



# Reshaping M&S

Marks and Spencer Group plc  
Sustainability Report 2023



# Reshaping M&S

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



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## ABOUT THIS REPORT

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

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

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

## WIDER SUSTAINABILITY REPORTING SUITE

Links and where to find out more:

[TCFD Report](#)

[Modern Slavery Statement](#)

[M&S Animal Welfare Performance Summary](#)

[Family Matters Index](#)

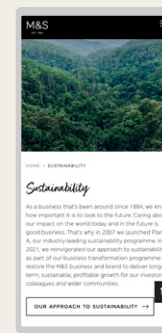
[Basis of Reporting](#)

**Annual Report 2023**  
This report supplements our 2023 Annual Report



[Go to our Annual Report 2023](#)

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



[Go to the corporate website](#)





# CEO INTRODUCTION



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

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

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

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

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

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

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

### HOW AND WHERE WE OPERATE

M&S operates as a family of businesses across Food, Clothing & Home, Property, International and Services.

 **139**

Year heritage

 **30m+**

Customers served each year

 **1,064**

UK owned and franchise stores selling innovative and exclusive product

 **100+**

International markets as part of our growing global presence

 **64,000**

Remarkable people, who all have a role in delivering change and great service at M&S



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

*Stuart Machin*  
Chief Executive Officer



# CEO INTRODUCTION CONTINUED

## RESHAPING M&S: OUR PROGRESS THIS YEAR

**Our Exceptional Product and Trusted Brand** are core to what makes us M&S. We continue to lead the market on quality standards and perception, as customers trust us to deliver great value food that doesn't compromise on sourcing standards and everyday style that is made well and made to last. This year we raised the bar again by becoming the first retailer to only sell slower-reared, higher-welfare chicken across our fresh products – a move welcomed by RSPCA Assured as the biggest positive change to chicken farming in a generation. In Clothing we stepped up our sourcing due diligence, with the introduction of new technologies that can trace our cotton right back to its region and farm of origin - giving us and our customers increased confidence in our Responsible Cotton Sourcing Policy [Read more on page 22.](#)

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

True **leadership in Omni-channel** includes leading the way in sustainable operations as we transition more of our sales into growth channels. More than 60% of our customers opt for Click & Collect – that's over 15m orders annually and, of those orders, 9% are picked and packed in stores – the equivalent

of four million parcels. As set out in detail on [page 30](#), we became the first major retailer to introduce a Bring your Own Bag initiative for click & collect orders, which will save 10 million pieces of plastic annually.

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

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

Our aim is to **structurally lower our cost base** and find new and better ways of doing things to make us a more efficient M&S.

But better can mean more efficient and more sustainable. In our Foodhalls this year we have reduced food waste by a further 24% on last year through new interventions such as the removal of best before dates on over 300 fruit and vegetables – [Read more on page 27.](#)

## OUR STRATEGIC PRIORITIES

Our plans to reshape M&S for sustainable profitable growth and value creation include the creation of a performance-focused culture, prioritisation of structural cost reduction and disciplined investment in the areas that will deliver long-term shareholder returns.

EXCEPTIONAL PRODUCT, TRUSTED BRAND

LEADING IN OMNI-CHANNEL INCLUDING OCADO

EXPANDED GLOBAL REACH

DELIVER PROFITABLE SALES

*growth*

DISCIPLINED INVESTMENT

*choices*

COMPELLING CUSTOMER ECOSYSTEM

MODERNISED SUPPLY CHAIN

ACCELERATING STORE ROTATION

IMPROVE OPERATING

*margins*

STRUCTURALLY LOWER COST BASE

HIGH PERFORMANCE CULTURE

DISCIPLINED CAPITAL ALLOCATION

DRIVE SHAREHOLDER

*returns*



## CEO INTRODUCTION CONTINUED

**Accelerating store rotation** helps us build an estate that's fit for the future; this means a more efficient, lower energy and lower carbon M&S estate. To support this goal, we have invested in new metering and data capture technology to help us better plan emission reductions into our ongoing store investment programme. Alongside this, we're future-proofing the estate for customers, announcing a new ten-year agreement with BP pulse, which includes the roll-out of 900 electric vehicle charging points to M&S stores over the next two years.

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

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

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

### LOOKING AHEAD

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

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

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

*Stuart Machin*  
Chief Executive Officer





# PROGRESS OVERVIEW

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

● TARGET MISSED   
 ● BEHIND   
 ● PROGRESSING OR ACHIEVED   
 ● NO TARGET

ISSUE	METRIC	TARGET		2022/23 PERFORMANCE	2021/22 PERFORMANCE	ASSESSMENT OF PROGRESS
<b>ENVIRONMENT</b>						
<b>NET ZERO</b>	Total location-based Scope 1 & Scope 2 GHG emissions	<b>55%</b>	reduction by 2030 (vs 2016/17 base year)	<b>32% reduction</b> 363k tonnes CO <sub>2</sub> e**	30% reduction 376k tonnes CO <sub>2</sub> e	<span style="color: green;">●</span>
	Total Scope 3 GHG emissions	<b>55%</b>	reduction by 2030 (vs 2016/17 base year)	<b>+8%</b> 6.1m tonnes CO <sub>2</sub> e	–	<span style="color: green;">●</span>
<b>SUPPLY CHAIN</b>	Cotton used in Clothing & Home products from more responsible sources	<b>100%</b>	by 2025/26	<b>100% Clothing</b> <b>90% Home</b>	100% Clothing	<span style="color: green;">●</span>
<b>REDUCING WASTE &amp; PROTECTING RESOURCES</b>	Food waste	<b>50%</b>	reduction by 2030 (vs 2016/17 base year)	<b>46% reduction</b> 9,829 tonnes**	29% reduction 12,869 tonnes	<span style="color: green;">●</span>
	Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues	<b>100%</b>	by 2025/26	<b>79%</b> 8,375 tonnes** 19.9m meals**	56% 6,231 tonnes 14.8m meals	<span style="color: green;">●</span>
	Food plastic packaging that is widely recyclable	<b>100%</b>	by 2022 (calendar year)	<b>93%**</b>	89%*	<span style="color: orange;">●</span>
	Operational waste to landfill	<b>0%</b>	maintain 0%	<b>0%**</b>	0%	<span style="color: green;">●</span>
<b>SOCIAL</b>						
<b>ANIMAL WELFARE &amp; PRODUCT STANDARDS</b>	Ranking among retailers with highest number of species within M&S Food product range adhering to RSPCA Assured certification	<b>#1</b>	maintain #1	<b>#1</b>	#1	<span style="color: green;">●</span>
<b>HEALTHIER FOOD</b>	Food sales from healthier food	<b>50%</b>	sales by 2022/23	<b>51%</b>	36%*	<span style="color: green;">●</span>
<b>COMMUNITY</b>	Marks and Start work placements started Individuals completing placement offered an employment contract with M&S			<b>748</b> <b>80%</b>	427 81%	<span style="color: grey;">●</span>
	Donations to charity by M&S Funds raised for charity through customers, colleagues and partners			<b>£5.8m**</b> <b>£2.3m**</b>	£5.2m £4m	<span style="color: grey;">●</span>

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

\*\*Assured by DNV





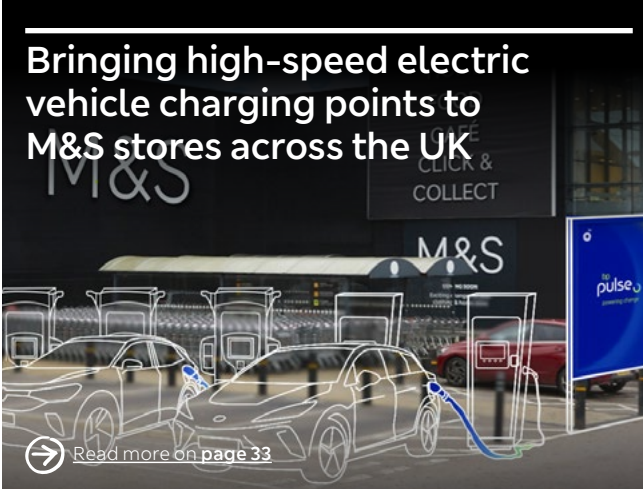
# HIGHLIGHTS FROM THE YEAR

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



[Read more on page 27](#)

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



[Read more on page 33](#)

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



[Read more on page 46](#)

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



[Read more on page 30](#)

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



[Read more on page 36](#)

Reviewing our colleague reward  
and introducing flexible working  
across stores



[Read more on page 48](#)





**IN THIS SECTION**

9 Our sustainability approach

# OUR APPROACH





# OUR SUSTAINABILITY APPROACH

Doing the right thing for the people and communities we serve has always been central to M&S culture, and part of our sustainability programme, launched in 2007, as Plan A.

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

### Stakeholder engagement

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

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

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

## Plan A.

because there is no plan b

ENVIRONMENT		SOCIAL				
<p>PLANET</p>		<p>ANIMAL WELFARE</p>	<p>ETHICAL TRADE</p>	<p>HEALTHIER FOOD</p>	<p>PEOPLE</p>	<p>COMMUNITY</p>
<p>How we source</p> <p>Sustainable sourcing Low impact farming Zero deforestation</p> <p><b>SCOPE 3</b></p>	<p>How we make our products</p> <p>Net zero suppliers and business partners Plant-based protein</p> <p><b>SCOPE 3</b></p>	<p>Animal welfare standards</p>	<p>Ethical trading</p> <p>Human rights in the supply chain</p>	<p>Healthier food</p>	<p>Inclusion &amp; diversity</p> <p>Colleague wellbeing</p> <p>Pay &amp; reward</p>	<p>Local community</p>
<p>Reducing waste and protecting resources</p> <p>Circular economy Reduce food waste Reduce &amp; recycle food packaging</p> <p><b>SCOPE 3</b></p>	<p>Property and operations emissions</p> <p>Zero emissions property Zero emissions transport</p> <p><b>SCOPE 1 &amp; 2</b></p>					

GOVERNANCE

We do the right thing – everyone plays their part in ensuring we always comply with our policies and standards across product safety (chemicals), food safety, data protection, health & safety, environmental pollution, water access and availability, supplier compliance and responsible marketing.



## OUR SUSTAINABILITY APPROACH CONTINUED

We have worked with an independent research agency to develop a new brand-reputation measure that each quarter will track customer sentiment and identify the issues and initiatives that shape our ESG reputation. We will establish a baseline over the next year, so we can set targets for improvement.

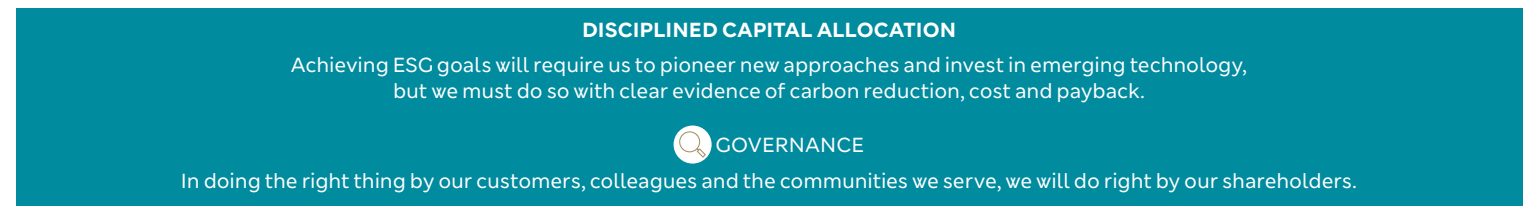
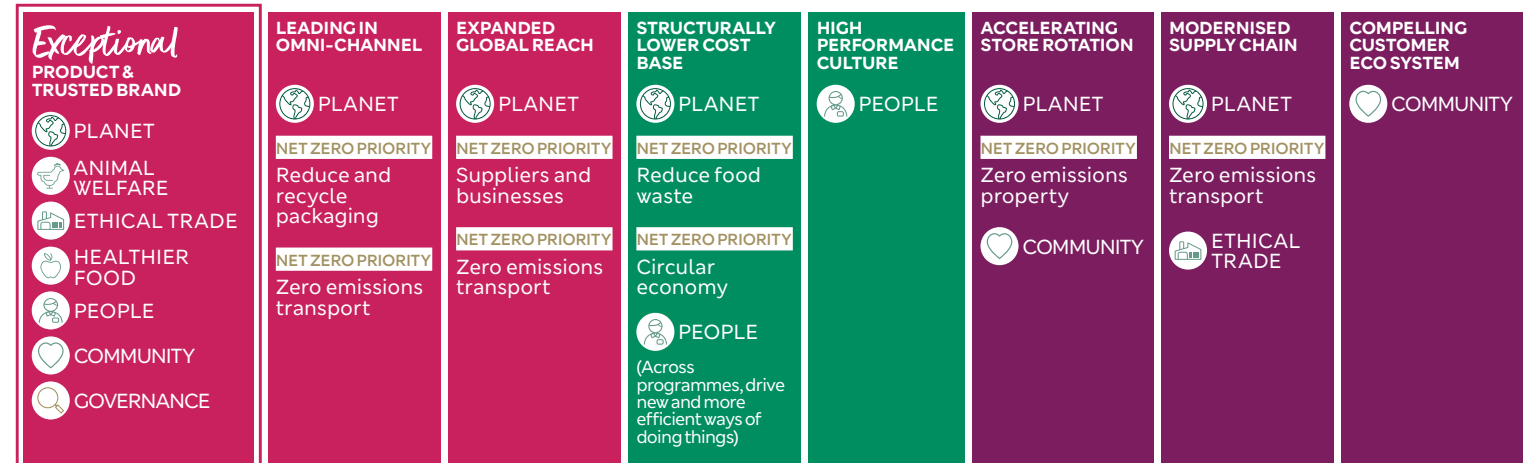
### Materiality assessment

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

### Responding to global issues

There have, of course, been external factors to contend with this year, which has widened the range of social issues our stakeholders expect us to act on. These include:

- The devastating earthquakes in Turkey and Syria - [read more on page 50](#).
- The impact of the cost of living crisis on our customers, colleagues and communities - [read more on page 48](#).
- The impacts of climate change and declining biodiversity already being felt by our producers - [read more on page 17](#).
- Labour shortages which required extra vigilance to ensure we upheld our human rights standards - [read more on page 40](#).







# ENVIRONMENT

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- 32 Driving efficiencies

## STRATEGIC PRIORITY ALIGNMENT

- EXCEPTIONAL PRODUCTS, TRUSTED BRAND
- LEADING IN OMNI-CHANNEL
- EXPANDED GLOBAL REACH
- STRUCTURALLY LOWER COST BASE
- ACCELERATING STORE ROTATION
- MODERNISED STORE ESTATE



# NET ZERO

## GETTING TO NET ZERO

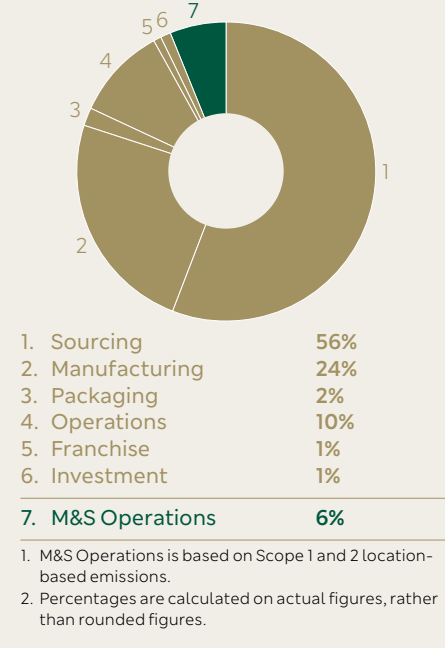
### Ambition and commitment

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

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

### Understanding our impact

Our greenhouse gas (GHG) emissions footprint



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

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

### SPOTLIGHT

#### SBTi validated 2030 target

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

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

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

[Read more on page 15](#)

## Net zero transition roadmap



<sup>1</sup>Restated in line with methodological changes and Gist acquisition.

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



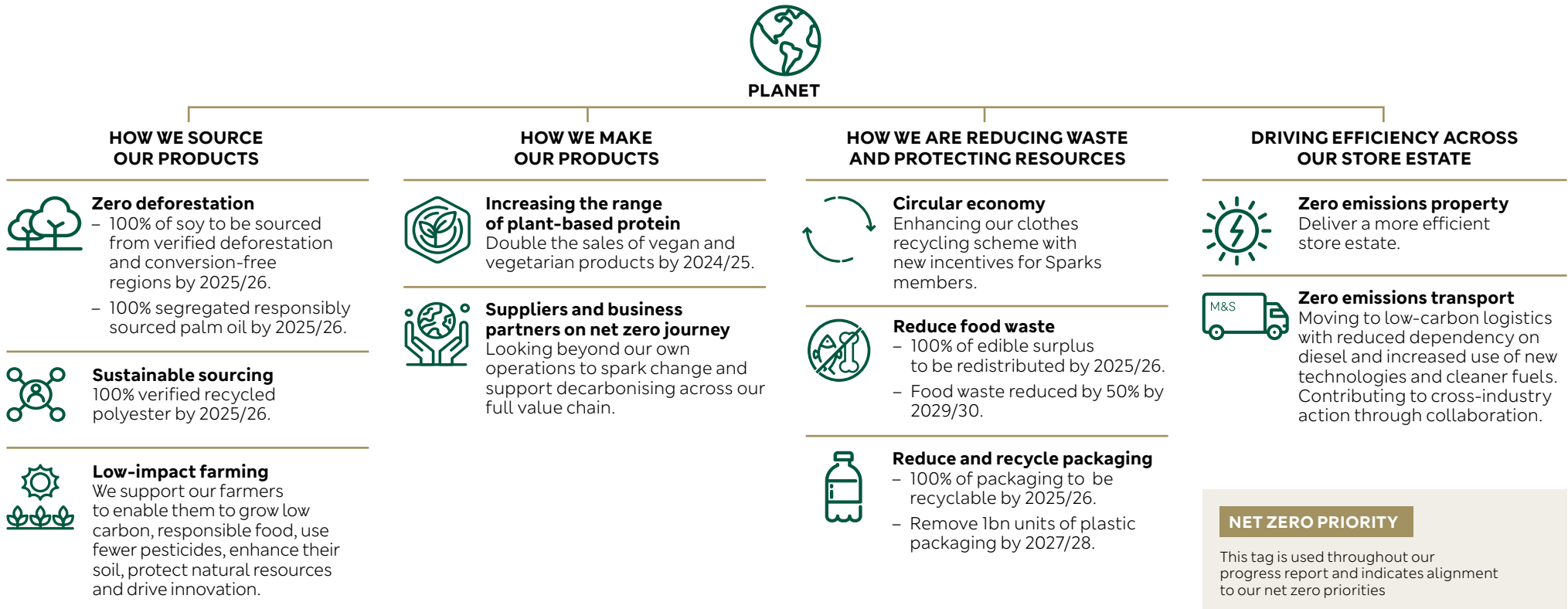


# NET ZERO CONTINUED

A significant part of the 2.1m tonne reduction in 2025/26 will come from how we source, make and sell our product. We continue our focus on the ten priority areas on our net zero roadmap.

## NET ZERO TRANSITION ROADMAP

### TEN IMMEDIATE PRIORITY AREAS FOR TRANSFORMATION





## NET ZERO CONTINUED

### 2025/26 target

2.1m tonne GHG reduction

### 2022/23 progress

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

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

### 2022/23 highlights

- Reduction in food waste – [read more on page 27.](#)
- Removal of plastic packaging units – [read more on page 29.](#)
- Increase in soy sourced from verified deforestation and conversion-free (vDCF) supply chains – [read more on page 20.](#)
- Increase in the volume of recycled polyester sourced in clothing – [read more on page 21.](#)

- Started engagement with our strategic suppliers and carried out beef Life Cycle Assessment (LCA) to inform decarbonisation roadmaps – [read more on page 18.](#)
- Invested in better measurement and reporting for Scope 1 and 2 emissions – [read more on page 33.](#)

### Focus for 2023/24

- Identify activity required to close the gap to our 2.1m tonne target.
- Implement systems which allow us to demonstrate emissions reductions in our food supply chain initially.

A significant part of the 2.1m tonne reduction in 2025/26 will come from how we source, make and sell our product. We continue our focus on the ten priority areas on our net zero roadmap.

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

 [Read more about our RCF targets on page 56.](#)





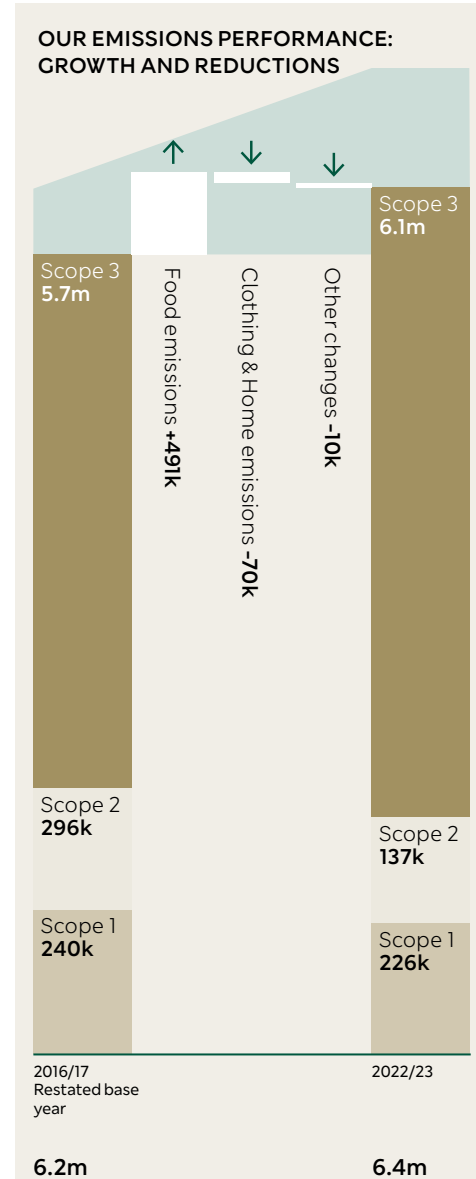
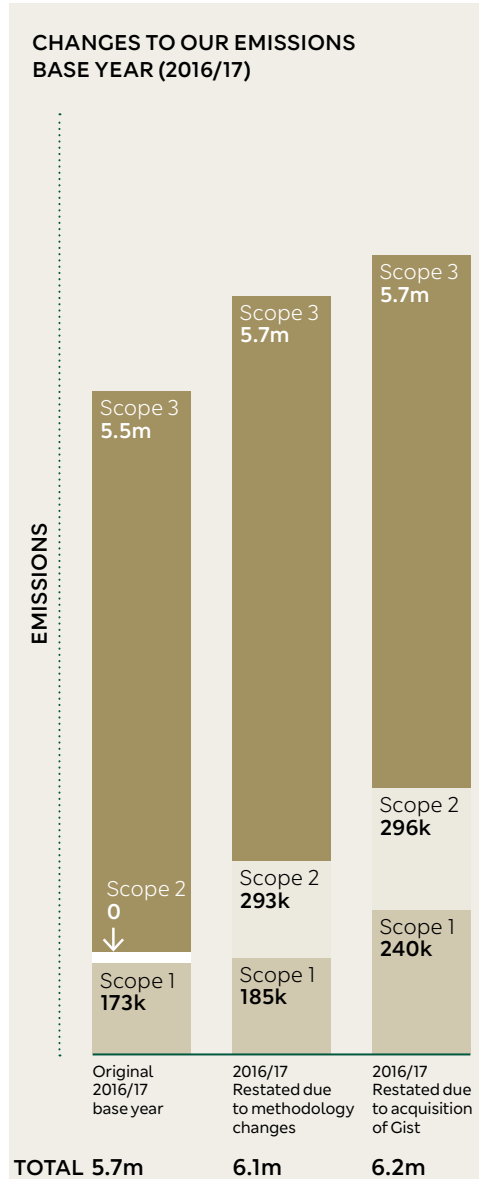


# NET ZERO CONTINUED

## The evolution of our base year data

Last year we disclosed our carbon footprint for our base year (2016/17), as part of the reset of our Plan A strategy. Throughout the year, two key activities have meant we are restating this base year in line with our Recalculation Policy:

- Methodology changes were made during the approval process with the Science Based Target initiative, including a move to location-based emissions reporting. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). The move to a location-based method focuses on driving reduction at a location level, and reduces our reliance on market instruments such as Renewable Energy Guarantees of Origin (REGOs). This has led to an increase in our base year footprint of 0.45m tonnes of CO<sub>2</sub>e.
- The acquisition of Cist. This has led to an increase in our base year footprint of 0.05m tonnes of CO<sub>2</sub>e.



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

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

Read more about how we are facing into the challenges in our transition plan on the next page.



# NET ZERO CONTINUED

## CHALLENGES WE FACE ON OUR JOURNEY TO NET ZERO

CHALLENGE		WHAT ARE WE DOING
<b>Measurement</b>	<b>Accessing robust Scope 3 data to quantify emissions reduction programmes in our supply chain</b>	<p>We are working with industry collaborations, such as Manufacture 2030 and the Sustainable Apparel Coalition's Higg Index, as an efficient way of accessing our Supplier partners' energy and emissions data. Industry-wide aggregators reduce the burden of reporting for supplier partners and play a vital part in feeding supplier-specific data alongside product data into our carbon inventory.</p> <p><a href="#">➔ Read more in <b>How we make our products on page 23</b></a></p>
<b>Access to and financing of renewable energy</b>	<b>Provision of renewable electricity in our Clothing &amp; Home sourcing regions</b>	<p>There is a wide variation in access to and funding for renewable energy in different countries and regions. We are reliant on industry partners and governments playing their part in reducing emissions. We are committed to supporting regional projects that can support facilities where we source.</p> <p><a href="#">➔ Read more in <b>How we make our products (Clothing and home sourcing regions) on page 25</b></a></p>
	<b>Renewable electricity availability in the UK</b>	<p>We made the decision as a business to source renewable electricity via REGOs in 2012 as we could see that major purchases of renewable electricity via these market mechanisms sent a signal to the market to continue to invest in new renewable energy capacity. Having reviewed the current market, we no longer believe this is valid. From April 2023, we will not be renewing our REGOs contracts in the UK.</p> <p>We are continuing our work to reduce our overall demand for energy and are exploring further self-generation opportunities to add to the existing solar arrays we have, both on stores and at our Castle Donington Distribution Centre. In collaboration with other retailers, we have called on the government to accelerate the greening of the grid as we know this will play a crucial role in meeting our net zero targets. We have also moved to location-based emissions reporting to ensure the actual on-site energy efficiency improvements we make are seen in our carbon reporting.</p> <p><a href="#">➔ Read more in <b>Driving efficiencies on page 32</b></a></p>
<b>Policy and incentive</b>	<b>Investment and policy alignment is required to create systemic change in agricultural supply chains</b>	<p>72% of M&amp;S Food's emissions come from agriculture. Reduction activity will require changes to farming practices such as breed and variety choice, feed and fertiliser, grassland and soil carbon management. Reducing emissions will need to be addressed holistically with animal welfare standards, water management and protecting biodiversity. Our Farming with Nature programme and sector-specific decarbonisation roadmaps have been developed with these challenges in mind. We are also working collaboratively across the wider food and agricultural sector with partnerships like WWF, WRAP, BRC and the NFU.</p> <p><a href="#">➔ Read more in <b>How we source (policy and incentive) on page 18</b></a></p>
<b>Technology and innovation</b>	<b>Strong policy on the future of low carbon fleet, and the provision of the necessary infrastructure to support this</b>	<p>Through our acquisition of Gist, we are able to work more closely with the wider logistics industry and manufacturers to ensure we have a transition plan for a net zero fleet. This year, we have expanded our LNG fleet to 35 vehicles. We also input into the government's Independent Review of Net Zero with a specific recommendation on the accelerated deployment of zero carbon HGVs. While there has been good progress on small- and medium- sized vehicles there is not yet sufficient technology proven at scale available for roll-out into HGVs.</p> <p><a href="#">➔ Read more in <b>Driving efficiencies (tech and innovation) on page 32</b></a></p>

### Collaboration and engagement

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

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

### Plan A Accelerator Fund

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



# HOW WE SOURCE OUR PRODUCTS

## INTRODUCTION

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

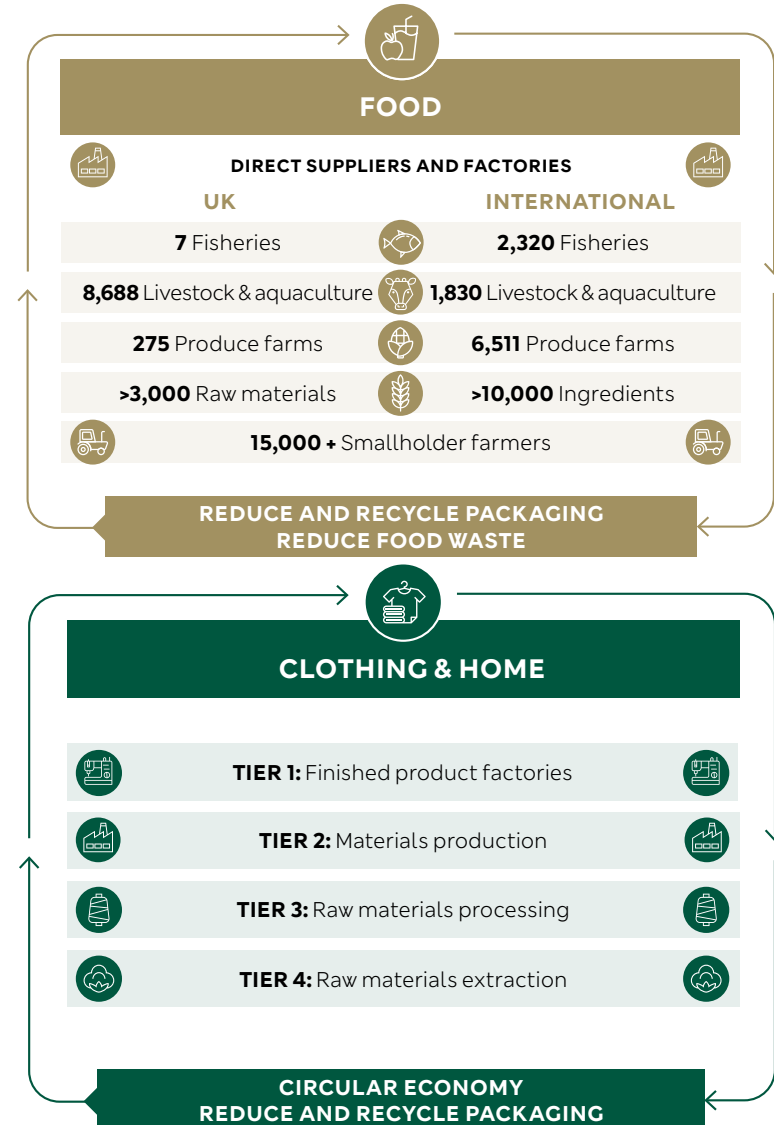
High environmental and ethical standards enable us to maintain our differentiated position as a quality retailer in the marketplace. During the past year, we've worked even more closely with our supplier partners to continue to push forward on standards while carefully managing the inflationary cost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

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

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

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

## OUR OWN BRAND SUPPLY CHAINS







## HOW WE SOURCE OUR PRODUCTS CONTINUED

### LOW IMPACT FARMING

#### NET ZERO PRIORITY

#### Ongoing target/commitment

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

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

#### 2022/23 highlights

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



#### SPOTLIGHT WWF Retailers' Commitment for Nature

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

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

#### SPOTLIGHT Beef Life Cycle Assessment (LCA)

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

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





## HOW WE SOURCE OUR PRODUCTS CONTINUED

### CASE STUDY

### FARMING WITH *nature*

#### M&S ACTION

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

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

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

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

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

#### IMPACT

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

#### PRIORITIES FOR 23/34

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

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



### SPOTLIGHT

### Look behind the Label

Our Look Behind the Label message encourages our 30m customers to find out more about how their favourite products are made. We opened up the conversation to our colleagues with the launch of the “100 Things You Didn’t Know About M&S” Look Behind the Label book. The book, which was given to all colleagues, brings to life the stories behind our exceptional products that are made and sourced with care.

This year we continued to communicate our stories through social media channels and in-store decor, with a particular focus on renewal formats across our new store estate. We integrated key messages like Fairtrade and our journey to net zero onto the back of some of our everyday Food products like cereals, juice and coffee to encourage conversation. It is important to us that all claims can be verified and we created a “Green Claims” book for our marketers and have developed an internal training workshop.







## HOW WE SOURCE OUR PRODUCTS CONTINUED

### RAW MATERIALS: FOOD

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

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

[➔ Read more about Fairtrade on page 43](#)

### SOY

NET ZERO PRIORITY

#### Target

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

#### 2022/23 progress

39%

of all soy sourced vDCF.

- Our reported total soy tonnage use went up from c.75k tonnes to 100k tonnes. This is because we started digging much deeper into our supply chain through our supplier exchanges and with the implementation of our revised animal feed policy. We are now asking all our key suppliers, including suppliers of dairy products and finished product manufacturers, to provide information on their soy footprint, and the response rate to our soy survey went from 76% in 2021 to 95% in 2022.
- We are tracking two sustainability metrics for our soy:
  - % Verified Deforestation and Conversion Free (vDCF). This includes transitional mechanisms, such as mass balance, area mass balance, segregated or RTRS regional credits. We are including all our soy – both direct and indirect (soy used in animal feed, including dairy) in this metric.
  - % Physically Certified Deforestation and Conversion Free. This is soy for which evidence is required of supply claimed to meet a relevant physically certified standard. M&S has aligned our acceptance of standards with the FEAC benchmark tool and criteria, which include allowing an Area Mass Balance/ Mass Balance/ Segregated chain of custody system, including the purchase of RTRS Regional Credits. This metric applies to soy used in animal feed only (excluding for dairy).
- vDCF Soy progress: This year our suppliers reported using a total of 39,127 tonnes of vDCF soy, up from 31,596 tonnes in 2021. However, because significantly more suppliers reported to us on their soy usage than in 2021, the overall % of vDCF soy is lower vs 2021, at 39% this year versus 42% last year.
- Physically certified soy progress: this data is subject to a discrete assurance process and we will be reporting on it later in the year.
- We have previously reported on the percentage of soy in our supply chain which is “certified”, also including certificates and credits. This year we have made the decision not to purchase credits ourselves on the basis that they do not tend to be directly connected to soy producers and are not accepted by regulatory bodies and NGOs as evidence of sustainable supply chains which drive the innovation needed to deliver the conservation of vital ecosystems. Instead, we are looking to invest in different financial mechanisms which we believe will bring benefit to the soy producers on the ground so are looking to move away from this metric this year.

[➔ Read more on page 60](#)

#### 2022/23 highlights

- Boosted work across our supply chain to implement commitments under the UK Soy Manifesto via the M&S Animal Feed Policy.
- Embedded a dedicated specialist raw materials manager within the Food sustainability team to advance progress on deforestation issues.
- Strengthened our reporting through deeper engagement with our supply chain and improved controls.
- Continued to play our part in the Retail Soy Group, where we have advocated for the adoption of verified and certified responsibly sourced soy.

[➔ Go to our approach to sourcing soy](#)

### PALM OIL

NET ZERO PRIORITY

#### Target

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

#### 2022/23 progress

98%

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

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

[➔ Read more on page 60](#)

[➔ Go to our approach to sourcing palm oil](#)







## HOW WE SOURCE OUR PRODUCTS CONTINUED

### RAW MATERIALS: CLOTHING & HOME

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

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

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

### COTTON



#### Target

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

#### 2022/23 progress

**100%**

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

**90%**

of the cotton in our homeware in our 2023 spring/summer range was from more responsible sources. There is still a small amount of conventional cotton remaining in our home textiles; we are making good progress in converting this by working closely with Better Cotton. In the 2023 spring/summer range, homeware represented 19% of total cotton used across Clothing & Home.

[Read more on page 62](#)

[Go to our approach to sourcing cotton](#)

### POLYESTER



#### NET ZERO PRIORITY

#### Target

100% verified recycled polyester by 2025/26.

#### 2022/23 progress

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

[Read more on page 62](#)

[Go to our approach to sourcing polyester](#)

#### SPOTLIGHT Collaboration



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

We will also be joining working groups on specific topics this year, to support achieving the Textile Exchange 2030 Climate+ strategic goal to reduce 45% CO<sub>2</sub>e emissions from fibre and material production.

### MAN-MADE CELLULOSIC FIBRES



#### Target

100% MMCF from preferred sources by 2025/26.

#### 2022/23 progress

**45%**

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

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

[Read more on page 62](#)

[Go to our approach to sourcing MMCF](#)



## HOW WE SOURCE OUR PRODUCTS CONTINUED

### DATA IMPROVEMENTS AND A FOCUS ON TRACEABILITY AND TRANSPARENCY

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

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

#### Cotton traceability

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

Since 2021, we've been part of the Better Cotton Traceability Panel, a collaboration of industry stakeholders working to develop and grow physical traceability along Better Cotton's supply chain. This year we piloted new requirements to the Better Cotton's Chain of Custody model in India, adding physical segregation and traceability as

cotton progresses through the supply chain before reaching stores in autumn/winter 23. While we believe in the positive impact that using Better Cotton through mass balance has had for cotton farmers, physical segregation is the natural next step, and we are committed to supporting the expansion of this work.

[Go to human rights in the cotton supply chain in our Modern Slavery Statement](#)

#### Piloting new traceability platforms

Finding a tool that supports us in upholding our stringent policy and certification requirements has been a focus for us over the past few years. With many new solutions coming to market, we have carried out a detailed review and, following a successful proof of concept, we are scaling up a pilot with Textiles Genesis. With an initial focus on the traceability of MMCF fibres, this will allow us to understand more about the challenges



of tracking fibres along the different transformation stages, from raw material to finished goods. To date, 600,000 products have been traced from fibre source to the garment maker.

#### Cotton transparency

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



### SPOTLIGHT

#### Leather traceability

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

[Read more on page 39](#)



# HOW WE MAKE OUR PRODUCTS

## INTRODUCTION

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

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

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

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

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







## HOW WE MAKE OUR PRODUCTS CONTINUED

### FOOD MANUFACTURING EMISSIONS REDUCTION

#### NET ZERO PRIORITY

#### 2022/23 progress

## Top 10

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

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

#### 2022/23 highlights/action

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

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

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

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

#### Our plans for 2023/24

- Getting 100% of our top 100 suppliers (based on emissions) signed up to Manufacture 2030.
- Working with Manufacture 2030 and our suppliers to build strong plans to achieve our net zero commitments.
- Working with Manufacture 2030 on identifying how we monitor our more-complex supply chains, ensuring we include raw material suppliers who supply us directly but also supply through other Tier 1 suppliers.

### CASE STUDY

#### SHARPENING OUR DATA SYSTEM'S TOOLS TO MEASURE

## emissions

#### CHALLENGE

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

#### M&S ACTION

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

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

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

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

#### IMPACT

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





# HOW WE MAKE OUR PRODUCTS CONTINUED

## CLOTHING & HOME MANUFACTURING EMISSIONS REDUCTION

NET ZERO PRIORITY



### Target

50% of invited suppliers verify their Higg FEM (Facility Environmental Module) 2021.

### 2022/23 progress

**72%**

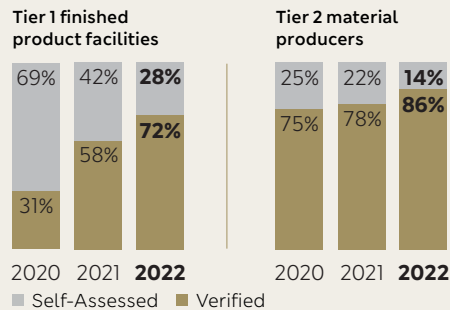
of supplier partners verified their assessment at Tier 1.

**86%**

of supplier partners verified their assessment at Tier 2.

[Read more on page 62](#)

### % OF SUPPLY PARTNERS VERIFYING THEIR HIGG FEM ASSESSMENT



Suppliers completed the FEM module in the reporting year for the previous calendar year. 2022 data here represents submissions made in 2022 for the 2021 FEM module

### 2022/23 highlights

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

Training and engagement are a key part of achieving continuous improvement and this year we sponsored in-person training for 358 facilities in five of our key manufacturing countries, with additional virtual sessions for those unable to attend. Our sourcing office sustainability teams have built relationships with our key supplier partners by running capacity-building sessions and providing one-to-one support with their improvement plans. We also incorporate audit results into our supplier scorecards at Tier 1, so our sourcing teams can see environmental

performance alongside commercial metrics. In 2022, we invited our top 90% (by cost value) of suppliers at Tier 1, and top volume mills at Tier 2 to complete the module. We encourage verification of the module to allow us to obtain assured data. As the programme matures, we are seeing improvements in results, with the average verified score increasing from 60.3 to 70.2 out of 100 between FEM 2020 and FEM 2021.

### SUPPLIER PARTNER FACILITIES COMPLETING THE FEM



Suppliers completed the FEM module in the reporting year for the previous calendar year. 2022 data here represents submissions made in 2022 for the 2021 FEM module

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

### Aii Carbon Leadership Programme (Apparel Impact Institute)

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

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



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

*Kurt Kipka*  
Chief Impact Officer,  
Apparel Impact Institute



# HOW WE MAKE OUR PRODUCTS CONTINUED

## CHEMICAL AND WASTEWATER TESTING

### Ongoing commitment

As a signatory brand member of the ZHDC (Zero Discharge of Hazardous Chemicals) Foundation we are committed to eliminating harmful chemicals from the manufacture of our textile and apparel products.

ZHDC is a multi-stakeholder organisation comprising over 150 contributors from across the industry including brands, suppliers and chemical suppliers.

### 2022/23 highlights/action

The M&S Environmental & Chemical Policy is aligned with ZHDC's Roadmap to Zero Programme and supports the implementation of guidelines, platforms and solutions, guiding our supply chain towards improved chemical management practices. M&S has adopted the ZHDC Manufacturing Restricted Substances List (the ZHDC MRSL) and over 95% of our wet processors are registered on the ZHDC gateway, where they can access a database of compliant chemistry. It is a mandatory requirement for facilities to complete regular wastewater testing in line with the ZHDC Wastewater Guidelines.

[Go to our approach to responsible chemical management](#)

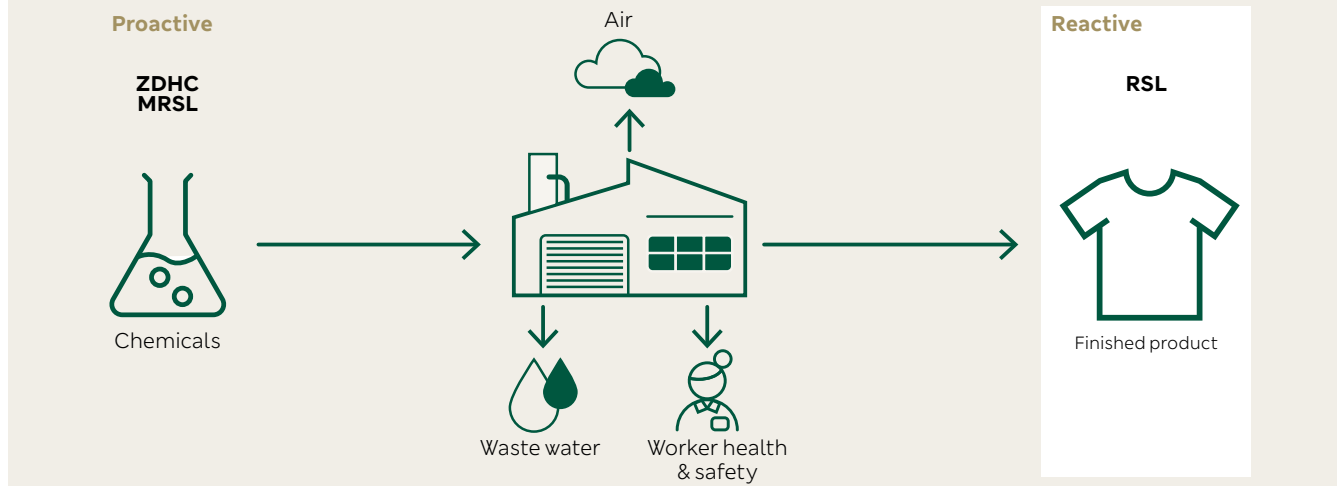


### SPOTLIGHT Collaboration

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



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







# REDUCING WASTE AND PROTECTING RESOURCES

## INTRODUCTION

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

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

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

## FOOD WASTE

### NET ZERO PRIORITY

#### Target

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

#### 2022/23 progress

# 46%

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

[Read more on page 63](#)

#### 2022/23 highlights

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



## CASE STUDY

### TURNING SURPLUS LOAVES INTO FROZEN GARLIC

# bread

#### CHALLENGE

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

#### M&S ACTION

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

#### IMPACT

The scheme, which launched in 2020, is currently live in 253 stores and we have sold over two million of the re-purposed loaves.

Due to its popularity, we are now expanding this offer to an additional 125 stores in April 2023 and introducing two new products.



## SPOTLIGHT

### What matters to our customers

Reducing food waste is hugely important to families – M&S' latest Family Matters Index revealed that 72% of UK families are taking steps to reduce household waste. Over half (55%) of families say it's important that the shops they buy from make it easier for them to make more-sustainable choices.



## REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

### FOOD REDISTRIBUTION



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

#### Target

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

#### 2022/23 progress

# 79%

of edible surplus food redistributed (compared to 56% last year).

[Read more on page 63](#)

#### 2022/23 highlights

- Our step change in performance during the year was due to the introduction of food-waste redistribution as a measurable KPI for all stores, which we identified as a key action following a review last year.
- While the majority of our food surplus still goes to local causes, we have reviewed our food surplus policy to allow our store colleagues to take home food at a reduced rate. It has been a popular step change for our colleagues.
- We reinvigorated our seven-year partnership with Neighbourly, with a clear objective of pairing more stores and charities, to facilitate an uplift in redistribution.

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



### CASE STUDY

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

# 60 million meals

#### CHALLENGE

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

#### M&S ACTION

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

#### IMPACT

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

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



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

*Steve Butterworth*  
CEO of Neighbourly



## REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

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

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

### FOOD PLASTIC PACKAGING REDUCTION

NET ZERO PRIORITY

#### Target

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

Remove **75 million** units in 2022/23.

#### 2022/23 progress

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

[→ Read more on page 56](#)



#### 2022/23 highlights

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

#### CASE STUDY TOMATO PACKAGING GOES

*green*

##### CHALLENGE

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

##### M&S ACTION

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

##### IMPACT

Developed with the Reflex Packaging Group and inspired by traditional sandwich packaging, the innovative design is part of M&S' commitment to reduce plastic packaging.







# REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

## FOOD PLASTIC PACKAGING RECYCLABILITY



NET ZERO PRIORITY

### Target

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

### 2022/23 progress

# 93%

of plastic packaging is widely recyclable\*\*.

[Read more on page 64](#)

### SPOTLIGHT

#### Improving packaging data

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



### 2022/23 highlights

- Where plastic packaging cannot yet be removed, we are working to ensure it is easily recyclable by our customers. Strong progress has been made and the vast majority of plastic packaging in our Food Halls is recyclable via household recycling collections. We want to get this to 100% (and are measuring this by assessing whether the packaging is recyclable according to OPRL definitions).
- However, not all plastics are yet recyclable via this route. Problem packaging items include multilayer films, lidding films, labels, nets and other items such as tags and sachets.
- To address this, last year we rolled out collection points for these plastics in over 500 stores as an interim solution to collect and recycle this packaging while we work with organisations such as WRAP; and the UK Plastics Pact to improve the household collection of soft plastics.
- In the last year we have started to work with a recycling company which takes this plastic waste collected in stores, sorts it and processes it into new materials.
- A very small amount of the packaging we collect in stores is not recyclable with current UK technology. We are taking forward conversations with a range of stakeholders to identify the best solutions to recycle these last few problematic plastics in the UK.
- Going forward, we will report progress against the UK Plastics Pact 2025 target, for 100% of plastic packaging to be reusable, recyclable or compostable.

## CLOTHING & HOME PACKAGING



### 2022/23 highlights

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

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

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

[Go to our progress in Clothing & Home packaging](#)

### CASE STUDY BRING YOUR OWN



# bag

#### CHALLENGE

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

#### M&S ACTION

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

#### IMPACT

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





# REDUCING WASTE AND PROTECTING RESOURCES CONTINUED

## CLOTHING & HOME CIRCULARITY



### NET ZERO PRIORITY

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

### INNOVATIVE RAW MATERIALS AND MANUFACTURE

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

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

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

### PRODUCT DESIGN

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

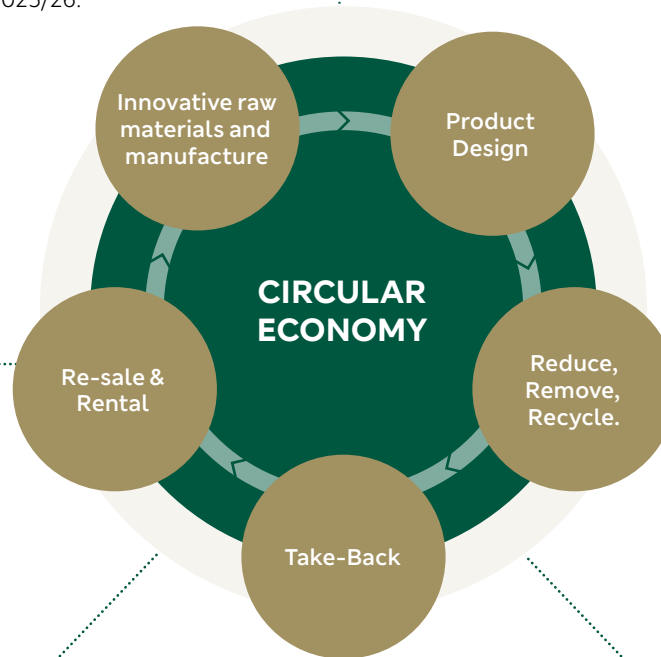
**Durability.** Our high-quality products are durable, made well and made to last.

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

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

### RESALE AND RENTAL

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



### REDUCE, REMOVE, RECYCLE

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

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

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

### TAKE-BACK

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

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





# DRIVING EFFICIENCIES

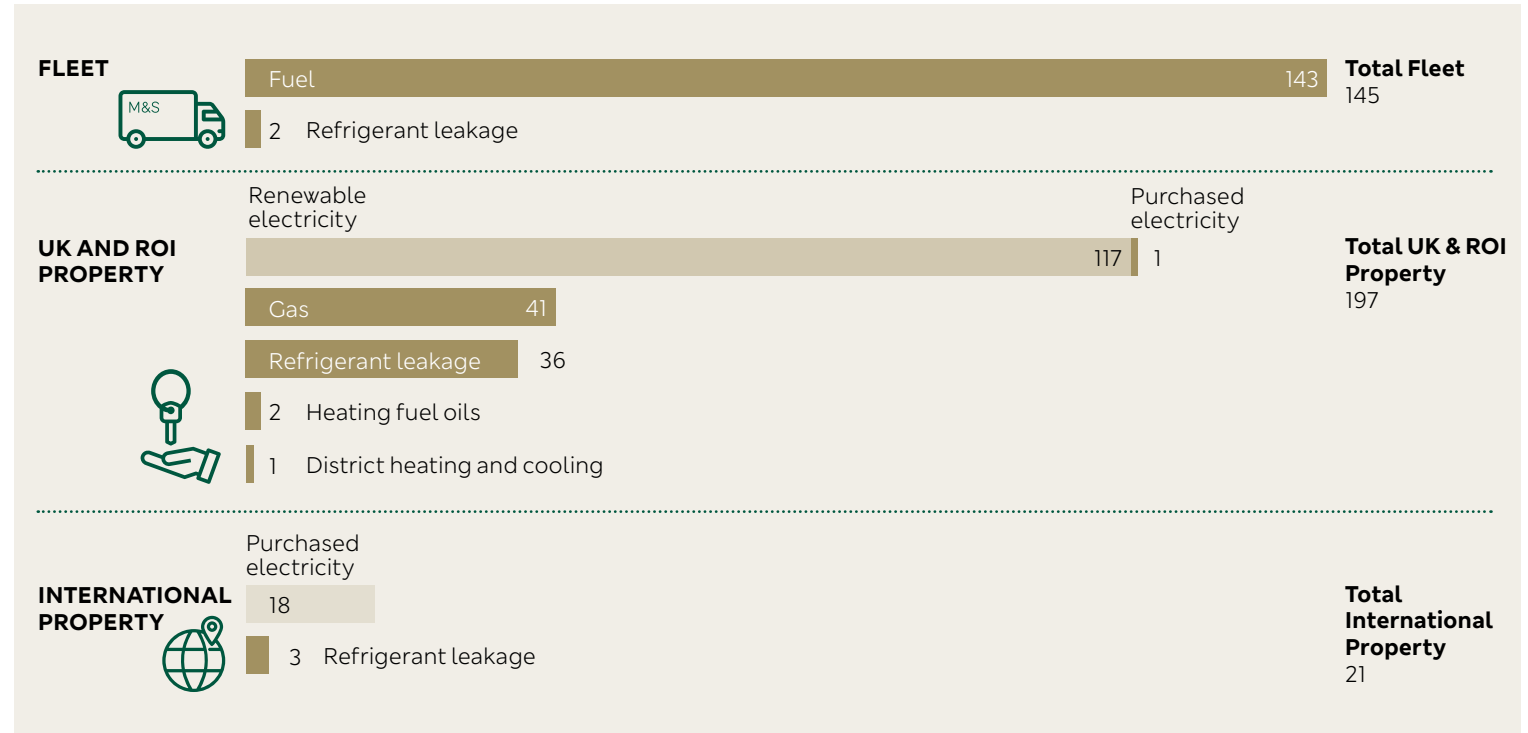
## INTRODUCTION

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

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

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

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



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

### SPOTLIGHT Gist acquisition

In September 2022, we acquired Gist, a longstanding logistics partner to the Food business. Prior to acquisition, we were already accounting for the majority of Gist operations within our Scope 1 and 2 emissions, as a significant proportion of their operations were fully dedicated to

servicing the M&S network. The new ownership model gives us operational control of Gist's primary logistics function, which was previously outside of the operational control reporting boundary. Our initial focus since acquisition has been the alignment of our net zero targets and reporting systems.





## DRIVING EFFICIENCIES CONTINUED

### NET ZERO PROPERTY & NET ZERO LOGISTICS

#### NET ZERO PRIORITY

#### Target

34% reduction in carbon emissions by 2025/26 against 2016/17 baseline.

55% reduction in carbon emissions by 2029/30 against 2016/17 baseline (SBTi approved\*).

Net zero across our own business by 2035.

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

#### SPOTLIGHT

##### Sphera

We know that having the right systems in place to manage and report on our greenhouse gas emissions data is key. This year we have implemented Sphera, an ESG performance management system that we are now using to collect, analyse and report data on Scope 1 and 2 GHG emissions. The benefits of introducing this system have been to provide more frequent reporting to management; give data access and analysis at different levels and areas of the business; codify the process and reduce the chance of human error; improve controls and verification to support assurance; and ensure we are in line with the market.

#### 2022/23 progress

# 32%

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

# 3%

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

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

[→ Read more on page 57](#)

### UK AND ROI PROPERTY

#### NET ZERO PRIORITY

#### 2022/23 highlights/action

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

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

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

#### CASE STUDY

#### PARTNERING WITH BP PULSE TO BRING EV CHARGING POINTS TO

# customers

#### CHALLENGE

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

#### M&S ACTION

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

#### IMPACT

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



## DRIVING EFFICIENCIES CONTINUED

### INTERNATIONAL

#### 2022/23 highlights/action

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

#### Scope 3

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

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

#### Interim efficiency actions

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

### SUPPLY CHAIN LOGISTICS

#### NET ZERO PRIORITY

#### 2022/23 highlights/action

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

#### Net zero logistics challenge

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

#### Technological solutions

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

In our Clothing & Home network we have introduced 35 bio-LNG tractor units into our fleet to replace end-of-life diesel assets. These have the potential to provide up to an 80% emissions reduction compared to diesel. "Cleaner burn fuels" serve as a bridging option to reduce CO<sub>2</sub>e, while alternative low emissions technologies develop at scale for industry wide use, and support with the rapid decarbonisation needed to reach our 2030 target.







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**STRATEGIC PRIORITY ALIGNMENT**

- EXCEPTIONAL PRODUCT TRUSTED BRAND
- STRUCTURALLY LOWER COST BASE
- HIGH PERFORMANCE CULTURE
- ACCELERATING STORE ROTATION
- MODERNISED SUPPLY CHAIN
- COMPELLING CUSTOMER ECOSYSTEM

# SOCIAL







# ANIMAL WELFARE

## INTRODUCTION

Our founders knew that value means much more than price. It means giving customers assurance that we source raw materials responsibly to protect the planet for tomorrow, and provide confidence that we treat the people who make and sell our products fairly. This means setting the standards for others to follow, whether that's in animal welfare or product traceability. It's why we sell more RSPCA Assured products than any other retailer.

## FOOD

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

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

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

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

[Go to our Food approach to animal welfare](#)

\*A study conducted by YouGov on behalf of M&S

## ANIMAL WELFARE STANDARDS

### Ongoing commitment

Maintain #1 ranking among retailers with the highest number of species within M&S Food product range adhering to RSPCA Assured certification.

### 2022/23 highlights/action

# #1

Ranking among retailers with the highest number of species within the M&S Food product range adhering to RSPCA Assured certification.

We partner with the RSPCA and adopt their standards to improve the welfare of animals throughout our supply chain. We have always been committed to ensuring that the welfare of all animals used in the production of our products is safeguarded. Our goal is to ensure our suppliers adopt and implement the highest practical and commercially viable standards of farm animal welfare across our supply base at every stage of the animal's life, and demonstrate continuous improvement in farm animal health and welfare standards. The RSPCA Assured logo on M&S packaging provides independent assurance that any animals involved in production have been reared to the RSPCA's strict farm animal welfare standards and had a good quality of life.

## CHICKEN

### Target

By autumn 2022, all our fresh chicken will be higher-welfare, slower-reared, British and RSPCA Assured.

### 2022/23 progress

# 100%

100% higher-welfare, slower-reared chicken.

### 2022 highlights/action

In September 2022, we met our 2021 commitment to become the first major retailer to sell only higher-welfare, slower-reared chicken across our full range of fresh chicken products. Our Oakham™ Gold chickens are fed on a multigrain diet to support their slower growth and muscle development. Birds also have 20% more space alongside an enhanced environment, with more pecking aids and perches to encourage natural behaviours.

The introduction of Oakham™ Gold chicken means all the fresh chicken we sell is now slower-reared, British and RSPCA Assured.

Moving to higher-welfare, slower-reared chicken was not without challenges as in the short term it will increase greenhouse gas emissions due to increased animal feed requirements.





## ANIMAL WELFARE CONTINUED

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



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

*Mike Baker*  
CEO of RSPCA Assured

### PORK



#### Target

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

#### 2022/23 progress



# 100%

higher-welfare charcuterie pork.

#### 2022/23 actions/highlights

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

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

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







## ANIMAL WELFARE CONTINUED

### CLOTHING & HOME

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

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

[Go to our Clothing & Home animal welfare standards](#)

### WOOL

#### Target

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

#### 2022/23 progress

# 13%

of wool sourced from more sustainable sources.

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

[Go to our Responsible Wool Sourcing Policy](#)







# ANIMAL WELFARE CONTINUED



## CASE STUDY SUSTAINABLE FIBRE ALLIANCE CERTIFIED

# Cashmere

### CHALLENGE

Cashmere is popular for its lightweight warmth and softness. Rising demand has placed pressure on goatherders and the fragile ecosystems they inhabit.

### M&S ACTION

We have been working to improve standards in cashmere since 2018. In autumn 2022, we achieved a milestone with 100% of the cashmere used in our cashmere products certified by the the Sustainable Fibre Alliance (SFA). The SFA works to support the livelihoods of herders, promotes high animal welfare standards, and reduces environmental impact within the cashmere sector.

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

### IMPACT

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



## LEATHER

### Target

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

### 2022/23 progress



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

[Go to our Responsible Leather Sourcing Policy](#)

### 2022/23 highlights/action

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

[Read more about how we are making improvements in traceability on page 22](#)



# ETHICAL TRADE

## OUR COMMITMENT

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

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

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

issues like wages. We also work to enhance the lives of the people in our supply chain through targeted programmes aligned to our salient issues. Governance of the risks and impacts relating to responsible sourcing and human rights at M&S is overseen by our CEO, supported by the ESG Committee.

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

[➔ Read more about our governance on page 52](#)

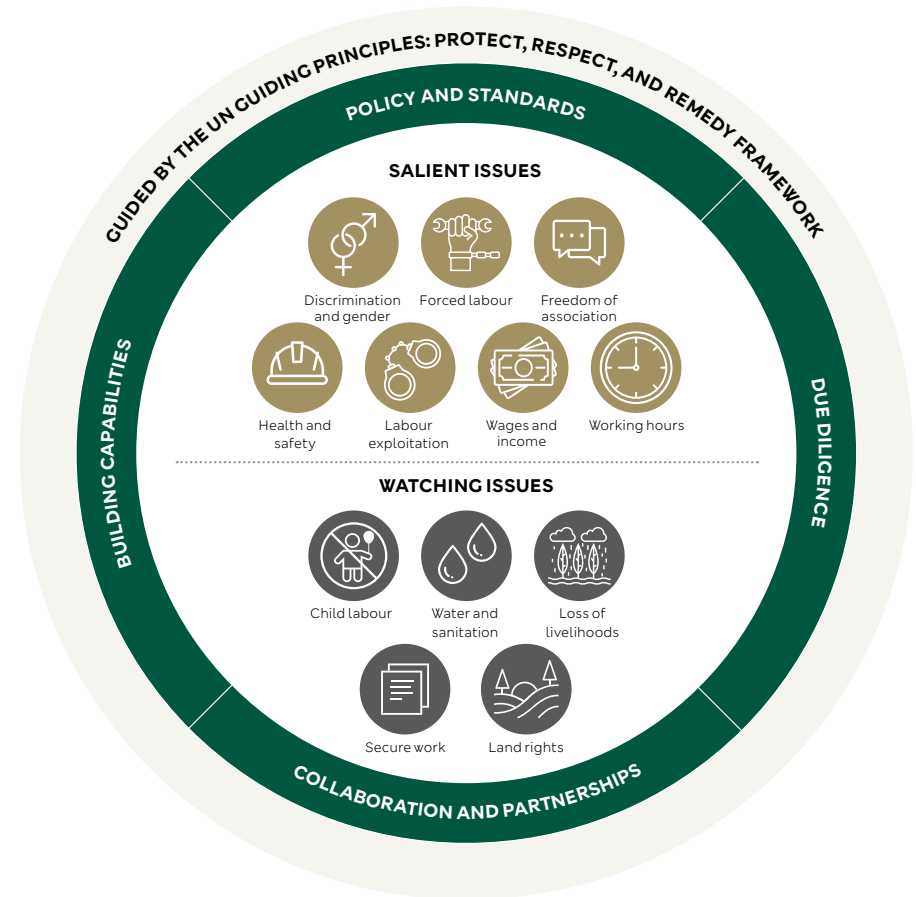
## UPDATING OUR SALIENT HUMAN RIGHTS ISSUES

We operate in a diverse range of geographies, consumer cultures and regulatory environments. Against this backdrop, it is important to understand where our operations and sourcing impact adversely on individuals and to prioritise our efforts in these areas.

In 2016, we previously carried out a comprehensive assessment to define our salient human rights issues as: Discrimination; Forced labour; Freedom of association; Health and safety; Living wages; Water and sanitation; and Working hours. We also identified four “Watching Issues”, where we need to remain vigilant: Child labour, Land rights, Secure work and Customer security.

We recognise that, since then, both our internal business and the external global environment have evolved. In response, this year we carried out a review of these salient rights issues, including detail at a country

and sector level, with input from internal and external stakeholders. We completed the assessment in April 2023, and we have updated our Group salient issues as shown in the diagram below.



[➔ Go to our approach to forced labour in our Modern Slavery Statement](#)



## ETHICAL TRADE CONTINUED

### OUR APPROACH

#### UPHOLDING OUR STANDARDS AND RESPECTING THE HUMAN RIGHTS OF THE PEOPLE BEHIND OUR PRODUCTS

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

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

#### Working with our supplier partners to address local issues

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

[Go to our approach to responsible sourcing](#)

#### Industry-wide issues

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

#### Enhancing the lives of people in our supply chain

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

#### SPOTLIGHT

#### Our Group-wide policies and procedures

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

[M&S Global Sourcing Principles](#)

[M&S Code of Conduct](#)

[M&S Human Rights Policy](#)

[M&S Child Labour Procedure](#)

[M&S Grievance Procedure for Clothing, Home and Food Supply Chains](#)

#### UPHOLDING OUR STANDARDS:

#### WORKING WITH OUR SUPPLIER PARTNERS TO ADDRESS LOCAL ISSUES

#### 2022/23 highlights: Food

#### Seasonal Workers Scheme Taskforce

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

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

[Go to our Modern Slavery Statement](#)

#### Worker Voice

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



#### Training and upskilling our supply base

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

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

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

[Go to Food Human Rights Standard](#)

[Go to Human Rights Due Diligence and Remedy Guidance](#)





## ETHICAL TRADE CONTINUED

### UPHOLDING OUR STANDARDS: INDUSTRY-WIDE ISSUES



#### 2022/23 highlights: Food

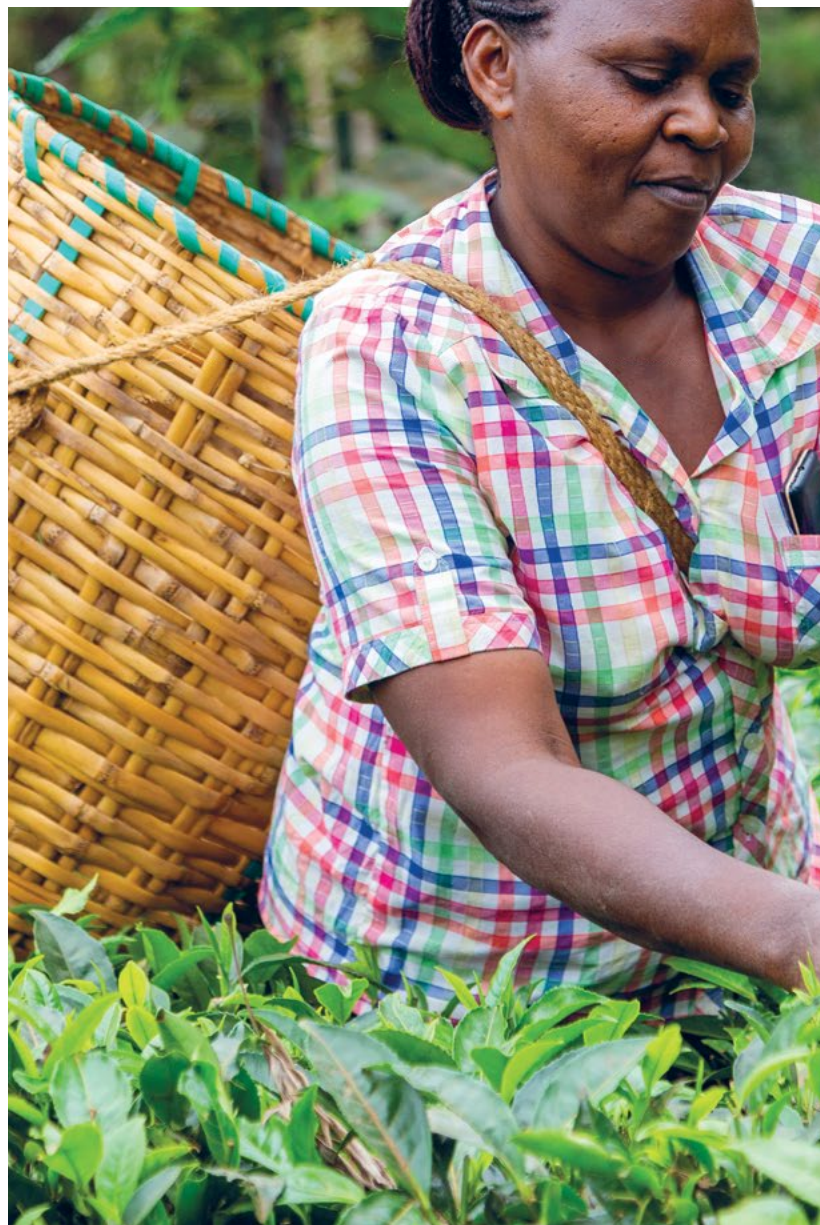
##### Decent work for seasonal workers in Turkey

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

##### Human Rights Impact Assessment

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

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



### CASE STUDY

#### HUMAN RIGHTS IMPACT ASSESSMENT OF THE KENYAN SMALLHOLDER TEA SUPPLY CHAIN BY

*partner Africa*

##### CHALLENGE

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

##### M&S ACTION

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

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





## ETHICAL TRADE CONTINUED

### ENHANCING THE LIVES OF PEOPLE IN OUR SUPPLY CHAIN



#### Ongoing commitment: Food

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

#### 2022/23 progress

# 100%

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

# £2,106,814

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

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

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

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

#### 2022/23 highlights: Food



##### Living wage bananas

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



Nelson Melo, Cooperativa de Caficultores de Anserma



## ETHICAL TRADE CONTINUED

### UPHOLDING OUR STANDARDS: WORKING WITH OUR SUPPLIER PARTNERS TO ADDRESS LOCAL ISSUES



#### 2022/23 highlights: Clothing & Home

##### Supply chain monitoring

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

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

Complementing audit, Worker Voice is a valuable tool that allows us to gather direct worker feedback and complements our well-established factory audit programme and risk assessment methodology. This year we expanded our programme to a total of 138 factories in seven countries to date (Bangladesh, Cambodia, China, India, Pakistan, Turkey and Vietnam). We have tested a variety of approaches, from digital solutions to in-person interviews. The pilots enable us to understand the experiences of people working in our supply chain in different factories and countries, identify common trends across our supply base and respond to feedback from workers.

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

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

##### Lower Tier due diligence

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

# 175

Tier 2 sites shared their FSLM.

# 189

Tier 2 facility visits.



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

##### Research and risk assessment

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

- We commissioned research into living wages through a combination of benchmarking exercises, desk-based research, and field research in factories

and communities.

- We contributed to a research study entitled "Worker and Management Experiences of Workplace Grievance Mechanisms in Cambodia's Garment Sector", alongside other brands.
- We renewed our assessment of key risks in all of our sourcing countries based on country-level risk indicators and industry-specific risks, commissioned with an expert ethical consultancy.
- We co-funded the Myanmar Enhanced Due Diligence Sectoral Assessment, commissioned by the Ethical Trade Initiative (ETI).
- We use this external research and risk assessment information, in addition to the data we collect from our supply base, to inform and update our responsible sourcing strategy.

[Go to Myanmar Enhanced Due Diligence Sectoral Assessment](#)



## ETHICAL TRADE CONTINUED

### UPHOLDING OUR STANDARDS: INDUSTRY-WIDE ISSUES:



#### 2022/23 highlights: Clothing & Home

##### Myanmar

In our Clothing & Home supply chain, we continued to monitor the situation in Myanmar following the military coup in February 2021. In 2022, we co-funded a research assessment into the situation in Myanmar, investigating the human rights risks, the economic links to the military and the socio-economic impact on workers entitled the Myanmar Enhanced Due Diligence Sectoral Assessment, which was published in September 2022.

The findings confirmed that it was no longer possible for our Global Sourcing Principles to be upheld in Myanmar and as we do not tolerate any human rights abuses within any part of our supply chain, we began working towards a responsible exit from Myanmar. In October 2022, we announced our exit from the country in line with our Responsible Exit policy.

[Go to our Modern Slavery Statement](#)



Image courtesy of International Labour Organisation

##### Pakistan Accord

We were a signatory of the original Accord on Fire and Building Safety in Bangladesh (2013) which aimed for sustainable improvements to working conditions in the Bangladesh garment industry. We have since signed the subsequent Transition Accord (2018), the Interim Agreement (2021), and the International Accord for Health and Safety in the Textile and Garment Industry (2021).

In January 2023, M&S signed the Pakistan Accord on Health and Safety in the Textile and Garment Industry, as part of our ongoing commitment to working conditions in our supply base.

### ENHANCING THE LIVES OF PEOPLE IN OUR SUPPLY CHAIN



#### 2022/23 highlights: Clothing & Home

##### Providing Opportunities to Women for Equal Rights (POWER 2)

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

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



## Bangladesh

#### CHALLENGE

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

#### M&S ACTION

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

The programme generally lasts for three months, during which time candidates are trained in different areas including industrial sewing machine operations and computer office applications.

After ending the training, the successful candidates receive employment from M&S supplier factories that have committed to recruit them according to their capability.

#### IMPACT

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



# HEALTHIER FOOD

## INTRODUCTION

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

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



## HEALTHIER FOOD



### Target

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

### 2022/23 progress

# 51%

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

### Future target



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

[Read more on page 66](#)

## 2022/23 highlights

### Expanding our focus on healthier food

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

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

### Nutrient profiling

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

### Alcohol and tobacco

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

[Go to our approach to health and wellbeing](#)

[Go to our position on responsible marketing](#)



## CASE STUDY

FA EAT WELL

# partnership

### ACTION

In 2022, we launched our biggest ever health campaign, through partnering with the UK’s national football teams and their football associations to encourage families to make healthier food choices. Through extensive marketing and new product development, we have raised awareness for our delicious Eat Well range, which makes it easier for people to spot healthy choices across the Foodhall, by simply following the Eat Well flower! In August, to incentivise customers to make healthy choices, we launched our Eat Well competition through Sparks, where each purchase of an Eat Well product triggered entry into a competition offering prizes.

### IMPACT

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





# HEALTHIER FOOD CONTINUED

## SPOTLIGHT

### Behaviour change test and learn

Consumption of vegetables in the UK is currently below government and global health recommendations. M&S teamed up with The Institute of Grocery Distribution "IGD" to test what might encourage customers to make healthier choices and increase the proportion of vegetables in their shopping baskets. The 12-week trial found that dual location of certain salad items alongside Italian ready meals showed no significant uplift in sales, however the results also revealed that typical M&S shoppers' baskets already contain over a third fruit and vegetables (by weight), which is greater than the UK average. What's clear is that behaviour change and nudging is complex and evaluating impact is essential.



## EATING HEALTHILY AND SUSTAINABLY

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

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

### Target

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

### 2022/23 progress

**£65m**

sales of plant-based products.

[➔ Read more on page 66](#)

## 2022/23 highlights

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

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

Therefore, our metric has been updated to reflect customer behaviour and ensure our convenient plant-based products are appealing and accessible to more customers.







# PEOPLE

## INTRODUCTION

High performance culture is a core pillar of the strategic plan to reshape M&S for growth. This requires us to create a culture that is closer to colleagues, closer to customers, and a place where everyone can be themselves and be their best. Our approach is set out in the six pillars of our People Plan, which we report on in our Annual Report.

[Go to our progress against the six pillars of our People Plan in our Annual Report 2023](#)

### CASE STUDY OUR BIGGEST EVER INVESTMENT IN STORE COLLEAGUE

*pay*

Over two separate pay reviews, M&S has invested over £100m in colleagues' pay and benefits. This has increased our national hourly rate to a minimum of £10.90, rising to £12.05 for London, meaning all colleagues are paid at or above the real living wage.

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



## COLLEAGUE WELLBEING

### 2022/23 highlights

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

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

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

### M&S COLLEAGUE WELLBEING BENEFITS

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

#### HEALTHY LIFESTYLE



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

#### HEALTHY MINDS



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

#### HEALTHY FINANCES



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



## PEOPLE CONTINUED

### INCLUSION AND DIVERSITY

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

[Go to our approach to inclusion and diversity in our Annual Report 2023](#)

[Read more on page 67](#)



### CASE STUDY

#### LGBTQ+ COLLEAGUE FOCUS IN

## India

#### CHALLENGE

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

#### M&S ACTION

Led by the Managing Director of India, the Pride Month campaign included panel discussions with members and advocates of the LGBTQ+ community, learning initiatives on topics such as allyship, and awareness building with books and movie recommendations.

Building on the success of the campaign we also launched e-learning modules on Inclusive Leadership for all colleagues. Our forward focus will be on defining the I&D Charter for India.

#### IMPACT

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

### EMPLOYABILITY

#### Ongoing commitment

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

#### 2022/23 progress

# 748

Marks and Start work placements started.

# 80%

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

[Read more on page 68](#)

#### 2022/23 highlights

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

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

Of all the participants who completed work placements, 80% were offered a contract of employment at M&S.

While recognising the value of providing vital work experience, we are keen to translate these placements into long-term careers within the business. In 2023/24 we plan to align our Marks and Start work experience placements to new store openings, this will increase the opportunity for successful participants to secure a permanent role with M&S.

### SPOTLIGHT

#### Recognition

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

# Over 10,000

young people helped over the last 10 years.



# COMMUNITY

## FUNDS DONATED AND RAISED

### 2022/23 progress

# £5.8m

Funds donated by M&S\*\*.

# £2.3m

Funds raised through customers, colleagues and partners\*\*.

[Read more on page 69](#)

### 2022/23 highlights

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

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

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

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

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

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

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



### CASE STUDY

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

## rooms

#### CHALLENGE

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

#### M&S ACTION

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

#### IMPACT

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





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# GOVERNANCE



# GOVERNANCE

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

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

## 2022/23 progress

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

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

## Strategic responsibility

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

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

## ESG Business Forum

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

## GOVERNANCE STRUCTURE

### BOARD

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

### EXECUTIVE COMMITTEE

#### EXECUTIVE COMMITTEE

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

### BOARD COMMITTEES

#### ESG COMMITTEE

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

#### AUDIT & RISK COMMITTEE

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

### MANAGEMENT FORUMS

#### BUSINESS AND FUNCTIONAL LEADERSHIP TEAMS

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

#### ESG BUSINESS FORUM

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

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



# ESG COMMITTEE REVIEW



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

*Tamara Ingram*

Chair of the Environmental, Social & Governance Committee

### Review

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

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

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

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

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

the ongoing war in Ukraine; the cost of living crisis and how this continues to impact our colleagues, customers and communities alike.

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

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

### Brand Reputation Tracker

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

### Upholding our standards on ethical trade

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

### Community Strategy

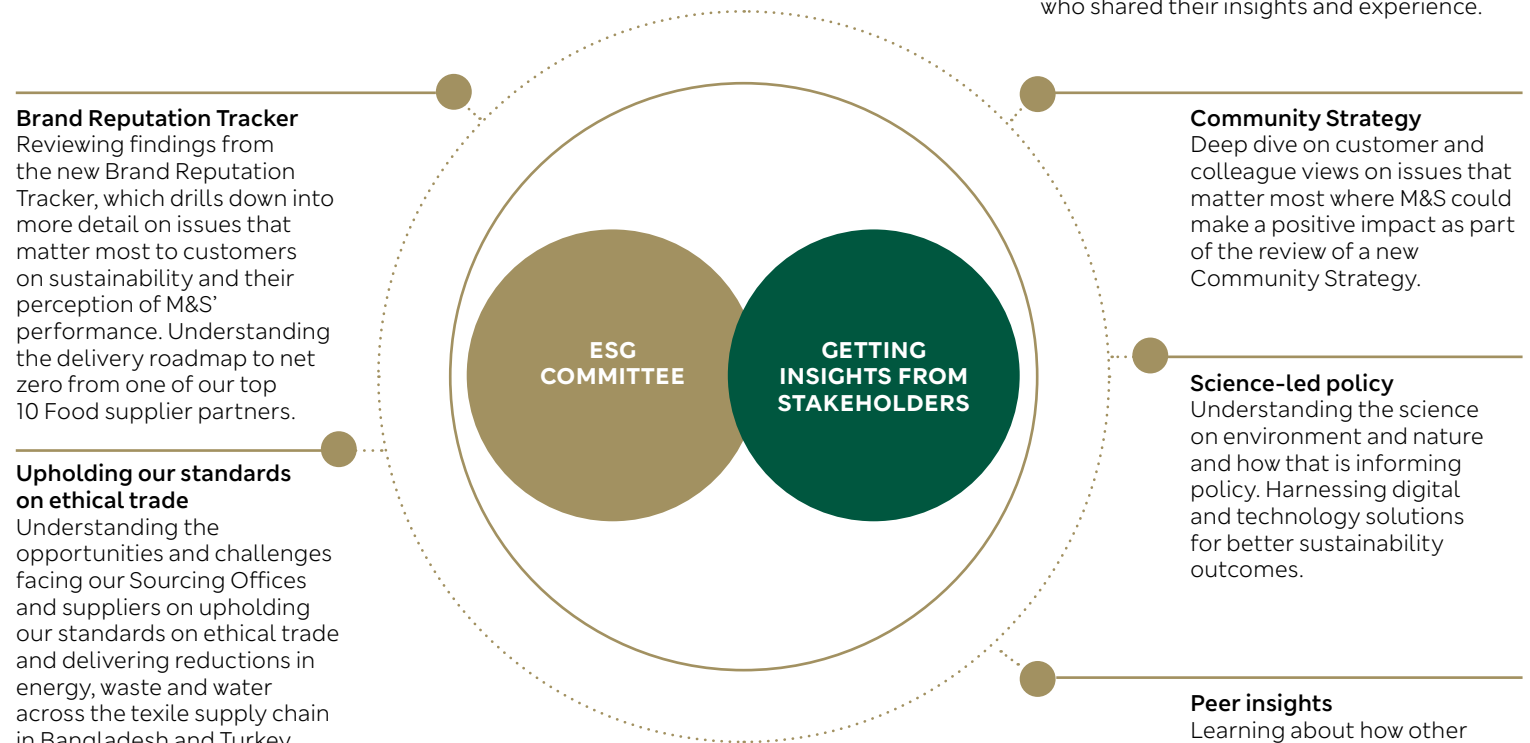
Deep dive on customer and colleague views on issues that matter most where M&S could make a positive impact as part of the review of a new Community Strategy.

### Science-led policy

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

### Peer insights

Learning about how other companies are building sustainability into the core of their brand and purpose.







## ESG COMMITTEE REVIEW CONTINUED

### Future focus

As we move into the year ahead, the Committee agreed that a priority is to reinforce and upweight sustainability in our external messaging, so our customers actively identify M&S products, sourced and made with care and too good to waste, as a reason to shop with us.

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

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

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

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







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# ESG DATA





# ESG DATA

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

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

[Go to our 2023 Basis of Reporting](#)

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

### Revolving Credit Facility

M&S has access to a Revolving Credit Facility (RCF) which was agreed in December 2021 and updated in November 2022.





Under the terms of the RCF, the applicable interest rate may be adjusted each year (downward or upward) depending on whether we meet all, some or none of the targets in place across the four agreed Sustainability KPIs.

Updated targets have now been put in place for each financial year between now and financial year 2025/26.

The substance of the Sustainability KPIs remain unchanged following the November 2022 update and focus on what continue to be material emissions hotspots aligned with our net zero roadmap and which lend themselves to annual updates during the lifetime of the facility.

This data is subject to a discrete assurance process scheduled to be published in autumn 2023.

The Basis of Reporting document for M&S RCF Sustainability KPIs, outlining the scope and methodology, will be published alongside the performance update in autumn 2023.

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





# ENVIRONMENT – NET ZERO (GHG EMISSIONS)

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

\*\*Assured by DNV.

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

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

Read more in [How we make our products on page 23](#).

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET



## ENVIRONMENT – NET ZERO (SOURCES OF ENERGY USE/ EMISSIONS)

	LOCATION-BASED SCOPE 1 AND SCOPE 2 GHG EMISSIONS (000T CO <sub>2</sub> E)		ENERGY (MWh)		REFERENCE
	2022/23 PERFORMANCE**	2021/22 PERFORMANCE	2022/23 PERFORMANCE**	2021/22 PERFORMANCE	
<b>FLEET</b>	<b>145</b>	<b>143</b>	<b>598,927</b>	<b>592,227</b>	
Fuel	143	142	598,927	592,227	SASB FB-FR-110a.1
Refrigerant leakage	2	1	–	–	SASB FB-FR-110b.1
<b>UK &amp; ROI PROPERTY</b>	<b>197</b>	<b>215</b>	<b>843,985</b>	<b>823,627</b>	
Refrigerant leakage	36	46	–	–	SASB FB-FR-110b.1
Gas	41	42	222,552	227,609	SASB FB-FR-130a.1(1)
Heating fuel oils	2	1	8,732	3,665	SASB FB-FR-130a.1(1)
LPG	0	0	169	190	SASB FB-FR-130a.1(1)
District heating and cooling	1	0	3,208	0	SASB FB-FR-130a.1(1)
Generated electricity (diesel)	0	0	202	1,424	SASB FB-FR-130a.1(1)
Generated electricity (solar PV)	–	–	5,021	5,789	SASB FB-FR-130a.1(3)
Purchased electricity (grid)	1	1	4,330	2,346	SASB FB-FR-130a.1(2)
Purchased electricity (renewable)	117	125	599,770	582,604	SASB FB-FR-130a.1(3)
<b>INTERNATIONAL PROPERTY</b>	<b>21</b>	<b>18</b>	<b>33,950</b>	<b>38,771</b>	
Refrigerant leakage	3	2	–	–	SASB FB-FR-110b.1
District heating and cooling	0	0	1,993	2,711	SASB FB-FR-130a.1(1)
Generated electricity (diesel)	0	0	160	46	SASB FB-FR-130a.1(1)
Purchased electricity (grid)	18	16	31,796	26,013	SASB FB-FR-130a.1(2)
<b>TOTAL</b>	<b>363</b>	<b>376</b>	<b>1,476,862</b>	<b>1,444,626</b>	

\*\*Assured by DNV.



## ENVIRONMENT – NET ZERO (ELECTRICITY USE, TOTAL AND RENEWABLE)

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

\*\*Assured by DNV.





# ENVIRONMENT – SUPPLY CHAIN (FOOD)

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

\*\*Assured by DNV.

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

<sup>^^</sup> Figures are calendar year

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET



## ENVIRONMENT – SUPPLY CHAIN (FOOD) CONTINUED

METRIC	TARGET	2022/23 PERFORMANCE	2021/22 PERFORMANCE	ASSESSMENT OF PROGRESS	REFERENCE
<b>RAW MATERIALS</b>					
Fairtrade-certified tea and coffee (% of all M&S tea and coffee products)	Maintain 100%	100%	100%		SASB FB-FR-430a.2 TCFD Metric
Amount paid to growers through Fairtrade premiums (£)	–	£2,106,814	£1,709,643		
Cocoa from verified sustainable sources (% of all M&S cocoa products)	Maintain 100%	100%	100%		SASB FB-FR-430a.2

TARGET MISSED
 BEHIND
 PROGRESSING OR ACHIEVED
 NO TARGET



# ENVIRONMENT – SUPPLY CHAIN (C&H)

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

<sup>^^</sup> Figures are calendar year

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET





# ENVIRONMENT – REDUCING WASTE AND PROTECTING RESOURCES

METRIC	TARGET	2022/23 PERFORMANCE	2021/22 PERFORMANCE	ASSESSMENT OF PROGRESS	REFERENCE
<b>FOOD WASTE</b>					
Total food not sold (tonnes)	–	18,204 **	19,100***		
Total food not sold that was fit for human consumption (tonnes)	–	10,576	11,288		
Total food not sold that was not fit for human consumption (tonnes)	–	7,628	7,812		
Total food not sold that was fit for human consumption which was not redistributed (tonnes)	–	2,201	5,057		
Food waste (tonnes)	50% reduction by 2029/30 <b>NET ZERO PRIORITY</b>	9,829** 46% reduction against base year	12,869*** 29% reduction against base year		SASB FB-FR-150a.1
Food not sold that was fit for human consumption which was redistributed to charities, community organisations or colleagues (food surplus) (% of food not sold that was fit for human consumption)	100% by 2025/26	79%	56%		
Food surplus (tonnes/meal equivalents)	–	8,375 tonnes** 19.9m meals**	6,231 tonnes*** 14.8m meals***		
<b>SHWOPPING</b>					
Items collected through Shwopping (number)	–	308,555	401,720		
<b>OPERATIONAL WASTE</b>					
Total operational waste (tonnes)	–	69,000**	78,000***		
Operational waste to landfill (% of total operational waste)	Maintain 0%	0%**	0%***		

\*\*Assured by DNV.

\*\*\*Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report.

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET



## ENVIRONMENT – REDUCING WASTE & PROTECTING RESOURCES CONTINUED

METRIC	TARGET	2022/23 PERFORMANCE	2021/22 PERFORMANCE	ASSESSMENT OF PROGRESS	REFERENCE
<b>PACKAGING</b>					
<b>Group total primary packaging placed on the market (all packaging materials and including clothing hangers) (tonnes)</b>	–	112,000^^	114,000^^	●	FB-FR-430a.4, CG-MR-410a.3, UK Plastics Pact
Own brand	–	103,000^^	108,000^^	●	
Branded	–	9,000^^	7,000^^	●	
<b>Group total primary plastic packaging placed on the market (includes clothing hangers) (tonnes)</b>	–	37,000^^	37,000^^	●	FB-FR-430a.4, CG-MR-410a.3, UK Plastics Pact
Own brand	–	36,000^^	36,000^^	●	
Branded	–	1,000^^	1,000^^	●	
<b>Foods primary plastic packaging placed on the market (tonnes)</b>	–	30,000^^	30,000^^	●	FB-FR-430a.4, UK Plastics Pact
Own brand	–	29,000^^	29,000^^	●	
Branded	–	1,000^^	1,000^^	●	
<b>C&amp;H primary plastic packaging placed on the market (excluding hangers) (tonnes)</b>	–	2,000^^	2,000^^	●	CG-MR-410a.3, UK Plastics Pact
Own brand	–	2,000^^	2,000^^	●	
Branded	–	0^^	0^^	●	
<b>Plastic clothing hangers (including both new hangers and used hangers that are collected and returned to suppliers for reuse) (tonnes)</b>	–	5,000^^	4,000^^	●	CG-MR-410a.3, UK Plastics Pact
<b>Number of individual pieces of plastic (units) that have been removed from the M&amp;S own-brand packaging portfolio</b>	Remove 1bn units of plastic packaging by the end of 2027/8, and remove 75m units in 2022/23 <b>NET ZERO PRIORITY</b>	Achieved in-year target	Achieved in-year target	●	FB-FR-430a.4, UK Plastics Pact
<b>Food own-brand primary plastic packaging that is widely recyclable in the UK (% of total UK packaging by weight)</b>	100% by 2022 <b>NET ZERO PRIORITY</b>	93%** ^^	89% <sup>^</sup> *** ^^	●	FB-FR-430a.4, UK Plastics Pact

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

<sup>^^</sup> Figures are calendar year

<sup>\*\*</sup> Assured by DNV. <sup>\*\*\*</sup> Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report

● TARGET MISSED ● BEHIND ● PROGRESSING OR ACHIEVED ● NO TARGET



## SOCIAL – FOOD ANIMAL WELFARE AND PRODUCT STANDARDS

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

TARGET MISSED
 BEHIND
 PROGRESSING OR ACHIEVED
 NO TARGET





# SOCIAL – HEALTHY AND SUSTAINABLE EATING

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

<sup>^</sup> The figure (36%) reported last year included only products from the M&S Eat Well range. The scope of this metric has been reviewed and updated to include all healthier products. See the 2023 Basis of Reporting for more detail.  
<sup>\*\*\*\*</sup> Assured by DNV in 2022 as published in the M&S 2022 Sustainability Report

TARGET MISSED    BEHIND    PROGRESSING OR ACHIEVED    NO TARGET



# PEOPLE – INCLUSION AND DIVERSITY

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

TARGET MISSED
 BEHIND
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# PEOPLE – EMPLOYABILITY

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

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

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET





# COMMUNITY

METRIC	TARGET	2022/23 PERFORMANCE	2021/22 PERFORMANCE	ASSESSMENT OF PROGRESS	REFERENCE
Funds donated by M&S (£)	–	£5.8m**	£5.2m***		
Funds raised through customers, colleagues and partners (£)	–	£2.3m**	£4m***		

\*\*Assured by DNV.

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

TARGET MISSED BEHIND PROGRESSING OR ACHIEVED NO TARGET



# INDEPENDENT ASSURANCE STATEMENT

Marks and Spencer plc (“M&S”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the M&S Sustainability Report 2023 (the “Report”) for the 52 weeks ended 01 April 2023.

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

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

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

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

## OUR COMPETENCE, INDEPENDENCE AND QUALITY CONTROL

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

## INHERENT LIMITATIONS

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by M&S have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

## SELECTED INFORMATION

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

## SCOPE 1 & SCOPE 2 GHG EMISSIONS

- Direct GHG emissions from operations (Scope 1) (location-based) (ktCO<sub>2</sub>e)
- Location-based indirect energy GHG emissions from operations (Scope 2) (ktCO<sub>2</sub>e)
- Total Location-based Scope 1 & Scope 2 GHG emissions (ktCO<sub>2</sub>e)
- Total Location-based GHG emissions per 1,000 sq. ft of salesfloor (tCO<sub>2</sub>e per 1,000 sq ft of salesfloor)
- Market-based indirect energy GHG emissions from operations (ktCO<sub>2</sub>e)
- Total Market-based Scope 1 & Scope 2 GHG emissions (ktCO<sub>2</sub>e)
- Total Market-based GHG emissions per 1,000 sq. ft of salesfloor (tCO<sub>2</sub>e per 1,000 sq ft of salesfloor)

## FLEET ENERGY USE/EMISSIONS

- Fuel (MWh and ktCO<sub>2</sub>e)
- Refrigerant leakage (ktCO<sub>2</sub>e)

## UK & ROI PROPERTY ENERGY USE/EMISSIONS

- Refrigerant leakage (ktCO<sub>2</sub>e only)
- Gas (MWh and ktCO<sub>2</sub>e)
- Heating fuel oils (MWh and ktCO<sub>2</sub>e)
- LPG (MWh and ktCO<sub>2</sub>e)
- District heating and cooling (MWh and ktCO<sub>2</sub>e)
- Generated electricity (diesel) (MWh and ktCO<sub>2</sub>e)
- Generated electricity (solar PV) (MWh and ktCO<sub>2</sub>e)
- Purchased electricity (grid) (MWh and ktCO<sub>2</sub>e)



## INDEPENDENT ASSURANCE STATEMENT CONTINUED

### INTERNATIONAL PROPERTY ENERGY USE/EMISSIONS

- Refrigerant leakage (ktCO<sub>2</sub>e)
- District heating and cooling (MWh and ktCO<sub>2</sub>e)
- Generated electricity (diesel) (MWh and ktCO<sub>2</sub>e)
- Purchased electricity (grid) (MWh and ktCO<sub>2</sub>e)

### ELECTRICITY USE, TOTAL AND RENEWABLE

- Group electricity that is renewable (% of total global electricity use)
- UK and ROI store electricity that is renewable (% of total UK and ROI store electricity use)

### FOOD WASTE

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

### OPERATIONAL WASTE

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

### COMMUNITY

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

### PALM OIL

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

### FOOD PLASTIC PACKAGING RECYCLABILITY

- All Food own-brand plastic packaging that is recyclable (by weight) (%)

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

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

### STANDARD AND LEVEL OF ASSURANCE

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the

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

### BASIS OF OUR CONCLUSION

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

- Conducting interviews with M&S management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; For the “RSPO Certified Sustainable Palm Oil with Segregated status (% of all palm oil)” indicator the source evidence checked was the RSPO certification held by the palm oil suppliers provided by M&S’ third party consultant.
- Reviewing that the evidence, measurements and their scope provided to us by M&S for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

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

The Directors of M&S have sole responsibility for:

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

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

### DNV BUSINESS ASSURANCE

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

[www.dnv.co.uk/BetterAssurance](http://www.dnv.co.uk/BetterAssurance)

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M&S  
—EST. 1884—

Plan A.  
because there is no plan b