholder engagement and inclusiveness related to the Plan A commitments, and the views of a range of

internal and external stakeholders are disclosed in the Report through examples and case studies. Some examples include engaging with representatives from local communities to understand their priority issues (See Helping transform communities); discussions with charities and other interest groups on the preferred use of M&S spaces (See UK Community space), and engaging with food suppliers to help them progress to Silver and Gold validations (See Sustainable Food Factories).

### MATERIALITY

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

We found that the management approach for priority issues was well embedded within the business. The process considered inputs from a wide range of sources, including the expectations of internal and external stakeholders, megatrends, financial considerations, policies and regulations, corporate and local environments, and overall sustainability context.

### SUSTAINABILITY CONTEXT

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

The Report demonstrates a comprehensive understanding of M&S sustainability issues and context, and highlights several disruptive threats and opportunities. M&S has several programs and commitments which demonstrate a strong focus on the local communities M&S serves. Whilst M&S reports on its positive contribution to the UN Sustainable Development Goals, we recommend M&S analyses its positive and potentially adverse impacts in a more meaningful way at a target level.

### COMPLETENESS

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

The Report provides a good overview of performance across the organisation, at corporate and operational levels, and includes upstream and downstream impacts of M&S operations and products. The Report covers the organisation's impacts over an extended time frame, including long-term strategic and operational objectives and targets and historic performance on key performance data.

### RELIABILITY AND QUALITY

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

M&S has well-established processes for compilation of performance data from its operations to corporate level systems. We noted continuing reorganisation at the M&S Head Office, which poses a potential risk of technical and analytical capability being lost in several areas, which will likely impact on continuity of data for the following year, if this is not actively managed.

We found a limited number of non-material errors and omissions and these were corrected prior to inclusion in the Report. These errors were not systemic. We reinstate our previous recommendation that data compiled from various sources, especially when manual processes are involved, are periodically reviewed, checked against source evidence and formally signed-off.

We reinstate our previous recommendation that M&S publishes its methodology for collecting, calculating and reporting key performance data (either in the Plan A Report or in a Basis of



## FRAMEWORKS AND ASSURANCE CONTINUED

### INDEPENDENT ASSURANCE REPORT CONTINUED

Reporting or equivalent document). We have noted that M&S plans to publish this next year, and a Basis of Reporting document has already been initiated for some commitments such as energy efficiency.

We acknowledge the increased levels of ambition of Plan A 2025 and how this makes delivering the commitments more challenging. We observed several commitments that are not started and due to be delivered with a longer timeframe (e.g. Next generation technologies, Recyclable packaging, All food eaten by people, Colleague health assessment). However given the complexity of the issues and stakeholders involved, we consider them to be at risk of not being met if not adequately managed, as there is currently no defined ownership or investment plan to deliver these commitments.

#### BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work at M&S Head Office. We undertook the following activities:

- Review of the current sustainability issues that could affect M&S and are of interest to stakeholders;
- Review of M&S approach to stakeholder engagement and recent outputs;
- Review of information provided to us by M&S on its reporting and management processes relating to the Principles;
- Interviews with selected senior managers responsible for management of sustainability issues, selected in conjunction with DNV GL, and review of selected evidence to support issues discussed;

- Interviews with content and data owners and review of progress made in relation to the Selected Performance Information, annotated with '\*\*' in the Report, and review of how related data is measured, recorded and reported using the reliability and quality principle together with M&S data protocols. These commitments and indicators were selected based on materiality at a consolidated corporate level; and
- Visits to the Head Office in London, United Kingdom to review process and systems for gathering, preparing and consolidating the Selected Performance Information, including sample checking of source data and data consolidation.

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

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UK SUSTAINABILITY, DNV GL –  
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7 JUNE 2018

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

The Management of M&S have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of M&S; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We have no other contract with M&S.

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

#### INDEPENDENCE

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals.

#### DNV GL BUSINESS ASSURANCE

DNV GL Business Assurance Services UK Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

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