

RESPONSIBLE COTTON SOURCING POLICY

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SCOPE

The scope of the policy covers cotton used in all Clothing & Home areas for main fabrics. It is optional for requirements of the policy to be applied to trims (componentry, linings, filling) if possible. The policy focuses on the cultivation of cotton fibre on cotton farms and does not address environmental impacts of cotton processing in fibre, yarn, fabric and garment form.

BACKGROUND

Although figures fluctuate, cotton represents about 30% of all fibre used in the textile sector. Clobally, around 30 million hectares are planted with cotton, accounting for more than 2% of total arable land, and producing approximately 25 million metric tonnes (MT) of cotton annually.

Cotton is grown in over 80 countries and its production supports the livelihoods of over 350 million people, including between 50 to 100 million farmers. Wherever it's grown, unless produced according to sustainable practices, cotton production can present significant challenges, and in some parts of the world may be associated with high social, environmental and economic impacts. Thanks to progress in the industry, these impacts have been reduced in recent years, and there are encouraging signs that this trend is continuing. However, significant issues remain.

Cotton is one of the most important raw materials used in textiles, and the most commonly used fibre for Marks & Spencer's products. The aim of the cotton policy is to describe how Marks & Spencer will reduce impact on the environment and society by sourcing cotton fibre that is cultivated in a more sustainable way than conventional cotton.

RATONALE AND OBJECTIVES

The rationale and objectives for this policy are:

- To ensure M&S improves the environmental impact of its main raw materials
- To lay out a set of uniform principles around the inclusion of sustainable cotton into product that will need to be adhered to by all business units consistently
- To ensure due diligence is undertaken with regards to the provenance of sustainably sourced cotton
- To ensure that we can substantiate any marketing claims for product with sustainably sourced cotton in accordance with existing standards

M&S MANDATORY PRINCIPLES FOR SOURCING SUSTAINABLE COTTON

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1. M&S requires that 100% of its cotton is sourced more sustainably and in compliance with its policy

In 2019, M&S reached its target of sourcing 100% of the cotton for its clothing more sustainably. The M&S Responsible Cotton Sourcing Policy requires that this position is maintained going forward – this includes identity cottons such as Supima and Egyptian.

M&S requires suppliers to source 100% of the cotton for M&S products from more sustainable sources. We define more sustainable sources as meeting any of the following standards:

- BCI (Better Cotton Initiative)

The Better Cotton Initiative (BCI) aims to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future. BCI takes a mass-balance approach and the end-product ultimately may not physically contain Better Cotton.

Better Cotton is grown in a way that protects and restores the environment, while also improving farmers' livelihoods. BCI Farmers receive training on the <u>Better Cotton Principles and</u> <u>Criteria</u> – one of six elements of the <u>Better Cotton Standard System</u>, BCI's holistic approach to sustainable cotton production which covers all three pillars of sustainability: environmental, social and economic.

More details: <u>https://bettercotton.org/</u>

- Fair Trade

Fairtrade is about better prices, decent working conditions, local sustainability and fair terms of trade for farmers and workers in the developing world. Premiums paid go to a communal fund for workers and farmers to use for the benefit of their farms and communities. Suppliers must follow the full chain of custody requirements for Fairtrade certification, including audits where necessary. Fair Trade also offer a mass balance chain of custody option through their Fairtrade sourcing program.

More details: <u>https://www.fairtrade.org.uk/farmers-and-workers/cotton/</u>

- Organic Cotton

Organic cotton is grown without the use of pesticides or synthetic fertilisers. Any product claiming organic status must meet our Organic Materials Sourcing Policy (i.e. meet legal standards for organic fibres and be supported by correct documentation and certificates).

- Recycled Cotton

Using reused or recycled cotton in lieu of virgin fibre can improve the sustainability performance of the product. We aspire to use post-consumer waste (e.g. used garments) but post-industrial waste (mill waste and noils) are acceptable as an alternative.

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2. M&S requires that no cotton should be knowingly sourced from Turkmenistan, Uzbekistan & Xinjiang regions

Turkmenistan & Uzbekistan

There have been ongoing concerns regarding the use of government backed forced child labour during the cotton-picking season in Turkmenistan and Uzbekistan.

In line with several other retailers, Marks & Spencer have banned the use of both cotton fibre and fabrics from Turkmenistan and Uzbekistan in our products. This will remain our position until such time that there is clear evidence of a change in the cotton industry in either of those countries. Marks & Spencer suppliers MUST NOT knowingly use any cotton fibre or fabric sourced from Turkmenistan or Uzbekistan in our products.

Xinjiang, China

Xinjiang is a province in Western China and a region where the majority of Chinese cotton is farmed.

There have been sustained allegations of forced labour and other serious human rights abuses in Xinjiang. As a result, BCI (Better Cotton Initiative) decided to suspend licensing of all BCI cotton produced in the Xinjiang region. This suspension starts with and includes the 2020/21 cotton growing season, which runs from approximately April (planting) to November (completion of the harvest). Licensing will not take place in September 2020. Therefore, there will be no new Better Cotton from the region from this season and thereafter.

M&S will not allow the sourcing of any cotton fibre grown in farms located in the province of Xinjiang starting from cotton grown in the 2020/21 growing season. This includes all cotton, including conventional cotton, BCI and organic.

MARKETING & CLAIMS

BCI (Better Cotton Initiative)

As BCI cotton's chain of custody approach is based on mass balance, it means that the finished product may not contain any physically traceable Better Cotton. Product marketing cannot therefore be based on any content claims and must not imply a product is "made from", "made with" or "made using" BCI or Better Cotton.

Organic and Recycled Cotton

For Organic and Recycled marketing claims – please refer to the links to the organic and recycled sourcing policies.

Supima and Egyptian Cotton

All Supima & Egyptian cotton must also be sourced more sustainably.

Suppliers must also comply with the M&S Supima and Egyptian Cotton Sourcing Policies

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APPENDIX 1

BETTER COTTON (BCI)

BCI Principles and Criteria

The Better Cotton Principles and Criteria address how to use water more efficiently and consider water use in the context of local water resources, using land responsibly and conserving biodiversity, caring for soil health and lowering the impact of conventional crop protection practices (replacing them, where possible, with sustainable alternatives), preserving fibre quality and promoting Decent Work – work that offers fair pay, security and equal opportunities for learning and progression, in an environment where people feel safe, respected, and able to express their concerns or negotiate better conditions. Farmers who adhere to the Better Cotton Principles and Criteria receive a BCI licence and can sell their cotton as Better Cotton.

By helping farmers to grow cotton in a way that reduces stress on the environment and improves the livelihoods and welfare of farming communities, BCI aims to create long-term change. It is a global approach that provides a solution for the mainstream cotton industry, including both smallholders and large-scale farmers. All farmers can benefit from implementing the Better Cotton Standard and the development of a new and more sustainable mainstream commodity, Better Cotton.

BCI Supply Chain Mechanism (Chain of Custody)

Mass-Balance is a term used to describe a supply chain methodology. Simply put, it means what comes out must balance with what went in. For example, if a retailer places an order for finished garments, like T-shirts, and requests one metric tonne of Better Cotton be associated with this order, a cotton farmer somewhere must produce one metric tonne of cotton to the Better Cotton Standard. This is then registered on BCI's supply chain system, and credits for the order are passed through the supply chain for that same weight in cotton, from one factory to the next. What comes out is the equivalent amount of cotton that the farmer produced as Better Cotton, but it has been mixed in with conventional cotton in its journey from field to product.

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