

M&S

EST. 1884

PLAN A 2016



FIND OUT MORE

M&S online
marksandspencer.com

Plan A 2020
marksandspencer.com/plana
planareport.marksandspencer.com

M&S Reporting
Read our annual report at
annualreport.marksandspencer.com

M&S OVERVIEW

About M&S Marks & Spencer is a global, multi-channel retailer of mainly own brand high-quality, great value food, clothing and home products. There are 1,382 M&S stores worldwide and we employ 82,900 people. Our values are: Inspiration, Innovation, Integrity and In Touch.

Marks & Spencer is listed on the London Stock Exchange and our principal trade associations are Eurocommerce, Confederation of British Industry and the British Retail Consortium. We are also a member of the World Economic Forum and the Consumer Goods Forum.

GROUP REVENUE

£10.4bn +0.8%

UNDERLYING GROUP PROFIT BEFORE TAX

£684.1m +3.5%

GROUP PROFIT BEFORE TAX

£483.3m -19.5%

EMPLOYEES WORLDWIDE

82,900 78%
ENGAGEMENT SCORE

NUMBER OF SUPPLIERS GLOBALLY

2,200

| CO ₂ EMISSIONS NET | GROSS | PER 1,000 SQ FT |
|-------------------------------|------------------------------|-------------------------|
| 0 TONNES | 566,000 TONNES -4% | 29 TONNES -3% |

OUR SUSTAINABLE VALUE CREATION MODEL

PLAN A 2020

OUR RESOURCES & RELATIONSHIPS

£ FINANCIAL

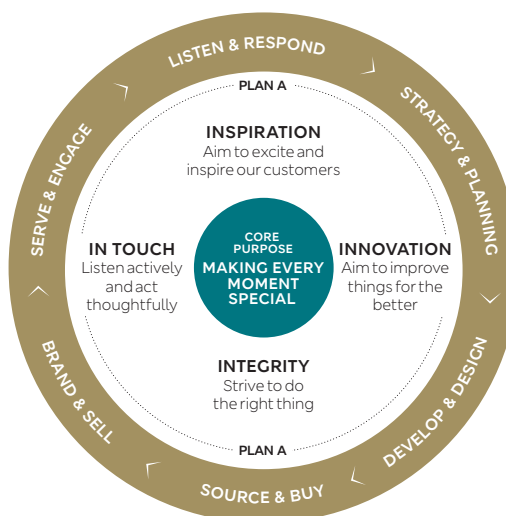
Generating returns for our stakeholders through effective management of our financial resources

OUR PRODUCTS & CHANNELS

Maintaining our channels and supply chain infrastructure to meet customer demand

OUR INTELLECTUAL CAPITAL

Strengthening our brand through creation and protection of our intellectual properties



OUR RESOURCES & RELATIONSHIPS

OUR PEOPLE

Developing our employees and their knowledge

OUR STAKEHOLDERS

Building and nurturing relationships with our customers and suppliers, and in the communities in which we operate

NATURAL RESOURCES

Sourcing responsibly and using natural resources efficiently

THE M&S DIFFERENCE

+ See more about our Value Creation Model in our 2016 Annual Report

Front cover image

Spark Something Good community projects will each help 24 charities in 24 cities over 24 months.

CHIEF EXECUTIVE'S INTRODUCTION

PUTTING CUSTOMERS AT THE HEART OF PLAN A



Plan A will continue to underpin how we do business at M&S. Our challenge is to make it **more accessible** to our customers.

STEVE ROWE CHIEF EXECUTIVE OFFICER

I'm very proud to have become CEO at M&S. Since my first day at our Croydon store in 1983 I've been passionate about this business and its 32 million customers.

Every day, in hundreds of communities across Britain and overseas, we try to enhance the lives of those customers, through our attractive stores and website, our exceptional products and services, and our fantastic people. But there's more to M&S than that.

For 132 years, our customers have recognised that M&S is a business with a greater purpose, one that seeks to do things in a responsible way. This means they can be proud to shop with M&S, secure in the knowledge that every store they visit, every colleague they meet, every product they buy, makes a positive difference.

We're very proud of our heritage, but we're firmly focused on looking forward. We know that we have a responsibility to build a successful, sustainable future – not just for our business and shareholders, but for the communities we serve and the lives we touch. And since its launch in 2007, Plan A has been the catalyst for giving greater focus and drive to how we do this.

Under the leadership of my predecessors, Lord Rose and Marc Bolland, we've delivered over 175 Plan A commitments, won 230 awards, saved £500m, and made a positive difference to the retail sector as a whole through the Consumer Goods Forum (CGF), Business in the Community (BitC) and many other industry bodies. Most recently, we made the case for sustainability at the Paris Climate negotiations (COP21). Now I'm delighted that it's my turn to pick up the baton, to help us push Plan A even further forward and make even more of a difference to our customers' lives, to the communities they live in, and to the planet we all depend on.

We know our customers are concerned about the future and that they expect us to take a lead in helping them enjoy happier, healthier, more fulfilling lives. We know their concerns are growing and they want us to work with real pace to make a positive difference.

So, we'll integrate Plan A even further into M&S and the way it does business. We'll be clearer with our customers about what we do on their behalf and help them to make a difference too. We know Plan A is a 'win win' approach – a simpler, more efficient, less wasteful business is better for the planet and for our bottom line – so we'll chase that even harder.

Finally, we know that we can't be a sustainable business, one that is good for all, without teamwork – inside M&S and with other businesses and stakeholders – so we'll continue to prioritise partnerships in all we do.

We've achieved a lot in nine years of Plan A, but I'm determined that we achieve even more in the years to come, and that our customers and colleagues will be at the heart of this.

STEVE ROWE CHIEF EXECUTIVE OFFICER

WHAT'S IN THIS REPORT?

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➤ See my full strategic update in our 2016 Annual report

2016 OVERVIEW

IMPLEMENTING PLAN A 2020

We've never hesitated to update Plan A, because after all, change is the only constant of business life. The marketplace changes, leaders change, new issues emerge, new solutions are developed. **A business's commitment to the long haul of truly sustainable change is constantly being tested and questioned.**

MIKE BARRY SUSTAINABLE BUSINESS DIRECTOR

The last 12 months have seen more good progress on Plan A. We've successfully delivered a further 22 commitments. Nearly three quarters (73%) of all M&S products now have a strong Plan A story to tell (64% last year) and we've made notable progress on improving our energy efficiency (-39%), water efficiency (-31%), and reducing food waste (-9%). We've also created 2,002 work placements for young people who face barriers to employment.

We've had our challenges too. We haven't succeeded in opening five International sustainable learning stores, we've not yet managed to deliver our integrated marketing goal, and we've fallen behind on our targets to shwop clothing.

Our continued good progress overall is crucial because 2015 was an important year in the evolution of sustainable business. The Paris Climate negotiations (COP21) and the launch of the UN's 17 Sustainable Development Goals (SDGs) created a long-term direction of travel for business for the first time. This collective willingness to take action is welcome, because the social, environmental and economic challenges confronting businesses are growing and becoming more complex.

NEW LEADERSHIP

There's no greater test of a business's commitment to a sustainable future, than when it changes its CEO. M&S has stood this test well. In 2007, Lord Rose launched Plan A. In 2010, Marc Bolland stepped in and championed Plan A throughout his six-year tenure. And now Steve Rowe has assumed the top job, with an unequivocal commitment to drive Plan A even harder and make it even more relevant for our customers.

NEW TRENDS

New social and environmental issues are springing up all the time. Many of these are unique to a particular product, factory or commodity. But there are big changes too. Over the last 12 months we've noted the emergence of three in particular.

Firstly, human rights. It's clear that auditing social risks in supply chains isn't enough. A much more ambitious vision of human rights has emerged. M&S has become a signatory to the United Nations Global Compact and Human rights is now so important to us that we're issuing a separate Human Rights Report alongside this Plan A Report, to explain what we're doing now and what we intend to do in the future.

Similarly, our approach to reporting has had to evolve significantly. We know it's no longer enough to produce a once-a-year report about our performance. That's why we've undertaken a major upgrade of our website, explaining our policies, practices, learning and views in much more detail. We've also published our first interactive supply chain map for our Clothing business, showing the locations around the world that we source from.

Finally, we're seeing a growing demand for local solutions to the issues people face. They are particularly interested in how big global issues impact their immediate surroundings and lives. This year we've taken a real step forward in our ability to connect personally and intimately with our customers and their lives. Our Spark Something Good campaign has galvanised action in the communities we serve. In London, Dublin, Manchester, Swansea and Edinburgh our customers and colleagues have come together to make a difference locally. All our food stores are connected with local charities through the Neighbourly social network. All our stores are fundraising for a charity in their local community. Our customers are able to select a charity they wish to donate to every time they use their Sparks Card.

PROGRESS

57/104 commitments Achieved
5 commitments Not achieved
1 commitment Behind plan
New global collaborations

RESPONSE

Development of Human Rights policies and actions
Improved transparency
Launch of new local Plan A initiatives

VISION

Extending collaborations
Responding to an ever-changing market place
Reviewing and updating Plan A

SOME HIGHLIGHTS OF THE YEAR

57

PLAN A 2020
COMMITMENTS ACHIEVED
TO DATE

90%

OF M&S SPARKS CARD
CUSTOMERS HAVE NOMINATED
A BENEFITING CHARITY

5,800

WORK PLACEMENTS
FOR YOUNG UNEMPLOYED
PEOPLE SINCE 2014



MIKE BARRY
SUSTAINABLE BUSINESS DIRECTOR

Our Energy business saw 51,000 people vote for local community energy schemes that were seeking funding from us. Personalisation and localisation are key to engaging large numbers of people with the need for sustainable change.

NEW SOLUTIONS

Of course there are issues that do not change. Climate, waste and resource use were issues 10 years ago and will be issues in 10 years' time. What changes is how we address them. Today, more and more we're finding that to scale-up change at the pace that's required, we need to build business and stakeholder coalitions. Our role is to convene and lead these coalitions. We, along with many other good businesses, played an important role at COP21 – showing Government leaders that decisive climate action was good for economic growth, jobs and societal wellbeing. Similarly, at the Consumer Goods Forum (CGF) we've been privileged to play a central role in driving common action on forced labour, deforestation, low carbon refrigeration, food waste and the circular economy, together with many of the world's largest consumer goods companies.

Nine years since launch, Plan A continues to help us anticipate the rapid social, environmental and economic shifts in the global economy. It's a strong and constant reminder to our customers and other stakeholders that we are a business with a strong core purpose and integrity. It has proved fit for purpose despite leadership changes and the emergence of new issues and new solutions.

MAKING PLAN A LOCAL



Above: All M&S operated UK and ROI stores now have access to local surplus food redistribution charities through the Neighbourly social network.

Left: M&S Sparks loyalty card connects our customers to causes that are important to them.

OUR BUSINESS

CONNECTED VALUE

CORE OBJECTIVES

Group financial objectives

Grow Group revenue
Increase earnings and returns
Strong cash generation

+ See KPIs in our Annual Report on p18

Non-financial objectives

Engage, serve and retain customers
Foster a skilled, motivated and engaged team
Sourcing products with integrity
Efficient and responsible operations

+ See KPIs in our Annual Report on p19

Strategic objectives

Driving growth
Reaching customers
Improving profitability

+ See KPIs in our Annual Report on p20-21

INPUTS

Our resources and relationships
Across our business, we depend upon key resources and relationships to create financial, non-financial and strategic value.



FINANCIAL



OUR PRODUCTS & CHANNELS



OUR INTELLECTUAL CAPITAL



OUR PEOPLE



OUR STAKEHOLDERS



NATURAL RESOURCES

BUSINESS MODEL THE M&S DIFFERENCE

How our activities deliver financial value

1. Listen & Respond

Understanding our customers' changing needs informs every product we make and service we offer.

2. Strategy & Planning

Robust financial management ensures we are able to continue to invest in our business and deliver profitable growth for our shareholders.

3. Develop & Design

New ideas fuel future performance, which is why attracting and retaining the right talent is central to the future of our business.

4. Source & Buy

We capitalise on the **strong, long-term relationships** we have with our suppliers to deliver efficiencies, improve margins and drive profitability without compromising on the quality of our products.

5. Brand & Sell

Our brand is at the heart of the M&S difference and we **create unique products** that drive financial value.

6. Serve & Engage

We build and maintain **customer loyalty** by investing in customer service and linking it to our employee benefits.

How our activities deliver non-financial value

1. Listen & Respond

Our customers' **trust in the M&S brand** is a key point of difference. We retain this competitive advantage by doing things in the most responsible way – we do the work so our customers don't have to.

2. Strategy & Planning

We **improve efficiency and reduce waste** across the business through the effective use of our resource and sourcing systems.

3. Develop & Design

By **cultivating talent and encouraging entrepreneurialism**, we have an engaged and autonomous workforce empowered to develop innovative new products and ideas.

4. Source & Buy

We are leading the way on **sourcing products with integrity** to exceed customers' expectations on quality, safety and sustainable sourcing.

5. Brand & Sell

We have built our brand on **robust standards** of services sourced products and services.

6. Serve & Engage

We bring our brand to life by **driving engagement and participation** in-store, online and through Spark Something Good.

How our activities deliver strategic value

1. Listen & Respond

By analysing **what our customers want**, we ensure our growth plans are right for the future of M&S.

2. Strategy & Planning

By carefully managing our property portfolio, we ensure we have the **right stores in the most convenient locations**, meaning we can **reach more customers** and deliver sustainable sales growth.

3. Develop & Design

By constantly **improving product quality and choice**, we drive growth by making M&S more relevant to our customers more often.

4. Source & Buy

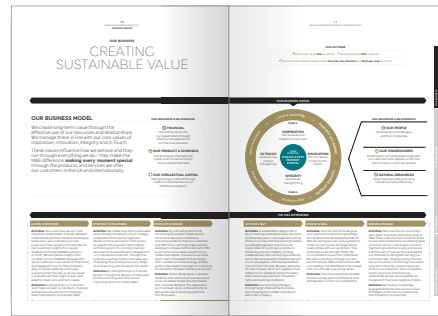
Our progress towards a more **flexible and direct sourcing** operation is benefiting our Clothing & Home margins.

5. Brand & Sell

We sell our products through our **own branded channels**, empowering us with the ability to grow and develop them in the way that is right for our customers.

6. Serve & Engage

The rationale behind **every strategic decision starts with our customer** and we drive a high-performance culture built around giving them great products and service.



+ See our Business model on the inside cover (and in full: 2016 Annual report)

| RELATED RISK FACTORS | ACCOUNTABILITY | OUTPUTS | OUTCOMES |
|---|---|--|--|
| Financial performance risks <p>There are a number of risks related to how we deliver financial value:</p> <ol style="list-style-type: none"> 1. Clothing & Home transformation 2. Changing consumer behaviours 4. Clothing & Home supply chain and logistics network 5. IT integration 10. International <p>+ See Risk in our Annual Report on p28-29</p> | Financial accountability <div> <div>BOARD</div> <div>↑</div> <div>OPERATING COMMITTEE</div> <div>↑</div> <div>SENIOR LEADERSHIP GROUP</div> </div> <p>+ See Governance in our Annual Report on p42-46</p> <p>+ See Remuneration in our Annual Report on p52-53</p> | Key financial measures <p>Group revenue Underlying Group PBT Underlying earnings per share Dividend per share Return on capital employed Free cash flow (pre dividend)</p> <p>+ See KPIs in our Annual Report on p18</p> | Financial value created <div>£ 👤 👤 👤</div> <p>Strong profits build strong cash position Returns to shareholders Taxes to government Increased investment opportunities Employee rewards</p> |
| Non-financial performance risks <p>There are a number of risks related to how we deliver non-financial value:</p> <ol style="list-style-type: none"> 1. Clothing & Home transformation 2. Changing consumer behaviours 3. Business transformation 7. Food safety and integrity 8. Clothing & Home ethical sourcing 9. Cyber/Information security <p>+ See Risk in our Annual Report on p28-29</p> | Non-financial accountability <div> <div>BOARD</div> <div>↑</div> <div>OPERATING COMMITTEE</div> <div>↑</div> <div>SENIOR LEADERSHIP GROUP</div> <div>ADVISORY PLAN A COMMITTEE</div> <div>↑</div> <div>OPERATIONAL PLAN A COMMITTEE</div> </div> <p>+ See p34-35 in this report</p> | Key non-financial measures <p>Total Food customers and average number of shops per customer Total Clothing & Home customers and average number of shops per customer Employee engagement score % of products with a Plan A quality Greenhouse gas emissions (tonnes) Greenhouse gas emissions (psf)</p> <p>+ See KPIs in our Annual Report on p19</p> | Non-financial value created <div>💡 👤 👤 👤</div> <p>Culture where innovation and agility thrive Better trained and fully committed employees Stronger relationships with suppliers and communities Maintained and improved reputation with consumers</p> |
| Strategic performance risks <p>There are a number of risks related to how we deliver strategic value:</p> <ol style="list-style-type: none"> 1. Clothing & Home transformation 2. Changing consumer behaviours 3. Business transformation 4. Clothing & Home supply chain and logistics network 6. Food competition 10. International 11. M&S.com business resilience <p>+ See Risk in our Annual Report on p28-29</p> | Strategic accountability <div> <div>BOARD</div> <div>↑</div> <div>OPERATING COMMITTEE</div> <div>↑</div> <div>SENIOR LEADERSHIP GROUP</div> </div> <p>+ See Governance in our Annual Report on p42-46</p> <p>+ See Remuneration in our Annual Report on p52-53</p> | Key strategic measures <p>Food UK revenue Food gross margin Food LFL sales growth UK space growth – Food Clothing & Home UK revenue Clothing & Home gross margin Clothing & Home UK LFL sales growth International sales International operating profit International space growth M&S.com sales M&S.com weekly site visits</p> <p>+ See KPIs in our Annual Report on p20-21</p> | Strategic value created <div>£ 🔄 💡 👤 👤</div> <p>Growth in sales, product range and presence Supply chain efficiency Increased customer base with broadening appeal A more dynamic, flexible and agile business, delivering stronger margins</p> |

PLAN A

2016 HIGHLIGHTS

Together with our partners, employees, customers and suppliers **we've achieved a lot to be proud of** this year – including our work to build Plan A into all M&S products and engage more of our customers, Spark Something Good, and programmes that support thousands of people working in our supply chains.

PLAN A

ECONOMIC

BUILDING PLAN A INTO M&S PRODUCTS AND HOW WE SELL THEM.

73%

OF M&S PRODUCTS HAVE AT LEAST ONE PLAN A QUALITY

As of April 2016, based on the volume of items sold worldwide, 73% of M&S products have at least one special Plan A environmental or social quality (last year 64%).



Making Healthy High Streets: Working with Business in the Community we're helping to make a difference across 67 UK high streets.



90%

OF SPARKS CARD HOLDERS HAVE NOMINATED A BENEFITING CHARITY

In October 2015, we launched our Sparks customer reward card. In addition to discounts and other benefits, card holders can nominate a charity to receive 1p from every transaction they make with M&S. Sparks points are awarded for shopping clothes. 3.5 million customers (90% of all card holders) have nominated a charity to benefit from their M&S purchases.



Clothing & Home Sustainable Learning

Products: This year we launched a re-usable shopping bag made in the UK from up-cycled hotel linen. It was designed by Barbara Hulanicki and profits from all sales were donated to UNICEF to protect children in danger. We also launched men's Footglove Earth shoes, which are manufactured using a range of recycled and sustainably sourced materials, and the Limited London Collection of clothing, designed in the UK and made using a range of recycled and more sustainable fabrics. All these products were manufactured in factories that meet M&S Eco Factory standards. In October 2015, we also launched the Livia Firth eco-edit Collection comprised of products with Plan A qualities.

Zero

NET CARBON EMISSIONS
FROM M&S OPERATIONS FOR
FOUR CONSECUTIVE YEARS

39%

IMPROVEMENT IN UK AND ROI ENERGY
EFFICIENCY PER SQ FT SINCE 2006/07
(AFTER WEATHER ADJUSTMENT)

9%

REDUCTION IN UK RETAIL FOOD
WASTE PER SQ FT SINCE 2013/14

PLAN A

ENVIRONMENTAL

REDUCING THE IMPACT OF M&S
OPERATIONS ON THE ENVIRONMENT.

100%

OF ELECTRICITY FOR OUR UK AND
ROI STORES FROM RENEWABLE SOURCES

We've also signed contracts to increase our annual procurement of bio-methane up to 172,000 MWhs a year, from 2016/17.

100%

OF OPERATIONAL WASTE FROM M&S STORES,
OFFICES AND WAREHOUSES WAS RECYCLED
IN SOME FORM

For the fifth consecutive year we sent no waste to landfill. We also reduced our total amount of waste by 9% compared to last year.

2.7 million

USED GARMENTS DONATED BY M&S CUSTOMERS TO
OUR CLOTHES RE-USE AND RECYCLING SCHEMES

In addition to our well established Shwopping programme with Oxfam in the UK, we've now launched similar clothes recycling and re-use schemes at our stores in the Czech Republic and Hong Kong. In total, we collected 2.7 million garments last year. We also continued to work on a two year research project with the University of Cambridge Institute for Manufacturing, funded in conjunction with Innovate UK, looking at different approaches to reduce the environmental impact of clothing by using circular economy thinking.



£400,000

M&S ENERGY COMMUNITY ENERGY FUND TO
SUPPORT PROJECTS ACROSS GREAT BRITAIN

In July 2015, we launched the M&S Energy Community Energy Fund. We received 246 applications, from which we shortlisted 132 projects to compete for the public vote; attracting 51,000 votes. Between them, the 21 winners received two national prizes of £40,000 and £20,000 and funding for 19 regional projects of £12,500.

There were also five special Judges' Prizes chosen with help from our judges, Ed Davey, Giles Bristow, Hugh Fearnley-Whittingstall, Rob Love, Louise Innes and Jonathan Hazeldine of M&S, for the projects that were judged to go the extra mile for their community.

PLAN A
2016 HIGHLIGHTS
CONTINUED

PLAN A

SOCIAL

IMPROVING PERFORMANCE ACROSS A WIDE
RANGE OF SOCIAL ISSUES IN M&S OPERATIONS.

5,800

WORK PLACEMENTS FOR YOUNG
UNEMPLOYED PEOPLE

Over two years we've offered support to more than 5,800 young unemployed people, with 60% of those who completed their placement finding employment. This programme is continuing in 2016/17. In addition, 106 M&S suppliers have worked with us to provide an additional 1,393 work placements.

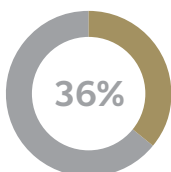
£5.25m

RAISED FOR HEALTH AND WELLBEING CHARITIES

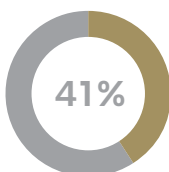
This included £2.4m for Breast Cancer Now through a range of activities, including Breast Cancer Awareness Month, Fashion Targets Breast Cancer and Charity Christmas cards.

Once again, M&S Cafes hosted Macmillan Cancer Support's World's Biggest Coffee Morning, which together with other activities throughout the year, raised over £2.2m including more than £1m raised by M&S employees.

Diversity and succession: 36% of the M&S Board and 41% of senior management positions held by women. 71% of our appointments to our 150 most senior vacancies made internally.



Female Directors
on the Board



Female senior
managers



Over 24 months,
24 towns and cities

will benefit from Spark Something Good Community Projects that each aim to support 24 charities with the help of M&S employees and customers. So far, over 1,700 employees and customers have taken part at events in London, Manchester, Dublin, Swansea and Edinburgh.

99%

OF WOOD USED IN M&S PRODUCTS AND OPERATIONS FROM FOREST STEWARDSHIP COUNCIL RECYCLED OR FROM SOURCES THAT PROTECT FORESTS AND COMMUNITIES

91,000

PEOPLE WORLDWIDE HAVE BEEN HELPED BY OUR GLOBAL COMMUNITY PROGRAMME IN 2015/16

100%

OF THE PALM OIL USED IN M&S PRODUCTS WAS RSPO CERTIFIED

PLAN A

SUPPLY CHAIN

IMPROVING ENVIRONMENTAL AND SOCIAL PERFORMANCE IN SUPPLY CHAINS.

48%

OF M&S FOOD COMES FROM SUPPLIERS THAT MEET THE M&S SILVER SUSTAINABLE FACTORY STANDARD

48% of all M&S food products are now provided by Silver level suppliers (last year: 32%). To achieve this standard, a site must be at the Silver level or above across all three areas of human resources, environmental performance and resource efficiency.



762,000

WORKERS IN THE M&S CLOTHING & HOME SUPPLY CHAIN TRAINED BY M&S SINCE 2010

Supply chain transparency

We've published an interactive map online, showing nearly 700 suppliers worldwide that make M&S clothing, accessories and footwear.

+ See: interactivemap.marksandspencer.com



42%

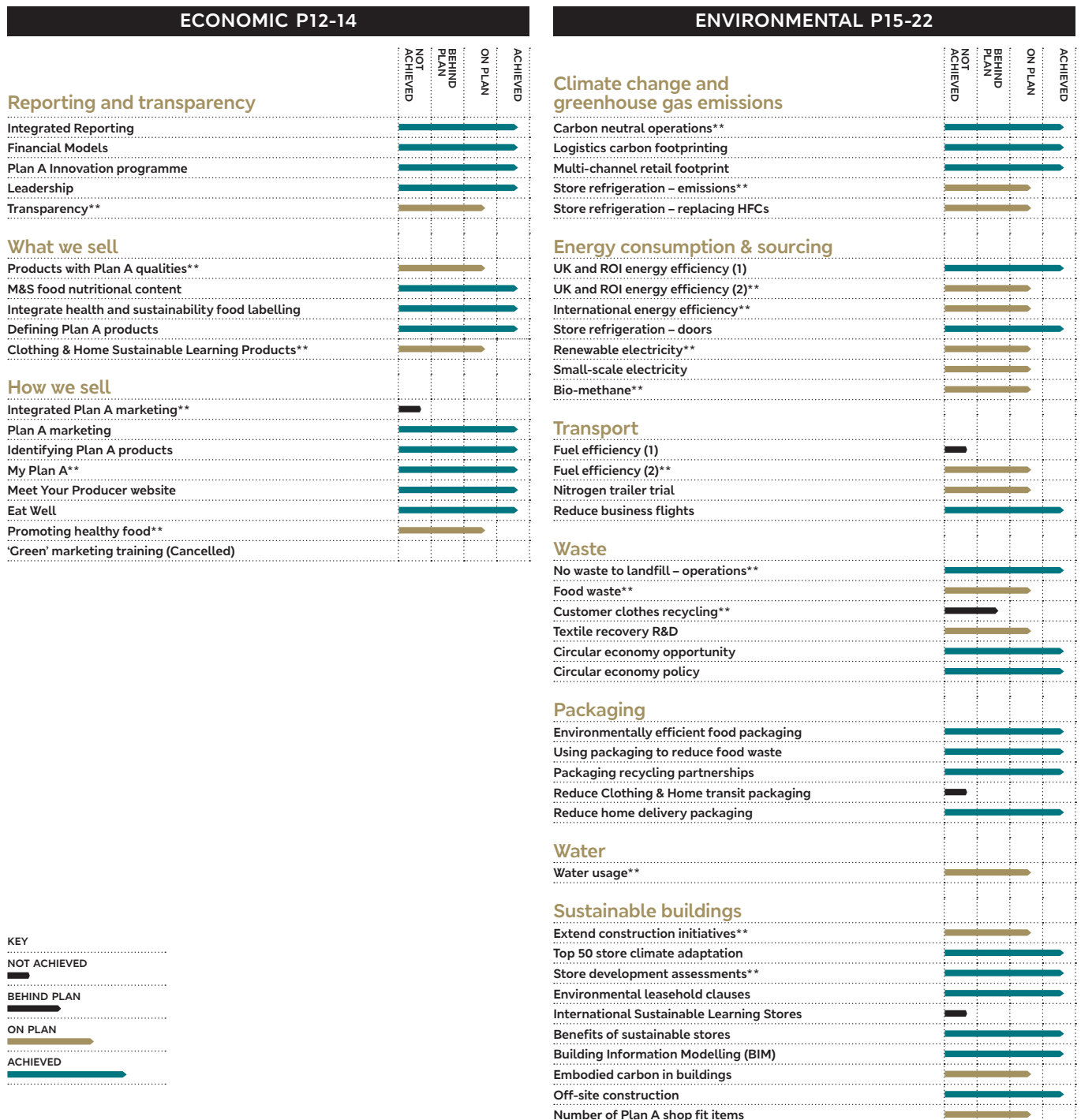
OF THE COTTON USED TO MAKE M&S PRODUCTS FROM MORE SUSTAINABLE PRODUCTS

And we've removed all plastic microbeads that can cause marine pollution from M&S wash-off cosmetic personal care products, as of January 2016. In addition, 28% of the leather we used this year came from Leather Working Group certified tanneries.

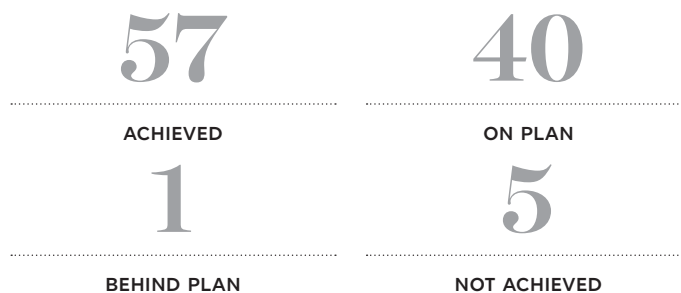


PLAN A PERFORMANCE SUMMARY

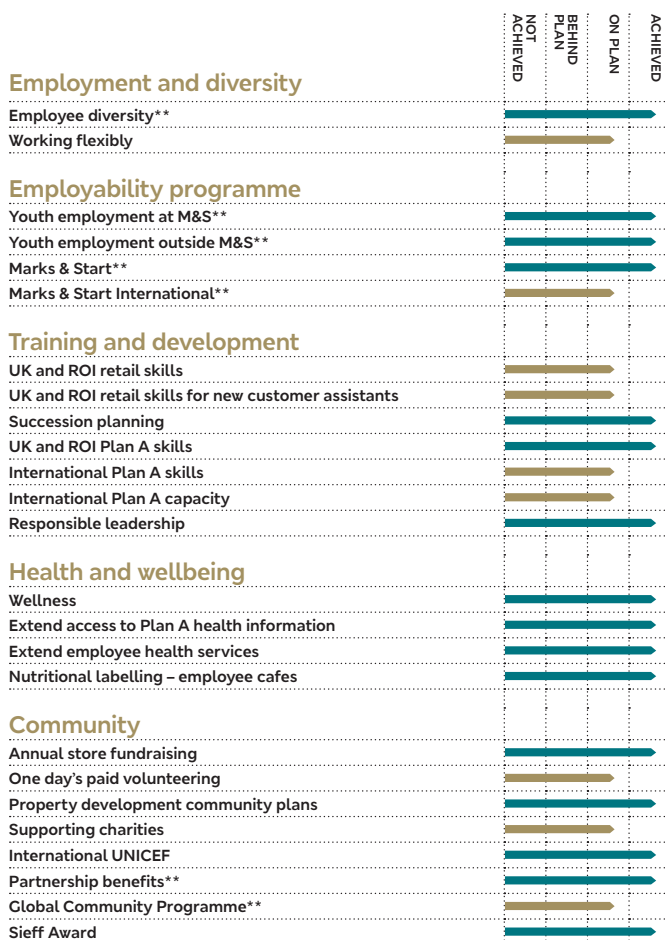
This is a summary of our performance across all of our commitments shown as Achieved, On plan, Behind plan or Not achieved.



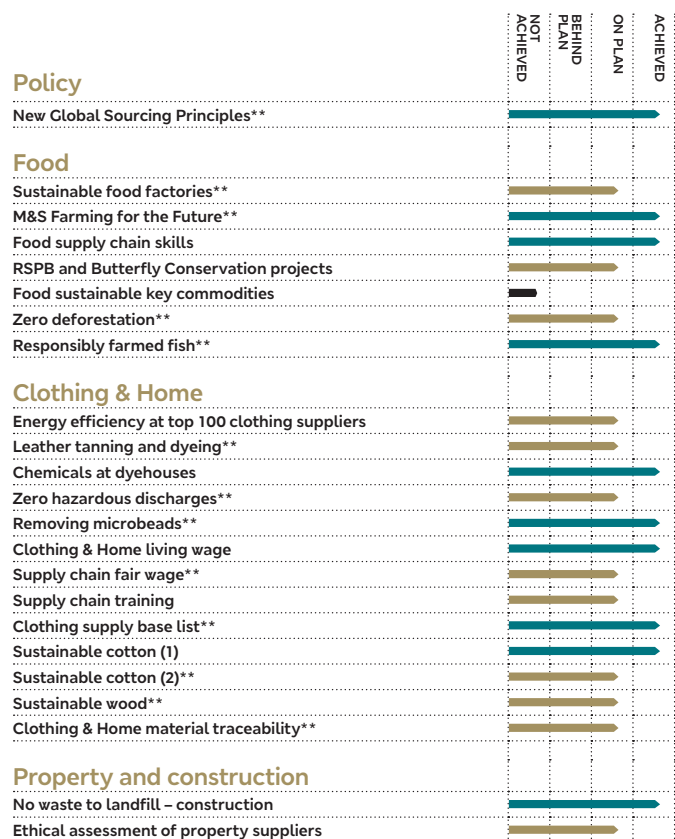
COMMITMENT SUMMARY FOR PLAN 2020 TO DATE



SOCIAL P23-28



SUPPLY CHAIN P29-33



PLAN A PERFORMANCE ECONOMIC

How we manage the social and environmental impacts of the products we sell and provide transparency about our activities. Each commitment is shown as Achieved, Achieved-late, Previously achieved, On plan, Behind plan or Not achieved. Those that have ended but we still report about are shown as Ongoing.

REPORTING AND TRANSPARENCY

INTEGRATED REPORTING

(NEW)
ACHIEVED

AIM By our 2016 reports we will have adopted the principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.

PROGRESS Our 2016 Annual Report reflects the principles of the International Integrated Reporting Council's Integrated Reporting Framework, as part of a journey towards more integrated reporting. The Report includes a revised business model showing our principal resources and relationships, and how these support our business strategy.

See annualreport.marksandspencer.com

FINANCIAL MODELS

PREVIOUSLY
ACHIEVED

AIM By 2015, we will assess a range of different methodologies for translating social and environmental impacts into financial models and publish our conclusions on their suitability for future use by M&S. See **2015 Plan A Report**

Financial benefit resulting from Plan A activities

| | 2014/15 | 2015/16 | % change |
|--------------------|---------|---------|----------|
| Net Plan A Benefit | £160m | £185m | +16% |

PLAN A INNOVATION PROGRAMME

PREVIOUSLY
ACHIEVED

AIM By 2015, we will launch a platform to highlight the major technical Plan A challenges that we want to address. Each year we will publish the top innovation challenges we face and work with others to find solutions. See challenges.marksandspencer.com

LEADERSHIP

PREVIOUSLY
ACHIEVED

AIM From 2015, we will report on an expanded leadership role alongside other businesses to enable further progress including working with the IGD, Movement to Work, World Economic Forum and Consumer Goods Forum. See **2015 Plan A Report**

TRANSPARENCY**

ON PLAN

AIM By 2015, we will consult with our customers and stakeholders to identify what information they consider to be important about where and how M&S products are produced, and by 2020 we will respond by improving the information available.

PROGRESS During the year we developed a programme of improvements to how we communicate our Plan A policies and activities online. At corporate.marksandspencer.com/plan-a there's now much more information about 'Delivering Plan A' as well as 'Business wide' and 'Food' policies. For Clothing we've also added a global location map showing the factories that manufacture garments for M&S.

In February 2016, we launched a quarterly Plan A newsletter which can be read online at: corporate.marksandspencer.com/documents/plan-a-our-approach/plan-a-newsletter-spring-2016.pdf. We also intend to publish our first Human Rights Report, see corporate.marksandspencer.com/plan-a

To make it easier for our customers to see how we're building Plan A into M&S products we've also launched a new section of our website: marksandspencer.com/integrity



WHAT WE SELL

PRODUCTS WITH PLAN A QUALITIES**

ON PLAN

AIM To have at least one Plan A quality in all M&S Clothing & Home and Food products by 2020.

PROGRESS As of April 2016, based on the volume of items sold worldwide, 73% of M&S products had at least one Plan A quality (last year 64%).

In total 73% of M&S food products have at least one Plan A quality (last year: 63%). We've introduced LEAF Marque and the Sustainable Agriculture Initiative's Sustainable Farming assessment, as well as game and beef assessments for next year.

In total, 74% of Clothing & Home products (last year: 71%) have at least one Plan A quality. We've added innovations including more efficient denim making and fabric printing processes for next year.

M&S FOOD NUTRITIONAL CONTENT

PREVIOUSLY
ACHIEVED/
ONGOING

AIM To review and improve the nutritional content of M&S food by 2015. (We will continue to report on progress against the UK Government's Public Health Responsibility Deal)

PROGRESS We've maintained our support for the UK Government's Public Health Responsibility Deal and last updated the information about M&S on its website in 2015. The Government is currently reviewing how this website will be used in the future. **See responsibilitydeal.dh.gov.uk**

To help our suppliers develop healthier products we've launched an online benchmarking tool that compares new recipes to those that are considered best in class for health and nutrition.

INTEGRATE HEALTH AND SUSTAINABILITY FOOD LABELLING

PREVIOUSLY
ACHIEVED

AIM Integrate healthy eating advice with social and environmental sustainability messages by 2015. **See 2015 Plan A Report**

DEFINING PLAN A PRODUCTS

PREVIOUSLY
ACHIEVED

AIM By 2015, we will publish details of how we define and measure Plan A product qualities, identifying hotspots and details of our collaborations. **See 2015 Plan A Report**

CLOTHING & HOME SUSTAINABLE LEARNING PRODUCTS**

ON PLAN

AIM Trial and evaluate at least two Clothing & Home Sustainable Learning Products or services each year from 2015.

PROGRESS In October 2015, we launched a re-usable shopping bag made in the UK from up-cycled used hotel linen. It was designed by Barbara Hulanicki with profits donated to UNICEF to protect children in danger.

We also launched men's Footglove Earth shoes manufactured using a range of recycled and sustainably sourced materials, and the Limited London Collection of clothing, designed in the UK and made using a range of recycled and more sustainable fabrics. All these products were manufactured in factories that meet M&S Eco Factory standards.

HOW WE SELL

INTEGRATED PLAN A MARKETING**

NOT
ACHIEVED/
ONGOING

AIM By 2015, we will integrate Plan A information into how we market and communicate the M&S brand.

PROGRESS We're still developing and testing our wider plans to integrate Plan A into how we communicate the M&S brand to our customers, but we have made progress. For example, we've launched a **marksandspencer.com/integrity** section of the M&S.com website, which includes information about Plan A product qualities.

We've also launched Spark Something Good customer involvement campaigns that include 'Community Projects', 'Help us beat breast cancer' and our Shopping clothes re-use and recycling partnership with Oxfam.

See corporate.marksandspencer.com/plan-a/get-involved/spark-something-good



PLAN A PERFORMANCE

ECONOMIC

CONTINUED

HOW WE SELL CONTINUED

PLAN A MARKETING

PREVIOUSLY
ACHIEVED

AIM Run a continuous programme of Plan A marketing communications, to encourage customers to take action (up to 2015). **See 2015 Plan A Report**

IDENTIFYING PLAN A PRODUCTS

PREVIOUSLY
ACHIEVED

AIM Develop mechanisms to help our customers identify products with Plan A qualities online to encourage their purchase by 2015. **See 2015 Plan A Report**

MY PLAN A**

(NEW)
ACHIEVED

AIM Engage three million M&S customers in Plan A activities using a range of online channels by 2020.

PROGRESS In October 2015 we launched the M&S Sparks loyalty card, which allows customers to nominate one of nine M&S partnership charities to receive 1p for every transaction they make with us. The nine charities are: Breast Cancer Now, Great Ormond Street Hospital Children's Charity, Macmillan Cancer Support, Marine Conservation Society, The Royal British Legion, The Woodland Trust, Shelter, UNICEF and WWF. Customers can also receive updates about the work of their chosen charity.

As of March 2016, 3.5 million of the 3.9 million customers with an M&S Sparks card had chosen a charity recipient (around 90%). By April 2016, M&S Sparks card charity donations totalled £649,000.

By Shwopping unwanted clothing, our customers can earn extra Sparks reward points.

Using this new measurement of engagement through the Sparks reward card, this commitment has been Achieved.

MEET YOUR PRODUCER WEBSITE

PREVIOUSLY
ACHIEVED

AIM Extend our Meet Your Producer website linking products with producers, to include overseas suppliers, including wine suppliers by 2015. **See 2015 Plan A Report**

EAT WELL

PREVIOUSLY
ACHIEVED

AIM By 2015, we will make our Eat Well sunflower food labelling 'work harder', increasing the levels of awareness and recognition by customers enabling the choice of a healthier diet. **See 2015 Plan A Report**

PROMOTING HEALTHY FOOD**

ON PLAN

AIM From 2015 onwards we will work with key external stakeholders to define best practice on promoting and marketing healthy food and will have trialled key outcomes by 2017.

PROGRESS During the year we've worked with many different stakeholders, including the National Osteoporosis Society on including vitamin D in M&S bread, Coeliac UK on a new range of gluten-free recipe dishes launched in 2016, as well as Heart UK on messages used on our cholesterol lowering ranges.

In September 2015, we launched a new policy to remove sweets from till points in all M&S operated stores.

As our work on healthy food is no longer based on trials, we've modified the wording of this commitment to read:

By 2017, we will work with key external stakeholders to develop and launch a range of healthy food initiatives to meet the needs of our customers.

'GREEN' MARKETING TRAINING

PREVIOUSLY
CANCELLED

AIM By the end of 2016, we will have developed and rolled-out a training programme on sustainability and green claims to all M&S marketing managers. **See 2014 Plan A Report**



PLAN A PERFORMANCE

ENVIRONMENTAL

How we manage the environmental impacts of M&S operations, including greenhouse gas emissions, energy usage, transport, waste, packaging, water and sustainable buildings. Each commitment is shown as Achieved, Achieved-late, Previously achieved, On plan, Behind plan or Not achieved. Those that have ended but we still report about are shown as Ongoing.

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

CARBON NEUTRAL OPERATIONS**

PREVIOUSLY
ACHIEVED/
ONGOING

AIM We will maintain carbon neutrality for M&S operated activities worldwide until at least 2020.

PROGRESS To the best of our knowledge, we're still the only major retailer in the world with carbon neutral global operations. We believe that maintaining zero net emissions exceeds the requirements of a Science Based Target, which if achieved universally would keep global warming below 2 degrees.

This year, our total gross CO₂e emissions were 566,000 tonnes of CO₂e, a further reduction of 4% on last year (592,000 tonnes). This represents a 23% reduction on our 2006/07 Plan A launch baseline of 732,000 tonnes CO₂e and level on our 2013/14 UK mandatory carbon reporting baseline of 567,000 tonnes.

A decrease in the carbon conversion factors used to calculate emissions from UK grid electricity has reduced our emissions by around 20,000 tonnes but increases in the factors for refrigeration gases have added back 6,000 tonnes: a net reduction of 14,000 tonnes CO₂e compared to 2014/15.

Once again we achieved carbon neutrality through a combination of reductions, procuring renewable energy, and by purchasing and retiring high quality carbon offsets. For 2015/16, this included the use of UNICEF carbon offsets from cook stove projects in Bangladesh that also provide social benefits. We signed-up to the United Nation's Climate Neutral Now initiative and as part of our commitment, 10% of the offsets retired for 2015/16 were procured through the Clean Development Mechanism (CDM) process. For more information, see climateneutralnow.org. During the December 2015 international climate conference in Paris we supported the We Mean Business coalition's Pledge for Action. For more information, see wemeanbusinesscoalition.org/take-action

Full disclosure of M&S climate risks can be found by registering as a user at cdp.net

Operational CO₂e emissions

Emissions are shown in compliance with the WRI/ WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised and have been calculated using revised carbon conversion factors published by DECC/ DEFRA in June 2015 and Bitzer Report 18 for additional refrigeration gases. This includes all the activities where we have operational control. It excludes all non-metered premises and shopping centre supplied services. Renewable electricity tariffs have been calculated in accordance with the March 2015 WRI/ WBCSD GHG Scope 2 Guidance on procured renewable energy. We have also added a conservatively estimated 2006/07 baseline for our International operations based on 2013/14 data.

M&S CO₂e emissions

| | Plan A baseline 2006/07 000 t CO ₂ e | Legal baseline 2013/14 000 t CO ₂ e | Last year 2014/15 000 t CO ₂ e | 2015/16 000 t CO ₂ e | Achievement on 2006/07 |
|---|---|--|--|---------------------------------------|---------------------------|
| UK | | | | | |
| Direct emissions from operations (SCOPE 1) | | | 159 | 173 | — |
| In-direct emissions from operations (SCOPE 2) | | | 328 | 295 | — |
| Total scope 1 and scope 2 emissions | | | 487 | 468 | — |
| Other in-direct emissions including waste, business travel, energy and fuel (SCOPE 3) | | | 50 | 48 | — |
| Total Gross emissions | | | 537 | 516 | — |

ROI

| | | | | | |
|---|--|--|-----------|-----------|---|
| Direct emissions from operations (SCOPE 1) | | | 7 | 7 | — |
| In-direct emissions from operations (SCOPE 2) | | | 10 | 10 | — |
| Total scope 1 and scope 2 emissions | | | 17 | 17 | — |
| Other in-direct emissions including waste, business travel, energy and fuel (SCOPE 3) | | | 1 | 1 | — |
| Total Gross emissions | | | 18 | 18 | — |

UK AND THE ROI

| | | | | | |
|---|------------|------------|------------|------------|-------------|
| Direct emissions from operations (SCOPE 1) | 245 | 167 | 165 | 180 | -27% |
| In-direct emissions from operations (SCOPE 2) | 367 | 313 | 338 | 304 | -18% |
| Total scope 1 and scope 2 emissions | 612 | 480 | 503 | 484 | -21% |
| Other in-direct emissions including waste, business travel, energy and fuel (SCOPE 3) | 86 | 52 | 52 | 50 | -42% |
| Total Gross emissions | 698 | 532 | 555 | 534 | -23% |
| Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor | 51 | 32 | 33 | 31 | -39% |

OTHER INTERNATIONAL LOCATIONS

| | | | | | |
|--|-----------|-----------|-----------|-----------|-------------|
| Direct emissions from operations (SCOPE 1) | 1 | 1 | 2 | 2 | +100% |
| In-direct emissions from operations (SCOPE 2) | 28 | 28 | 29 | 24 | -14% |
| Total scope 1 and scope 2 emissions | 29 | 29 | 31 | 26 | -10% |
| Other in-direct emissions including energy and fuel, estimated waste and business travel (SCOPE 3) | 6 | 6 | 6 | 6 | level |
| Total Gross emissions | 35 | 35 | 37 | 32 | -9% |
| Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor | 15 | 15 | 13 | 13 | -13% |

M&S GLOBAL OPERATIONS

| | | | | | |
|---|------------|------------|------------|------------|-------------|
| Direct emissions from operations (SCOPE 1) | 246 | 168 | 167 | 182 | -24% |
| In-direct emissions from operations (SCOPE 2) | 394 | 340 | 367 | 328 | -17% |
| Total scope 1 and scope 2 emissions | 640 | 508 | 534 | 510 | -20% |
| Other in-direct emissions including waste, business travel, energy and fuel (SCOPE 3) | 92 | 59 | 58 | 56 | -39% |
| Total GROSS/LOCATION CO₂e emissions | 732 | 567 | 592 | 566 | -23% |
| Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor | 46 | 30 | 30 | 29 | -47% |

**Bio-methane gas sourced
(deductions from scope 1)**

| | | | | | |
|--|-----|--|---|---|--|
| | N/A | | 6 | 6 | |
|--|-----|--|---|---|--|

**Renewable electricity sourced and
sold to grid (deductions from scope 2)**

| | | | | | |
|--|-----|-----|-----|-----|--|
| | N/A | 302 | 327 | 293 | |
|--|-----|-----|-----|-----|--|

MARKETPLACE CO₂e emissions

| | | | | | |
|--|-----|-----|-----|-----|--|
| | N/A | 265 | 259 | 266 | |
|--|-----|-----|-----|-----|--|

Carbon offsets purchased and retired

| | | | | | |
|--|---|-----|-----|-----|--|
| | — | 265 | 259 | 266 | |
|--|---|-----|-----|-----|--|

| | | | | | |
|--|------------|----------|----------|----------|--|
| Total NET CO₂e emissions | 732 | 0 | 0 | 0 | |
|--|------------|----------|----------|----------|--|

PLAN A PERFORMANCE

ENVIRONMENTAL

CONTINUED

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS CONTINUED

LOGISTICS CARBON FOOTPRINTING

(NEW)
ACHIEVED

AIM Complete a study of the carbon impact of our end-to-end logistics footprint in order to identify hotspots and publish the results by the end of 2015.

PROGRESS We completed research into the carbon footprint of the logistics network that collects, collates and delivers M&S products from around the world to our stores. Using 2013/14 data, we calculated that the total network has a carbon footprint of around 336,000 tonnes. Around one third of this is already included in the operational emissions we report but the remaining two thirds come from transport and warehouses operated by suppliers.

Most of the network's footprint (85%) was from transport and 15% was from warehousing. Road freight was the biggest source of transport emissions at around 60% with sea and air each accounting for 20%.

We're using this data to help us make further improvements, for example, by increasing our use of double-deck trailers that carry more products, and by monitoring delivery driver performance. We're also looking at options to reduce 'carbon hotspots', for example, by shifting from road to sea freight in Turkey.

See corporate.marksandspencer.com/blog/stories/on-the-road-to-carbon-reduction.

MULTI-CHANNEL RETAIL FOOTPRINT

(NEW)
ACHIEVED/
ONGOING

AIM Commission research to better understand the carbon footprint of our multi-channel retail operations in the UK and internationally by 2016. Use the findings to develop a plan to improve our overall carbon efficiency by 2020.

PROGRESS Together with Accenture, and with support from other partners such as DPD Express Parcel Delivery and Woodway packaging, we've compared the carbon footprint efficiency of different forms of digital retailing. This involved gathering data from all partners involved in the delivery of M&S products ordered digitally.

Home delivery was assessed to be potentially the most efficient method, with a 30% lower carbon footprint than traditional retailing. 'Click and collect' showed potential savings but these depend on whether or not our customers make a special trip to collect the item. At present, our different retail channels support each other, with 20% of online orders placed in-store and 60% collected there.

This research also identified a number of ways that we can improve efficiency, for example, by encouraging home deliveries, making better use of phone numbers to keep customers informed, and expanding the number of collection points.

STORE REFRIGERATION – EMISSIONS**

ON PLAN

AIM Reduce UK and ROI store refrigeration gas carbon emissions by 80% by 2020.

PROGRESS This year, our UK and ROI emissions from refrigeration and air-conditioning were 59,000 tonnes CO₂e, which although still on track, is 16,000 tonnes more than last year. Around 6,000 tonnes of this is due to new higher Global Warming Potential (GWP) factors introduced for 2016. The remainder was caused by a small number of significant leakage incidents of R407a refrigerant. Allowing for increases in store footage, emissions were down 63% at 3.5 tonnes CO₂e/1000 sq ft (2006/07: 9.4 tonnes CO₂e/1,000 sq ft).

UK and ROI store refrigeration and air-conditioning emissions in tonnes CO₂e per 1000 sq ft

| 2006/07 Actual | 2014/15 Actual | 2015/16 Actual | 2019/20 Target | Achievement on 2006/07 |
|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 9.4 | 2.5 | 3.5 | 1.9 | -63% |

STORE REFRIGERATION – REPLACING HFCs

ON PLAN

AIM To use carbon dioxide in all new UK and ROI refrigeration system installations and replace HFCs by 2030.

PROGRESS Three M&S stores now have HFC-free sales floor refrigeration systems. These new CO₂ based 'trans-critical' systems will be our standard specification for all new build stores from May 2016. We've also started using new HFO gases that have lower climate change impacts as an interim replacement for HFCs.

Refrigeration and air-conditioning gas use in M&S UK and ROI stores



ENERGY CONSUMPTION & SOURCING

UK AND ROI ENERGY EFFICIENCY (1)

PREVIOUSLY
ACHIEVED

AIM Improving energy efficiency in UK and ROI stores, offices and distribution centres by 35% per sq ft by 2015. See 2015 Plan A Report

ENERGY CONSUMPTION & SOURCING CONTINUED

UK AND ROI ENERGY EFFICIENCY (2)**

ON PLAN

AIM Improving energy efficiency in UK and ROI stores, offices and distribution centres by 50% per sq ft by 2020.

PROGRESS This year, we improved total energy efficiency across our stores, offices and warehouses by 39%, to 34.9 KWh/sq ft (2006/07: 57.4 KWh/sq ft).

We improved store energy efficiency by 39%, to 41.7 KWh per sq ft, compared to 2006/07 (67.9KWh per sq ft). Gas usage included in our calculation has been adjusted using standard degree days to reflect changes in the number of cold days (44.3 KWh per sq ft before adjustment). During the year we renewed the ISO50001 energy management certification for our UK and ROI stores and offices.

We improved energy efficiency in our warehouses by 37% at 16.6 KWh/sq ft against 2006/07: 26.4 KWh/sq ft.

Energy use in our offices was improved by 32% at 33.5 KWh/sq ft (2006/07: 49.4 KWh/sq ft).

UK and ROI energy efficiency: Total store, office and warehouse energy usage in KWh/sq ft

| 2006/07 Actual | 2014/15 Actual | 2015/16 Actual | 2019/20 Target | Achievement on 2006/07 |
|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 57.4 | 36.8 | 34.9 | 28.7 | -39% |

INTERNATIONAL ENERGY EFFICIENCY**

ON PLAN

AIM Improving energy efficiency in our International stores, offices and distribution centres outside of the ROI by 20% per sq ft by 2020 against a newly developed baseline.

PROGRESS Last year we operated stores in 20 other countries including a joint-venture business in India. A small number of stores in Croatia, Montenegro, Serbia, and Slovenia, closed in January 2016 with further closures in Bulgaria from May 2016. We opened one store in Belgium.

Around one third of these International stores' total footage uses energy provided by the landlord and is outside our operational control. We've only included the energy and footage over which we have operational control.

In 2015/16 our energy consumption was improved by 1% at 27.5 KWh per sq ft compared to 2013/14. Consumption of energy in our International stores is much lower than those in the UK and ROI as most of them don't sell chilled food and use landlord provided heating and air conditioning.

We have five warehouses across the world. Their primary function is to support our UK business. These warehouses show a 23% improvement in efficiency due to increases in footage with low energy needs.

International stores (outside of ROI): Total store energy usage in KWh/sq ft

| 2013/14 Actual | 2014/15 Actual | 2015/16 Actual | 2019/20 Target | Achievement on 2013/14 |
|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 27.9 | 26.8 | 27.5 | 22.4 | -1% |

International located warehouses: Total warehouse energy usage in KWh/sq ft

| 2013/14 Actual | 2014/15 Actual | 2015/16 Actual | 2019/20 Target | Achievement on 2013/14 |
|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 9 | 5.7 | 6.9 | 7.2 | -23% |

STORE REFRIGERATION - DOORS

(NEW)
ACHIEVED-
LATE/
ONGOING

AIM By 2015, we will conduct a trial to retrofit doors on fridges in stores in the existing estate, and fully evaluate it with recommendations for future roll-out.

PROGRESS We completed trials of fridge doors at our stores in Tamworth and Cambridge Beehive whilst simultaneously testing Eco Blade fridge screens at four other stores.

The fridge doors achieved better energy savings than Eco Blades, though with higher installation costs and were more restrictive to operations.

As a result, we plan to develop a programme to retro-fit Eco Blades and conduct further trials on fridge doors. We will continue to report on our progress.

RENEWABLE ELECTRICITY**

ON PLAN

AIM Ensure electricity purchased for M&S operated stores and offices in the UK and ROI is from renewable sources (up to 2020).

PROGRESS This year, 100% of the electricity we purchased for our stores, and offices in the UK and ROI came from green tariff renewable sources.

In total, 96% of all the electricity used in our UK and ROI operations was from renewable green tariff or on-site renewable electricity. Just 4% of non-renewable electricity was purchased by third-party operators of our Food and Clothing & Home warehouses.

During the year, we signed-up to the RE100 collaboration, a group of companies that have committed to purchased 100% renewable electricity. 91% of our worldwide electricity usage this year came from renewable green tariff or on-site renewable electricity.

See there100.org/companies

RE 100

PLAN A PERFORMANCE

ENVIRONMENTAL

CONTINUED

ENERGY CONSUMPTION & SOURCING CONTINUED

SMALL-SCALE ELECTRICITY

ON PLAN

AIM Ensure 50% of the energy used in our UK and ROI building operations comes from small-scale renewable sources by 2020.

PROGRESS This year we procured around 148 GWhs, equivalent to 22% of the electricity we used from small-scale generators, supported through our electricity procurement contracts (last year: 21%).

BIO-METHANE**

ON PLAN

AIM Ensure 50% of gas used in M&S operated buildings in the UK and ROI comes from certified green bio-methane sources by 2020.

PROGRESS In 2015, we signed further contracts to procure up to 172,000 MWhs of bio-methane a year from 1st January 2016. In 2015/16 we purchased 33,682 MWhs of bio-methane gas, equivalent to around 15% of our annual usage. This reduced our net reported emissions by 6,000 tonnes.

TRANSPORT

FUEL EFFICIENCY (1)

NOT
ACHIEVED

AIM Achieving a 35% improvement in fuel efficiency in our UK and ROI Food deliveries to stores by 2015. **See 2015 Plan A Report**

FUEL EFFICIENCY (2)**

ON PLAN

AIM Report on our progress to improve logistics fleet efficiency within a fast evolving logistics network.

PROGRESS To improve their overall efficiency, we're always looking for ways to combine activities and make better use of our transport vehicle fleets. Consequently, it's difficult for us to set targets that enable us to make comparisons from one year to the next. However, we will continue to report on our performance.

During the year, fuel efficiency for our Food store deliveries improved by around 7%, to 1.593 litres per store (last year: 1,721 litres). We believe that this results from a range of actions, including combining deliveries to several new small M&S Simply Food stores in a single journey. Our Clothing & Home store delivery fuel efficiency was unchanged at 7 litres of diesel for every 1,000 singles delivered.

In total, our fleets used around 30m litres of diesel (last year: 30m litres), including red-diesel to power refrigerated trailers. This contributed 78,000 tonnes of CO₂e to our reported direct emissions.

TRANSPORT CONTINUED

NITROGEN TRAILER TRIAL

ON PLAN

AIM By 2017, we will conduct a 14-vehicle pilot to test nitrogen as a lower carbon refrigerant in our Food transport fleet.

PROGRESS This is the second full year of a trial of nitrogen-chilled trailers at our food warehouse in Hemel Hempstead. These trailers use nitrogen as an alternative to HFC gases, which can have a significant impact on the environment. However, unlike HFC gases which are contained in the vehicle, the nitrogen system requires refilling every day. This daily refill has proved to be expensive and presents a barrier that must be addressed in order to make this technology commercially viable.

REDUCE BUSINESS FLIGHTS

PREVIOUSLY
ACHIEVED

AIM To reduce business flights by an average of 20% per UK employee by 2014. **See 2014 Plan A Report**

WASTE

NO WASTE TO LANDFILL – OPERATIONS**

PREVIOUSLY
ACHIEVED/
ONGOING

AIM Maintain zero waste to landfill for M&S operations in the UK and ROI and report on the progress of our other International operations.

PROGRESS In 2015/16 our UK and ROI operations once again recycled (in all forms)[^] 100% of the waste generated in our stores, offices and warehouses (2008/09: 41%). Our total waste was reduced by 31%, to 80,000 tonnes against 116,000 tonnes in 2008/09.

This year, for the first time we extended our waste reporting to seven M&S operated stores in France, Holland and Belgium. These stores generated 866 tonnes of waste, none of which went to landfill.

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

| | 2008/09 | 2014/15 | 2015/16 | Achievement on 2008/09 |
|--|---------|---------|---------|------------------------|
| Total waste | 116 | 88 | 80 | -31% |
| Waste sent to landfill | 69 | 0 | 0 | - |
| Waste to recycling | 47 | 88 | 80 | +70% |
| % recycled (in all forms) [^] | 41% | 100% | 100% | |

[^] Includes a wide range of recycling technologies, including as a last option, energy-from-waste.

WASTE CONTINUED

FOOD WASTE**

ON PLAN

AIM Conduct a series of collaborative projects to review the causes of food waste across our supply chain and operations. By 2020, we plan to reduce food product waste in our UK stores by 20% per sq ft against 2013/14. In addition, we will review opportunities to donate an increased amount of food to charities.

PROGRESS We've calculated UK M&S operated store retail food waste data by taking the total weight of unsold food collected and deducting averaged estimations for packaging, café and other types of waste. The resulting figure has been indexed against M&S operated UK food salesfloor footage, to give a measurement of tonnes of food waste per 1,000 sq ft of salesfloor.

Using this calculation, in 2015/16 we succeeded in reducing our UK retail food waste per 1,000 sq ft of food salesfloor by 9% compared to 2013/14. This has mainly been achieved by improved merchandising (estimating and ordering), as well as an increase in donation to redistribution charities.

UK M&S operated store retail food waste

| | 2013/14 | 2014/15 | 2015/16 | Target 2019/20 | Achievement on 2013/14 |
|---|---------|---------|---------|----------------|------------------------|
| Tonnes of food waste per 1,000 sq ft of M&S operated ^a food salesfloor | 4.22 | 3.95 | 3.84 | 3.38 | -9% |

^a Food sales floor footage has been prorated to more accurately reflect how much was in operation at any time throughout the year.

We also increased the amount of surplus food donated to redistribution charities to 168 tonnes from our 2014/15 estimated figure of 60 tonnes. From March 2016, all M&S operated stores in the UK could participate in a programme to donate surplus food to charities through the Neighbourly social network which puts them in direct contact with local redistribution charities.

See neighbourly.com

CUSTOMER CLOTHES RECYCLING**

BEHIND PLAN

AIM To help our customers in the UK, ROI and Internationally give clothes a second life recycling 50 million garments by 2020 (from 2008).

PROGRESS 2015/16 is the first year that we've reported against this re-worded commitment, which now includes M&S International operations. This year, UK and ROI customers donated 2.7 million garments (last year: 2.8 million) through our Shopping clothes recycling initiative, helping us raise an estimated £1.3m for Oxfam (last year: £1.75m).

Annual clothes collections

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | Total |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| In millions | 3.2 | 1.8 | 3.0 | 3.0 | 3.8 | 4.0 | 2.8 | 2.7 | 24.3 |

We launched a similar clothes recycling and re-use scheme at our stores in the Czech Republic and Hong Kong. Together with other trials, this collected a further 30,000 garments and this brings our running total since 2008 to 24 million garments, with four years to go. We're currently struggling to raise customer donated garments up to the required level to meet our target of 50 million by 2020 and will continue to address this.

In 2016/17 we plan to launch similar schemes at our stores in France, Belgium, Czech Republic, Hungary, Poland, Slovakia and the Netherlands.

TEXTILE RECOVERY R&D

ON PLAN

AIM We will conduct a two-year project with the University of Cambridge Institute for Manufacturing, funded in conjunction with Innovate UK, to investigate opportunities to increase the volume and value of textile recovery and will share the learning from this project publicly by 2016.

PROGRESS This two-year project known as REDRESS is due to end later in 2016 but the initial findings have already been shared at a number of technical conferences. The project has looked at different approaches to reducing the environmental impact of clothing by using circular economy thinking. For more information, See industrialsustainability.org

CIRCULAR ECONOMY OPPORTUNITY

PREVIOUSLY ACHIEVED

AIM By 2016, we will have completed a detailed review of circular economy opportunities across all parts of the M&S business. See 2015 Plan A Report

CIRCULAR ECONOMY POLICY

PREVIOUSLY ACHIEVED

AIM By 2016, we aim to publish a report outlining the political policy steps that we believe would accelerate the journey towards creating a sustainable circular economy. See 2015 Plan A Report

UK CARRIER BAG USAGE

As of 5th October 2015, single use carrier bag charging was in force across the whole of the UK under national legislation. In addition to the M&S Food carrier bag charge introduced in 2008, this has resulted in overall reductions of around 80% against 2006/07. This legislation requires a minimum charge for all single-use carrier bags and data to be published in different ways in each nation. We've published data outside this report, as required by each separate piece of legislation.

UK and ROI used Christmas card recycling

| | 2014/15 | 2015/16 | Achievement on LY |
|-----------------------------------|---------|---------|-------------------|
| Used Christmas cards (in tonnes) | 124 | 251 | +102% |
| Used Christmas cards (in singles) | 6m | 10m | +67% |

PLAN A PERFORMANCE

ENVIRONMENTAL

CONTINUED

PACKAGING

ENVIRONMENTALLY EFFICIENT FOOD PACKAGING

(NEW)
ACHIEVED/
ONGOING

AIM To use the most environmentally efficient forms of packaging systems throughout the supply chain to help reduce the overall carbon footprint of packaging and products by 2015.

PROGRESS In October 2015, WRAP's Courtauld Commitment reported an overall 3.9% reduction in the carbon footprint of packaging used across the UK food industry in 2014 compared to 2012. M&S contributed to this progress and was significantly ahead of this average.

To enable further progress in the future we continued to work on a range of packaging sustainability projects. These include: the use of Plantic bioplastic; mechanically detectable black plastic recipe dish trays that can be easily sorted for recycling; improvements to the barrier properties of recycled carton board; and replacing polystyrene packs with types of plastic that are easier to recycle.

During 2015 we held a Packaging Raw Material Expert group event for our suppliers and trade associations. Participants at the event concluded that we should focus our efforts on optimisation (the right materials for the right applications), promoting a Circular Economy of recycling, and procuring from the most sustainable sources.

USING PACKAGING TO REDUCE FOOD WASTE

PREVIOUSLY
ACHIEVED

AIM By 2015, working with WRAP's Fresher for Longer initiative we will identify opportunities and make the necessary changes to help reduce food waste in the home by improving the design of our packaging and the guidance we give to customers. We will also work in collaboration with suppliers to reduce supply chain food waste using innovations in packaging. **See 2015 Plan A Report**

PACKAGING RECYCLING PARTNERSHIPS

PREVIOUSLY
ACHIEVED

AIM Work in partnership to help improve national levels of packaging recycling (e.g. Recycling Rewards, local authority partners etc) by 2015. **See 2015 Plan A Report**

REDUCE CLOTHING & HOME TRANSIT PACKAGING

NOT
ACHIEVED/
ONGOING

AIM Reduce UK and ROI Clothing & Home transit packaging waste by 25% by 2015.

PROGRESS This year we used *28.8g transit packaging per item compared to *36g in 2012, a reduction of 20%. We plan to work systematically through each Clothing & Home department, to make reductions. An initial review of seven departments achieved further savings of over 532 tonnes of packaging a year. As a result of our new plans we've re-worded this target to read:

Reduce Clothing & Home UK and ROI transit packaging by 30% by 2020 against a baseline of 2012.

PACKAGING CONTINUED

UK and ROI clothes hanger re-use and recycling

| | 2014 In millions | 2015 In millions | % change |
|-----------|-----------------------|-----------------------|----------|
| Collected | 126 | 103 | -18 |
| Re-used | 86 (68% of collected) | 64 (62% of collected) | -26 |
| Recycled | 40 (32% of collected) | 39 (38% of collected) | -2 |



REDUCE HOME DELIVERY PACKAGING

PREVIOUSLY
ACHIEVED

AIM Reduce UK and ROI home delivery packaging by 25% in weight by 2015. **See 2015 Plan A Report**

WATER

WATER USAGE**

ON PLAN

AIM To reduce water consumption in M&S operated buildings in the UK and ROI by 35% per sq ft by 2020 and report on the progress of our other International locations.

PROGRESS During 2015/16, our UK and ROI store, office and warehouse water efficiency was down by 31% at 46 litres per 1000 sq ft (2006/07: 67 litres per sq ft).

Our total UK and ROI usage was 1,115,510 m³, down by 12% against our baseline (2006/07: 1,266,704m³). For our warehouses, we use the first available data for baselines which is 2007/08 for Food and 2009/10 for Clothing & Home.

Currently, we cannot report on the water usage from any other international locations.

Total UK and ROI store, office and warehouse water efficiency in litres per sq ft

| 2006/07 Actual | 2014/15 Actual | 2015/16 Actual | 2019/20 Target | Achievement on 2006/07 |
|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 67 | 50 | 46 | 44 | -31% |

* Calendar year data
** Assured by DNV GL

SUSTAINABLE BUILDINGS

EXTEND CONSTRUCTION INITIATIVES**

ON PLAN

AIM From 2014 we will trial and evaluate sustainability and lean (efficiency) initiatives in all major UK and ROI store development projects and integrate all those that are successful into at least 25 existing buildings in the UK and ROI by the end of the following year up to 2020.

PROGRESS To ensure a steady stream of construction innovations we draw our ideas from external events, including the Dragons Den style 'Big Innovation Pitch' held at Ecobuild and the M&S Prize for Innovation awarded at the Big Bang UK Young Scientists and Engineers Fair. This is in addition to our own Sustainable Learning Stores and New Engineering Technology (NET) process.

This year we started trials of a wide range of new technologies, including Eco Blade fridge screens, doors on fridges, Waterblade taps and LED lighting for Clothing & Home salesfloor areas.

We also extended the use of new technologies. Endotherm water treatment was assessed last year and is now being installed in 25 stores. We also extended Heating Ventilation and Air Conditioning (HVAC) sub-metering to another 25 locations.

TOP 50 STORE CLIMATE ADAPTATION

(NEW)
ACHIEVED-
LATE/
ONGOING

AIM By 2015, we will review possible adaptations to climate change at our top 50 UK stores. We will then develop a plan in collaboration with our landlords to agree which adaptations will be implemented by 2020.

PROGRESS Together with engineering consultancy ARUP we've developed a Climate Change Adaptation and Resilience Tool. This helps to identify the risks posed by climate change at each store and suggests possible remedial actions. From 2016/17, we intend to use this tool to develop store specific climate change improvement plans and where appropriate, work with our landlords to implement these.



STORE DEVELOPMENT ASSESSMENTS**

(NEW)
ACHIEVED-
LATE

AIM From 2015 all store development investment in excess of £10m will be assessed against the following criteria by the M&S Property Board:

- Future building climate change risk mitigation.
- Full whole-life cost financial evaluation.
- Appropriate building accreditation standard review.

PROGRESS We've identified ways to assess all new store developments for climate change risk mitigation, as outlined in our separate commitment on **Top 50 store climate adaptation**.

For our largest stores, costing over £10m, a whole life costing model, developed with the help of AECOM, has been used to assess the whole life cost benefit of sustainability initiatives over and above our standard specification. We have built in additional investment to include these sustainability initiatives, as well as the necessary fees for undertaking a sustainable building accreditation.

ENVIRONMENTAL LEASEHOLD CLAUSES

(NEW)
ACHIEVED

AIM We will include environmental leasehold clauses covering energy, water and waste in all new UK relevant leases. For existing stores, we will promote co-operation with existing landlords and evaluate the results of that co-operation before implementing agreements for existing stores more widely in the future.

PROGRESS This year, a further 14 environmental leasehold clauses were signed, giving a total of 84 'green' clauses or informal Memorandums Of Understanding. We've also contributed to the University of Oxford's 'Working with Infrastructure Creation of Knowledge and Energy strategy Development' (WICKED) report, which focuses on energy efficiency and concludes that the success of 'green' clauses depends on having a genuine commitment from both landlord and tenant.

As a result, we have a new follow-on commitment:

In 2016/17 we will launch a project to engage with our major landlords to promote better collaboration.

INTERNATIONAL SUSTAINABLE LEARNING STORES

NOT
ACHIEVED

AIM By 2020, we will open a further five Sustainable Learning Stores in international territories outside of the ROI.

PROGRESS We've reviewed several possible ways to achieve this commitment but concluded that because our International stores are relatively small and often located in small shopping malls, they are not suitable for Sustainable Learning Stores trials.

We'll continue to review the application of new technologies, resulting from our commitment on **Extend construction initiatives** (see above) and include our International stores in our targets to improve energy efficiency.

PLAN A PERFORMANCE

ENVIRONMENTAL

CONTINUED

SUSTAINABLE BUILDINGS CONTINUED

BENEFITS OF SUSTAINABLE STORES

(NEW)
ACHIEVED/
ONGOING

AIM By 2016, we will complete a study into the health, wellbeing and associated commercial benefits of sustainable retail buildings. We will then apply the lessons learnt to M&S existing and new buildings where possible.

PROGRESS We took part in the World Green Building Council's Better Places for People UK Retail Task Force, which published its Health and Wellbeing Productivity In Retail report in February 2016. The report suggests that retailers can improve the shopping experience for their customers and potentially increase their profits by providing greener, healthier stores.

See betterplacesforpeople.org and worldgbc.org/activities/better-places-people/health-wellbeing-and-productivity-retail

We're analysing data suggested by the Retail Metrics Framework across all our UK stores, to see if we can make direct connections between environmental and economic performance.

BUILDING INFORMATION MODELLING (BIM)

(NEW)
ACHIEVED/
ONGOING

AIM By 2016, we will evaluate the use of Building Modelling technology and make recommendations about how we can use it in the future.

PROGRESS BIM is a technology that enables us to design buildings in three dimensions and promotes an integrated way of working for the project team by providing a single source of technical information during construction and when the store is in use. During the year, we commissioned industry BIM specialist WDR & RT Taggart, to evaluate the benefits. Their report concluded that there are a wide range of potential benefits that M&S could achieve through its introduction.

These benefits are now being modelled and costed as part of a Simply Food store tender exercise. If favourable, this will enable further trials in 2016/17.

EMBODIED CARBON IN BUILDINGS

ON PLAN

AIM By 2020, we will reduce the embodied carbon in UK and ROI new store builds by addressing the carbon hotspots of walls, ceilings and floors where possible.

PROGRESS Embodied carbon is the amount of carbon emitted when materials such as steel, concrete, tiles and plaster board are manufactured. Through our previous work we've concluded that the main embodied carbon hotspots we can influence are ceilings, walls and floors.

We've appointed Sturgis Carbon Profiling, a specialist consultancy, to identify ways in which we can measure and reduce the embodied carbon in our ceilings, walls and floors. We're aiming for this work to be completed in 2016/17.

OFF-SITE CONSTRUCTION

(NEW)
ACHIEVED/
ONGOING

AIM By 2016, we will trial off-site construction methodologies for stores and shop-fit and make recommendations about its future use within M&S.

PROGRESS Off-site construction involves the use of pre-manufactured building parts, which are installed onsite. This year, off-site construction techniques were used for the internal walls and electrical and engineering services at our new M&S Foodhall at Meole Brace in Shrewsbury. As a result, the time spent on-site decreased from seven to five weeks, with less waste produced and improved on-site working conditions.

We've included requests for off-site construction options in our tendering programme for future M&S Simply Food stores. Once we've received these proposals we'll review the best way to proceed.

NUMBER OF PLAN A SHOP FIT ITEMS

ON PLAN

AIM To ensure all new UK and ROI shop fit items have at least one Plan A quality by 2020 (including increased recycled content, end of life M&S re-use, recyclability and embodied impacts).

PROGRESS This year we assessed a range of new shop-fit items against our best practice criteria for: lifecycle assessment, use of recycled material, responsible sourcing, volatile organic compounds (VOCs) and end-of-life resource use.

Based on the volume of new floors, walls and ceiling items, directly procured, 76% was assessed as having at least one Plan A quality.

For other types of shop fittings evaluated using the EcoSmart Design System, out of 191 new items assessed, 176 (or 92%) had at least one Plan A quality.

Access to this data will allow us to better understand the impacts of our shop fit choices and can help us to improve the sustainability of new shop fit items up to 2020.



PLAN A PERFORMANCE SOCIAL

How we address issues including employment, diversity, training, health and wellbeing, and community programmes, in M&S operations. Each commitment is shown as Achieved, Achieved-late, Previously achieved, On plan, Behind plan or Not achieved. Those that have ended but we still report about are shown as Ongoing.

EMPLOYMENT AND DIVERSITY

EMPLOYEE DIVERSITY**

PREVIOUSLY
ACHIEVED/
ONGOING

AIM We will report on gender diversity in the UK, ROI and our wholly owned businesses worldwide by 2015, we will aim for 30% female board members and 35% women in senior roles.

PROGRESS As of April 2016, 36% of our board and 41% of employees in senior management positions across our global business are female. We remain a supporter of the 30% Club (for female board directors) and have been listed for the sixth year running as a Times' Top 50 Employer for Women.

We've continued our Inspiring Women's Network with monthly speakers and provided mentoring and coaching for our female leaders. Our partnership with Gingerbread also continues to provide employment opportunities for single parents in the UK. According to Gingerbread, 90% of single parents are women.

We're members of Stonewall and OUTstanding and have completed the Stonewall Equality Index to help us develop a LGBT (lesbian, gay, bisexual and transgender) inclusion programme. An LGBT online employee network has been launched which we're aiming to support with a series of events.

To help develop a more inclusive approach to ethnicity, we joined Business in the Community's Race at Work campaign. Through this we are providing mentoring support for BAME (black, Asian or from a minority ethnic group employees). We've also launched an online Race at M&S employee network.

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

| | Women employees | Women managers* | Women store managers | Women in senior management |
|------|-----------------|-----------------|----------------------|----------------------------|
| 2016 | 72% | 62% | 49% | 41% |
| 2015 | 72% | 62% | 50% | 40% |

M&S UK and ROI workforce gender diversity

| | Women employees | Women managers* | Women store managers | Women in senior management |
|------|-----------------|-----------------|----------------------|----------------------------|
| 2016 | 73% | 62% | 47% | 41% |
| 2015 | 73% | 63% | 49% | 40% |

M&S UK workforce ethnic diversity

| | Employees from ethnic minority backgrounds | Managers from ethnic minority backgrounds* |
|------|--|--|
| 2016 | 10% | 13% |
| 2015 | 10% | 12% |

* Management is defined as people with first line supervisory responsibilities or professional and technical specialists.

M&S UK and ROI workforce age and experience

| % of total UK workforce | Employees aged 25 years and under | Employees aged 50 years and over | Employees aged 60 years and over | Employees aged 65 years and over | Employees with over 11 years' service |
|-------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| 2016 | 21% | 38% | 12% | 4% | 30% |
| 2015 | 23% | 35% | 9% | 4% | 27% |

All data as of March 2016

WORKING FLEXIBLY

ON PLAN

AIM We will report on our employees' uptake of working flexibly in the UK by 2015, then take action and set a target to make a significant increase in the levels of working flexibly (e.g. non-maximum hours working, job shares, flexitime, remote working) in our UK and ROI operations by 2020.

PROGRESS Last year's update showed that most of the requests for flexible working are made directly to line managers and dealt with locally. As only a small number of requests are made through our formal system, we've decided to re-word this commitment to focus on supporting a culture of flexible working:

We will promote the principle of flexible working by improving support for line managers, ensuring the accessibility of part-time working and developing a 'smarter' way of working in our offices.

In 2016 as part of our annual employee survey we asked UK and ROI colleagues whether they have any element of flexibility in their job role, such as part-time hours, working from home or a different location. 38% of colleagues responded positively to the question.

Across M&S 66% of our employees have non-maximum hours contracts, 71% in stores and 11% in Head Office.

UK and ROI employee turnover

| | 2014/15 | 2015/16 | Change |
|-----------|---------|---------|--------|
| Total | 19% | 20% | +1% |
| Unplanned | 14% | 12% | -2% |

Global employee Your Say surveys results

| | 2014/15 | 2015/16 | Change |
|------------------|---------|---------|--------|
| Participation | 79% | 77% | -2% |
| Engagement score | 77% | 78% | +1% |
| Plan A score | 79% | 78% | -1% |



PLAN A PERFORMANCE

SOCIAL

CONTINUED

EMPLOYABILITY PROGRAMMES

YOUTH EMPLOYMENT AT M&S**

(NEW)
ACHIEVED/
ONGOING

AIM By 2016 we aim to have offered support to 5,000 young unemployed people in the UK with 650,000 hours of training and work experience in order for 50% to find work within three months of their placement as part of our Make Your Mark and Marks & Start programmes.

PROGRESS We've achieved our target, offering over 5,800 work placements since we launched this initiative two years ago. The percentage of people who completed the programme and went on to find work, is around 60%.

In 2015/16, we offered Make Your Mark work placements to 1,513 people, aged 25 years or under, and to a further 489 people, aged 25 years and under, through Marks & Start. That's a total of 2,002 (last year: 2,043). These programmes will continue in 2016/17.

YOUTH EMPLOYMENT OUTSIDE M&S**

(NEW)
ACHIEVED/
ONGOING

AIM By 2016, we aim to work with 100 of our suppliers and share best practice in order to open up more vocational training and work placement opportunities for young unemployed people. We aim to collaborate with other companies to encourage them to do the same.

PROGRESS We achieved our target, working with 106 of our suppliers to offer work opportunities for people aged 25 years or under as part of the Movement to Work initiative.

Most these suppliers are in our food supply chain. This year, between them, these food suppliers offered 1,393 work placements, with 89% going on to find work. The programme will continue in 2016/17.

MARKS & START**

(NEW)
ACHIEVED/
ONGOING

AIM Since the launch of Marks & Start in 2004, we aim to have helped 15,000 people from disadvantaged groups including young unemployed people, single parents, people with disabilities and those at risk of being homeless by offering work placements in our UK stores and offices by 2016. We're aiming for 50% to find employment within three months of completing their placement.

PROGRESS We achieved our target and have now offered over 16,400 work placements since Marks & Start was launched in 2004. This year we offered more than 3,100 placements, (last year: 3,300).

As we also reported in the commitment on 'Youth unemployment at M&S', 1,513 placements were offered through our Make Your Mark programme in addition to the 1,618 through Marks & Start. This year, around 66% of participants who completed placements went on to find work, education or further training. The programme will continue in 2016/17.



Our partnership with The Prince's Trust, which is part of this programme was highly commended in the 2015 Third Sector Awards.

MARKS & START INTERNATIONAL**

ON PLAN

AIM Starting in Greece and France in 2014 we will build our International Marks & Start programme. We will aim to have programmes set up in six countries by 2020.

PROGRESS This year, 20 people took part in work experience placements at M&S stores in France, Greece, Poland and the Czech Republic.

M&S suppliers in Bangladesh and Sri Lanka also continued to provide work experience and employment opportunities for more than 300 people with disabilities.



MOVEMENT TO WORK

Our commitments to provide vocational training and work experience for young people with M&S and in our supply chain, are part of a larger programme that we helped to found in 2013, called Movement to Work. Almost 200 employers joined Movement to Work. They include Accenture, BAE Systems, Barclays, BT, BUPA, Capita, Centrica, Civil Service, Diageo, GSK, HSBC, ISS, Manpower, Marriott, M&S, National Grid, NHS, Sodexo, Tesco, Unilever, Whitbread and WPP. Movement to Work is supported by The Prince's Trust, Jobcentre Plus, the UK Commission for Employment and Skills, the Trades Union Congress and the Confederation of British Industry.

Since its launch, Movement to Work employers have created more than 40,900 vocational training and work experience opportunities for young people, with an estimated average into-work rate of 51%. See movementtowork.com

TRAINING AND DEVELOPMENT

UK AND ROI RETAIL SKILLS

ON PLAN

AIM Our learning and development programme responds annually to the operational needs of the business. As a minimum, we will continue to provide at least an average of 1.5 days of training per year on retail skills for our Customer Assistants up to 2020.

PROGRESS This year we provided each Customer Assistant colleague with an average of around 1.5 days' training, on subjects that included Fire Safety, Manual Handling, Emergency Management, Food Allergens, Dementia Friends, Diversity and a new approach on Age Restricted Products. We also trialled new Feeling Better Dressed service training and launched a new Learning and Development Academy that makes it easier for colleagues to access training materials.

Retail colleagues with responsibility for leadership also received Fit-to-lead training based around our four values of Inspiration, Innovation, Integrity and In Touch. In addition, we launched new workshops on managing staffing levels and human resources policies, for our retail managers.

UK AND ROI RETAIL SKILLS FOR NEW CUSTOMER ASSISTANTS

ON PLAN

AIM In addition to an ongoing learning and development programme for our existing Customer Assistants, we will also continue to provide an induction programme lasting up to six months for newly recruited permanent Customer Assistants up to 2020.

PROGRESS All new Customer Assistants receive minimum training of at least four weeks and if necessary up to six months, in order to acquire a range of technical, service and selling skills.

SUCCESSION PLANNING

ACHIEVED/
ONGOING

AIM By 2015, we aim to make internal appointments to 70% of our top 150 most senior vacancies.

PROGRESS As of August 2015, 71% of appointments to our 150 most senior vacancies were made internally (20 internal appointments out of 28) vacancies. This figure included internal promotions and moves to a role at the same level.

We also have a target to have long term internal successors available for at least 68% of permanent leadership roles and in August 2015 this was calculated as 74%.

UK AND ROI PLAN A SKILLS

PREVIOUSLY
ACHIEVED

AIM By 2015, we will provide better information and a revised Plan A Champion job specification allowing our colleagues in the UK and ROI to improve their environmental and community skills. **See 2015 Plan A Report**

INTERNATIONAL PLAN A SKILLS

ON PLAN

AIM By 2017, we'll ensure knowledge of Plan A is embedded across our International business through providing a range of materials and forms of communication including newsletters and conferences.

PROGRESS We've developed Customer Assistant Learning Cards for our International colleagues with specific Plan A content, covering 'products with integrity', 'responsible sourcing' and 'sustainable products'. These have been designed so that they can be used in many different ways and formats. We've also launched a quarterly International Plan A newsletter and addressed three M&S International conferences.

INTERNATIONAL PLAN A CAPACITY

ON PLAN

AIM By 2020, we will develop the capacity of our people to deliver Plan A locally in all the countries beyond the UK and ROI where we operate stores, using India as a pilot location.

PROGRESS Our International operations already contribute to our performance updates on employability, community, gender diversity, clothes recycling and energy management. However, to improve our understanding of performance across a wider range of Plan A issues, we've introduced an annual assessment and benchmarking programme covering M&S and franchise operated International stores.

In India, we now have a Plan A manager who has identified the three priority areas of Plan A: community engagement, energy and waste, and employability.

PLAN A PERFORMANCE

SOCIAL

CONTINUED

TRAINING AND DEVELOPMENT CONTINUED

RESPONSIBLE LEADERSHIP

(NEW)
ACHIEVED-
LATE

AIM To launch a values-based 'Fit to Lead the Future' leadership training programme aiming to have involved our most senior business leaders by April 2016.

PROGRESS Between May and July 2015, we ran our values-based 'Fit to Lead the Future' programme for all M&S senior business leaders. The programme included nine group projects, five of which were based on Plan A: they focused on high street regeneration, Business benefits of community food, Fresh approaches to recycling, Inspiring mental wellbeing and Sourcing with Integrity.

Many of these projects have resulted in further activities and created wider awareness of Plan A.

HEALTH AND WELLBEING

WELLNESS

PREVIOUSLY
ACHIEVED/
ONGOING

AIM We will establish measurements and report on wellness for M&S employees by 2015 to supplement the more traditional measures of employee engagement, considering external best practice.

PROGRESS Using data from our Your Say employee survey, our 2016 Wellness benchmarking measurement was 78%, around the same as last year's 79%. This year, we've improved our understanding of the key issues and the ways in which we can provide better support by analysing feedback from other sources, such as our Employee Assistance Programme.

EXTEND ACCESS TO PLAN A HEALTH INFORMATION

(NEW)
ACHIEVED-
LATE

AIM By 2015, we will extend access to our health and wellbeing services and information to our International colleagues beyond the ROI. We will encourage our supply chain to share best practice and take a proactive approach in implementing it in their business

PROGRESS A wide range of health and wellbeing training materials and guides are now available to our International stores through an online portal. These include information on diet, weight loss, hydration, mental health and Dementia Friends.

The second part of this target on Supply Chain best practices is now covered in our separate commitments on Sustainable food factories and Supply chain training.

HEALTH AND WELLBEING CONTINUED

EXTEND EMPLOYEE HEALTH SERVICES

PREVIOUSLY
ACHIEVED/
ONGOING

AIM By 2015, in the UK and ROI we will provide additional health services and policies to employees including encouraging healthy eating, promoting exercise and mental health awareness. We will provide support and advice tailored to the needs of an ageing workforce.

PROGRESS We continued with our calendar of health events and activities. This year they included: A Wellbeing Challenge on weight loss; healthy eating and habits; training a Dementia Friends Champion in UK M&S operated stores; and running a Mental Wellbeing week across all our UK and ROI operated stores in October 2015.

UK and ROI retail and office health & safety

| | 2014/15 Total | 2015/16 Total | % change | 2014/15 Per m sq ft | 2015/16 Per m sq ft | % change |
|--|------------------|------------------|-------------|---------------------------|---------------------------|-------------|
| Accidents to employees, customers, contractors, and visitors | 26,750 | 25,797 | -4 | 1,572 | 1,504 | -4 |
| RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) | 185 | 173 | -6 | 11 | 10 | -9 |

Data for previous years can be found in the relevant Plan A Report but is broadly consistent with 2015/16 and 2014/15, with small year-on-year improvements due mainly to improved reporting achieved with our 'primary authority' relationship with Birmingham City Council. There were no work related fatalities in 2015/16.



NUTRITIONAL LABELLING – EMPLOYEE CAFES

PREVIOUSLY
ACHIEVED

AIM Continue to improve nutritional labelling by making it easier for employees to manage their diet and extend it to include UK employee cafes (up to 2015). **See 2015 Plan A Report**

COMMUNITY

ANNUAL STORE FUNDRAISING

PREVIOUSLY
ACHIEVED/
ONGOING

AIM Every M&S operated location in the UK and ROI will aim to make a positive difference to its local community by supporting local charities through fundraising and volunteering - aiming to raise £1m per year from 2015.

PROGRESS This year our stores, offices and warehouses raised £1m for local charities. All UK and ROI M&S operated locations can now adopt a Charity of the Year through the Neighbourly social network, which enables them to connect directly with local charities.

In July 2015, we launched Spark Something Good local community campaigns, which aim to help 24 charities in 24 cities over 24 months. So far, we've helped charities in London, Dublin, Manchester, Swansea and Edinburgh.

ONE DAY'S PAID VOLUNTEERING

ON PLAN

AIM We will play an active role in local communities by offering all our UK and ROI employees one day's paid leave to volunteer in their community. From 2015, we will aim for at least 5,000 volunteering days to be taken each year.

PROGRESS In total, colleagues took more than 5,000 paid volunteer days this year (last year: 5,000). More than 3,000 of them took part in The Big Beach Clean-up, more than 1,000 helped in our Spark Something Good community days, and 50 participated in a 36-hour data dive, during which our data analysts helped charity partners to improve their use of data.

PROPERTY DEVELOPMENT COMMUNITY PLANS

(NEW)
ACHIEVED/
ONGOING

AIM Develop and integrate a community engagement plan for major new UK and ROI stores and refurbishments to ensure positive and active relations are at the heart of the development and handover process by 2020.

PROGRESS We've developed an M&S Construction Community Engagement Plan, covering all major new UK and ROI stores and refurbishments that run for six weeks or more. It includes four main elements: meeting a defined level of performance in the Considerate Construction Scheme; having written a Community Plan applicable to each project; compliance with the M&S Community Guide; and participation in the Movement to Work youth unemployment programme.

This year, 30 projects participated. We plan to review and improve the M&S Construction Community Engagement Plan and continue to report on our progress.

SUPPORTING CHARITIES

ON PLAN

AIM Maintaining our corporate support for charities addressing a range of social and environmental issues including helping to raise £20m by 2020 for Health & Wellbeing charities

PROGRESS This year, we helped to raise £5.25m for Health and Wellbeing charities (last year: £2.45m). A total of £10.6m over three years towards our £20m target.

In October 2015, we launched a brand new Appeal with Breast Cancer Now (formerly Breakthrough Breast Cancer and Breast Cancer Campaign) to help prevent 9,000 cases of breast cancer a year by 2025. Including carrier bag proceeds, we raised £2.4m, including £2.1m for the new Appeal through activities including Breast Cancer Awareness Month, Fashion Targets Breast Cancer and Charity Christmas cards (last year: £700,000).

Again M&S Cafes, Foodhalls and Simply Food stores participated in Macmillan Cancer Support's World's Biggest Coffee Morning which together with other activities throughout the year raised over £2.2m (last year: £1.3m). This included over £1m raised by M&S employees (last year: £550,000).

INTERNATIONAL UNICEF

(NEW)
ACHIEVED/
ONGOING

AIM From 2014 our International stores and offices (excluding the ROI) will help to raise £1m over three years (2016) to invest in education projects for some of the world's poorest children.

PROGRESS This year we donated £600,000, including money raised by M&S colleagues, bringing the total over three years to more than £1.2m. This also includes money raised by selling Christmas cards and an up-cycled cotton tote bag designed by Barbara Huklanicki. We plan to continue our work with UNICEF in 2016/17.



PLAN A PERFORMANCE

SOCIAL

CONTINUED

COMMUNITY CONTINUED

PARTNERSHIP BENEFITS**

(NEW)
ACHIEVED

AIM To quantify and report on the wider benefits resulting from our social and environmental partnerships by 2016.

PROGRESS Together with Breast Cancer Now, Macmillan Cancer Support, Oxfam, The Royal British Legion, UNICEF, and WWF, we've identified a range of social, environmental and business benefits that have resulted from our partnerships. We've published summaries on our Plan A website: corporate.marksandspencer.com/plan-a/our-approach/delivering-plan-a/leading-with-others-to-accelerate-change

The social value created for our partners includes the money raised to help tens of thousands of people in the UK and internationally. For M&S, the business value created includes engaging with customers on causes they care about, receiving shared expertise and, in some cases, helping us move towards more sustainable business models. Our partnerships have been recognised through the C&E Corporate NGO Partnership barometer, which rated our relationship with Oxfam as Most Admired Corporate Partnership, for the last six years up to 2015.

GLOBAL COMMUNITY PROGRAMME**

ON PLAN

AIM To establish a Global Community Programme in 2015 to benefit people in the key regions of the world where M&S products are sourced by 2020. Increasing the scale of existing activities and launching new social and environmental initiatives to strengthen the resilience of communities and security of supply by 2020.

PROGRESS During the year, the M&S Global Community Programme included 28 different projects operating in 16 countries, which directly benefited around 91,000 people compared to 58,000 in 2014/15.

Some of the most important projects, such as the Emerging Leaders partnership are increasing in scale and being replicated in other countries. See emerging-leaders.net

Each M&S Global Community Programme project addresses livelihoods, wellbeing or the environment. We published our first M&S Global Community Programme Report in 2015 and intend to update this frequently.

See corporate.marksandspencer.com/documents/plan-a-ourapproach/global-community-programme-report-june2015.pdf

Community donations

| | 2014/15 £m | 2015/16 £m | % change |
|--------------|---------------|---------------|-------------|
| Cash | 8.2 | 9.9^ | +21 |
| Time | 1.6 | 1.7 | +6 |
| In-kind | 3.3 | 3.9 | +18 |
| Total | 13.1 | 15.5 | +18 |

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

7.5 8.0 +7

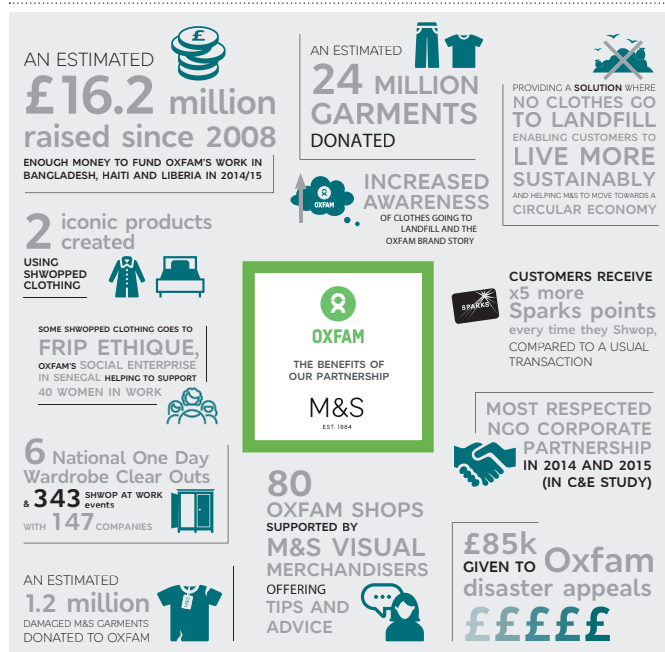
^ Includes additional payments of £1.5m paid in 2016/17 in line with Group commitments to charitable organisations.

SIEFF AWARD

PREVIOUSLY
ACHIEVED

AIM We will use the newly re-launched annual Business in the Community Sieff Award to recognise young business leaders who advocate sustainability until at least 2020.

See bitc.org.uk/services/awards-recognition/individual-awards/former-sieff-award



PLAN A PERFORMANCE

SUPPLY CHAIN

How we manage social and environmental issues in our Food, Clothing & Home and Property supply chains. Each commitment is shown as Achieved, Achieved-late, Previously achieved, On plan, Behind plan or Not achieved. Those that have ended but we still report about are shown as Ongoing.

POLICY

NEW GLOBAL SOURCING PRINCIPLES**

PREVIOUSLY
ACHIEVED/
ONGOING

AIM We will launch and communicate our updated Global Sourcing Principles which are strengthened to include human rights, gender equality, community, fairness and small farmers to all business suppliers during 2014 and provide an annual update on our progress on supporting our supply chain to meet this much higher standard.

PROGRESS We launched updated M&S Global Sourcing Principles in 2014. Since then, we've helped our suppliers to understand and respond to the new areas of content through our Plan A Food Supplier Conference in October 2015 as well as international conferences in Kenya, South Africa and Spain, and best practice workshops. To reflect a revised approach to Human Rights and to incorporate the requirements of the new Modern Slavery Act we are in the process of further updating M&S Global Sourcing Principles, which we plan to publish later in 2016.

M&S FOOD SUPPLIER ETHICAL AUDITS 2015/16

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

| Continent | Supplier sites | Audited supplier sites | Workers at supplier sites | Audits | Improvements required | Improvements required per audit |
|---------------|----------------|------------------------|---------------------------|------------|-----------------------|---------------------------------|
| Africa | 10 | 2 | 5,325 | 2 | 14 | 7 |
| Asia | 21 | 13 | 30,171 | 13 | 68 | 5.2 |
| Europe | 800 | 266 | 225,831 | 274 | 1,327 | 4.8 |
| North America | 18 | 3 | 7,094 | 3 | 26 | 8.6 |
| Oceania | 7 | 0 | 27,205 | 0 | 0 | 0 |
| South America | 7 | 3 | 16,668 | 3 | 14 | 4.6 |
| Total | 863 | 287 | 312,294 | 295 | 1,449 | 5 |

Sites not audited in 2015/16 have previous recent ethical audits or are in the process of scheduling one for 2016/17.

Types of improvement required



POLICY CONTINUED

M&S CLOTHING & HOME SUPPLIER ETHICAL AUDITS 2015/16

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

| Continent | Supplier sites | Audited supplier sites | Workers at supplier sites | Audits | Improvements required | Improvements required per audit |
|---------------|----------------|------------------------|---------------------------|------------|-----------------------|---------------------------------|
| Africa | 13 | 10 | 11,526 | 12 | 46 | 4 |
| Asia | 980 | 498 | 729,231 | 722 | 4,930 | 7 |
| Europe | 354 | 150 | 89,468 | 215 | 1,248 | 6 |
| North America | 2 | 2 | 453 | 2 | 2 | 1 |
| Total | 1,349 | 660 | 830,678 | 951 | 6,226 | 7 |

Sites not audited in 2015/16 have previous recent ethical audits or are in the process of scheduling one for 2016/17.

Types of improvement required



FOOD

SUSTAINABLE FOOD FACTORIES**

ON PLAN

AIM M&S food suppliers to implement a Gold/Silver/Bronze sustainability scorecard to improve human resources, environmental and efficiency performance. By 2020, 100% of product by volume will come from factories that have reached Silver level. We will also continue to measure and report on key sustainability indicators across all three frameworks which demonstrate higher performance and business benefits

PROGRESS This year, the proportion of M&S food products provided by Silver level suppliers increased to 48% (last year: 32%) as a result of validated performance at 55 supplier sites. To achieve, a site has to perform at Silver level or above, across three areas: human resources, environmental performance and resource efficiency. Four of these 55 suppliers have been further validated at Gold level. Suppliers accounting for over 92% of M&S food are now participating in this scorecard programme.

60% of sites now send no waste to landfill (last year: 48%) and on average show a 31% reduction of waste per tonne of product. In addition, 52% of M&S food suppliers have reduced both their water and energy usage per tonne of product compared to last year, and over 30% have improved energy efficiency by at least 20% on their baseline. On human resources, 72% of the most recent supplier employee surveys show a satisfaction rating of 65% or more.

Our food supplier sustainability scorecard received the 2degrees 2015 Supply Base Champions Award.

PLAN A PERFORMANCE

SUPPLY CHAIN

CONTINUED

FOOD CONTINUED

M&S FARMING FOR THE FUTURE**

PREVIOUSLY
ACHIEVED/
ONGOING

AIM Through the M&S Farming for the Future programme we will define key sustainability hotspots by sector and develop plans to manage hotspots in each sector through producer and industry engagement. We will publish an annual report on progress and share our learning more widely from 2015.

PROGRESS After identifying the key sustainability hotspots by sector and setting actions plans, as summarised in our 2015 Plan A Report, we published a further update for our suppliers in May 2016.

As this commitment is now almost completed, we've developed a follow-on target:

Working with our partners, by April 2017 we will publish improved sustainability and animal welfare outcome measure standards for key M&S farmed raw materials including fresh meat, farmed fish, poultry, liquid milk and eggs. Once completed, from 2018, we will publish our year-on-year performance against these outcome measure standards.

YOUR M&S
FARMING
FOR THE
FUTURE

FOOD SUPPLY CHAIN SKILLS

PREVIOUSLY
ACHIEVED

AIM Launch initiatives by 2015 with educational organisations to provide the core skills required for the long-term success of the food supply chain. **See 2015 Plan A Report**

RSPB AND BUTTERFLY CONSERVATION PROJECTS

ON PLAN

AIM Work in partnership with the RSPB and Butterfly Conservation over three years on a number of the farms that supply us to better understand habitat and maintenance requirements for wild birds & pollinators including bees and other species. We will share our findings publicly by 2017.



PROGRESS We're funding a three-year programme (running from 2014 to 2017) with the RSPB and Butterfly Conservation, to help ten farms that supply different M&S food raw materials in different parts of the UK, to assess and improve support for birds, bees and other pollinators. Local RSPB and Butterfly conservation volunteers have conducted annual assessments of the types and numbers of species found on these farms. Each farmer receives a report detailing the results along with suggestions on how habitats can be improved.

The second survey completed in 2015, surveyed ten farms. It listed 83 species of birds, compared to 81 in 2014. These species included stronger populations of corn buntings, grey partridges, linnetts, skylarks and yellowhammers, which all feature on a 'red list' of threatened species. Nine farms were surveyed for butterflies, moths and bees. This survey found a total of 25 species, compared with 24 in 2014. The average number of bumblebees found doubled compared to 2014.

The final results will be published in 2017.

FOOD SUSTAINABLE KEY COMMODITIES

NOT
ACHIEVED

AIM By 2015, for our key global raw materials, we will have identified the major environmental/social hotspots, key mitigations to address them and will report on an annual basis our progress on increasing the proportion of purchasing from sustainable sources with the aim of achieving 100% by 2020. By 2015, we aim to source palm oil, soy, coffee, cocoa and Brazilian beef from locations that don't contribute to further deforestation. **See 2015 Plan A Report**

FOOD CONTINUED

ZERO DEFORESTATION**

ON PLAN

AIM Building on the substantial progress we've already made, and in recognition of forest protection as part of climate change mitigation, we're aiming to ensure zero deforestation from the use of palm oil, soy, cattle and paper materials in the production of M&S products by 2020. We will also publish our commodity specific policies by April 2016.

PROGRESS We've published our sourcing policies for palm oil, soy cattle and paper materials and these can be seen at: corporate.marksandspencer.com/plan-a/our-approach

Our current progress as of April 2016 is summarised below:

Palm oil: In 2015/16, all palm oil used in M&S products was Roundtable on Sustainable Palm Oil (RSPO) certified. *92% was a mix of segregated and mass balance (last year: *82%), with the remaining *8% being covered by the purchase of GreenPalm certificates to encourage the transition to sustainable supplies (last year: *18%). Some stakeholders have asked us to address issues not covered by the RSPO standard which we aim to achieve through engagement with companies who import palm oil into the countries where M&S products are produced. We will continue working with the RSPO and the Consumer Goods Forum (CGF) to develop solutions and uphold standards.

Soy: Nearly all the soy used in M&S supply chains is in animal feed. We've developed and communicated an updated soy sourcing policy to establish a new acceptable standard against which to judge our future progress. In addition, we've maintained our support for Solidaridad (an organisation that works on sustainable raw materials) to help 1,200 small-scale soy growers in Paraguay and for Cool Earth's Ashaninka's forest protection project in Peru.

Brazilian beef: M&S's only supplier of Brazilian beef is a signatory to the Greenpeace Amazonian Cattle Agreement, which is committed to ending Amazon rain forest destruction. We will continue to review and improve our sourcing policies where necessary.

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

Paper materials: These are covered in more detail in our separate commitment on Sustainable wood.

FOOD CONTINUED

RESPONSIBLY FARMED FISH**

PREVIOUSLY ACHIEVED/ONGOING

AIM All M&S farmed fish and fish feed to come from the most responsible sources available by 2015.

PROGRESS In addition to the M&S Select Farm Assurance or M&S Codes of Practice for salmon, organic salmon, shrimp (prawns), trout, halibut, bass, bream and fish feed, we're now developing standards for turbot. This was shared with M&S suppliers in March 2016. In addition, we only source pangasius from third-party certified farms.

Wild fish sourcing**



CLOTHING & HOME

ENERGY EFFICIENCY AT TOP 100 CLOTHING SUPPLIERS

ON PLAN

AIM Continue to require our top 100 clothing factories to install energy efficient lighting, improved insulation and temperature controls, to reduce their energy usage by an estimated 10% by 2020. These are factories that have featured in a rolling top 100 between 2015 and March 2020.

PROGRESS Having achieved our target of 100 suppliers, between 2011 and 2015, we've now adopted 2015 as our new starting point.

For 2015/16, 54 of our rolling top 100 clothing suppliers have installed energy efficient lighting, improved insulation and temperature controls.

LEATHER TANNING AND DYEING**

ON PLAN

AIM To source 50% of the leather used in M&S Clothing & Home products from suppliers who demonstrate continuous improvement against environmental industry based metrics by 2020.

PROGRESS This year, 28% of the leather used to make M&S leather products was sourced from Leather Working Group (LWG) rated tanneries, based on an annual supplier survey conducted in October 2015. LWG standards were developed by a collaboration of retailers and tanneries. The standards include the evaluation of energy efficiency, water usage, chemicals management, discharges, emergency plans and traceability of leather.

PLAN A PERFORMANCE

SUPPLY CHAIN

CONTINUED

CLOTHING & HOME CONTINUED

CHEMICALS AT DYEHOUSES

PREVIOUSLY
ACHIEVED

AIM We will launch a further Model Eco Dyehouses programme by 2015 to focus on developing best practice for chemical and effluent management. The best practice will help to define new standards to be extended across our supply base. **See 2015 Plan A Report**

ZERO HAZARDOUS DISCHARGES**

ON PLAN

AIM We'll continue to work with industry bodies, opinion formers and suppliers to deliver innovation in working practices and processes to achieve our goal of zero discharges of hazardous chemicals from the manufacture of M&S textile and apparel products by 2020.

PROGRESS To help us achieve this ambitious target we're working collaboratively with stakeholders that include: WWF, Greenpeace, Sustainable Apparel Coalition and Zero Discharges of Hazardous Chemicals (ZDHC) group.

We've updated our Environmental and Chemical policy to go beyond lists of banned and restricted chemicals by requesting dyehouse chemical inventories in order to improve our monitoring of performance.

We've also made progress on 11 priority chemicals. Our use of PFC coatings on M&S clothing has been reduced by 70% and we believe that we're on track to find alternatives for all clothing usage by a 1 July 2016 target date. We've also extended our ban on phthalates to cover all M&S clothing.

We've used our Plan A product qualities programme to promote the use of better technologies such as cleaner processes for making denim and printing fabrics.

Many of the dyehouses we use to process fabric for M&S clothing are in China, where the Chinese Institute of Public and Environmental (IPE) affairs reports on water pollution across a wide range of industries. M&S doesn't use any dyehouses on the IPE's 'blacklist' and we are encouraging all the dyehouses that process M&S fabrics to share their data with the IPE. Currently 76% of Chinese dyehouses that work on M&S fabrics, report their data via the IPE.

REMOVING MICROBEADS**

(NEW)
ACHIEVED

AIM We've committed to removing plastic microbeads from M&S own brand personal care products. All existing and new products and formulations manufactured from 2016 onwards will be free from plastic microbeads.

PROGRESS M&S specifications for our own brand wash-off cosmetic personal care products were changed in April 2015. After this date, no M&S brand personal care products were manufactured using plastic microbeads.

CLOTHING & HOME LIVING WAGE

PREVIOUSLY
ACHIEVED

AIM Implement a process to ensure our clothing suppliers are able to pay workers a fair living wage in the least developed countries we source from, starting with Bangladesh, India and Sri Lanka by 2015. We will achieve this by ensuring that the cost prices we pay to our suppliers are adequate to pay a fair living wage. **See 2015 Plan A Report**

SUPPLY CHAIN FAIR WAGE**

ON PLAN

AIM To work collaboratively with other companies, organisations, suppliers and governments to support the payment of a fair wage to the workers in our supply chain (up to 2020).

PROGRESS In addition to our ongoing work with the Ethical Trading Initiative, we're now in the process of joining the Action, Collaboration, Transformation (ACT) collaboration lead by the IndustriALL Global Union.

SUPPLY CHAIN TRAINING

ON PLAN

AIM Work with our suppliers and partners to provide a training and education programme for 800,000 workers by 2020. This will cover employees' roles, responsibilities and rights, basic health care and where possible, numeracy and literacy.

PROGRESS By April 2016, we'd provided training to more than 762,000 workers in our Clothing & Home supply chain, since 2010.

CLOTHING SUPPLY BASE LIST**

(NEW)
ACHIEVED

AIM By 2016, we will publish an annual list of our active clothing manufacturers.

PROGRESS In May 2016 we published an online map showing all our active clothing, accessories and footwear suppliers around the world. Nearly 700 suppliers are listed, along with details of the number and gender of the people they employ. **See interactivemap.marksandspencer.com**

SUSTAINABLE COTTON (1)

PREVIOUSLY
ACHIEVED

AIM Procure 25% of cotton from sustainable sources by 2015. **See 2015 Plan A Report**

CLOTHING & HOME CONTINUED

SUSTAINABLE COTTON (2)**

ON PLAN

AIM Procure 70% of cotton from sustainable sources by 2020.

PROGRESS This year 42% of the cotton sourced by suppliers for M&S products came from Better Cotton Initiative, Fairtrade, organic or recycled sources (last year: 32%).

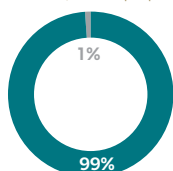
SUSTAINABLE WOOD**

ON PLAN

AIM By 2020 all our wood will come from the most sustainable sources, including FSC certified and recycled material. Where certified or recycled sources are not available we will work with our suppliers to make sure our responsible sourcing standards are met.

PROGRESS In 2015/16, 99% of the wood-based materials we used were Forest Stewardship Council (FSC) certified, recycled or from sources assessed as otherwise protecting forests and communities (last year 98%).

2015/16 wood material use (excluding fabrics, some stationary, construction and marketing materials used in our International stores, newspapers and third-party magazines)



- Forest Stewardship Council, recycled or assessed as otherwise protecting forests and communities
- Requiring improvements

To more accurately reflect the scope and ambition of our work on sourcing sustainable wood we've revised this commitment to read:

Our aspiration is for all the timber, paper and pulp used in M&S products, packaging, operations and construction activities to be responsibly sourced, which includes Forest Stewardship Council (FSC) certified, recycled or assessed as otherwise protecting forests and communities.

By 2020, we're aiming to have achieved this target for over 95% of M&S products and packaging sold worldwide as well as the timber, paper and pulp used in our UK and ROI operations, marketing, construction and re-fit activities. For further details see our sustainable wood sourcing policy at: corporate.marksandspencer.com/plan-a/our-approach/business-wide/natural-resources/protecting-forests

CLOTHING & HOME CONTINUED

CLOTHING & HOME MATERIAL TRACEABILITY**

ON PLAN

AIM Develop and implement a system to provide traceability for the principal raw materials used within our Clothing & Home supply chain and assess the opportunities to make at least some of this information available by 2020.

PROGRESS The plans to achieve this commitment through a new product lifecycle management system that we explained in last year's report have changed. Instead, we'll now be using a range of different approaches to improve the traceability of our principal Clothing & Home raw materials. These are: cotton, wool/cashmere, cellulosics (such as viscose), wood and leather. Polyester and nylon are also considered to be principal raw materials, but are not associated with impacts requiring greater traceability.

Cotton, wood and leather traceability is currently managed through separate Plan A commitments to increase our usage of more sustainable sourcing. We plan to address wool/cashmere traceability through the Responsible Wool Standard (responsiblewool.org) and cellulosics through the Canopy (canopystyle.org) collaboration.

PROPERTY AND CONSTRUCTION

NO WASTE TO LANDFILL – CONSTRUCTION

PREVIOUSLY ACHIEVED/ONGOING

AIM Maintain zero waste to landfill for M&S construction activities in the UK and ROI.

PROGRESS In 2015/16, no waste from our UK and ROI retail construction activities was sent to landfill. Excluding hazardous wastes requiring specialist disposal.

ETHICAL ASSESSMENTS OF PROPERTY SUPPLIERS

ON PLAN

AIM Extend the scope of our ethical trading assessments to include UK and ROI direct property suppliers by 2020.

PROGRESS In October 2015, we shared our new Property Ethical Trade Policy with Property Suppliers. Using both the Supplier Ethical Data Exchange (SEDEX) and the property industry's own PICS database, we continued to develop our approach and this year reviewed 235 ethical self-assessment questionnaires and seven factory audits which resulted in 17 required improvements.

PLAN A PERFORMANCE GOVERNANCE

Our Governance processes are even more important during a change of leadership, ensuring the **continued social and environmental progress** that our stakeholders have come to expect from M&S.



ROBERT SWANNELL CHAIRMAN

MANAGING PLAN A

Our Executive Plan A Committee meets every two months to provide leadership and alignment with our wider business strategy. Our Chief Executive chairs the committee, which includes all our Executive Directors and additional senior managers with relevant specialist knowledge and responsibilities. He updates the full Board on the committee's activities at least once a year.

Our Operational Plan A Committee meets every two months to ensure that social, environmental and ethical issues are integrated into our everyday activities. It reviews our progress against Plan A commitments and our effectiveness in managing risks.

Our Sustainable Business Director, Mike Barry, works together with a small team of social, environmental and ethical specialists to support all Plan A governance activities. His team focuses on developing policies and solutions, building stakeholder relationships and managing risks.

INTEGRATING PLAN A

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

Many of our employees, including Executive Directors and Management Committee members, have Plan A performance targets, and all employees who deal directly with product suppliers are trained in responsible buying techniques. Our values-based Fit to Lead the future senior

management training includes specific Plan A content and group challenges.

MANAGING SOCIAL, ENVIRONMENTAL AND ETHICAL RISKS

The full Board completes a Group Risk Profile every six months. Key social and environmental risks such as climate change are assessed separately, but are generally considered as contributory factors to wider business risks related to the M&S brand and operational and supply chain continuity. Information about our approach to risk management and our principal risks and uncertainties is included in our 2016 Annual Report.

Our Plan A 2020 commitments were developed and refined to ensure that they address our principal social and environmental risks. They were also assessed against the materiality matrix shown on page 37. All commitments are assured and those with the highest rankings have been subject to external assurance. They are denoted by **.

CERTIFIED INTERNATIONAL SOCIAL, ENVIRONMENTAL AND ETHICAL STANDARDS

Like most other major retailers, we use internally developed systems to keep pace in a fast-moving industry. These systems cover training, health and safety, environmental performance and quality. In April 2016 we re-certified to the ISO 50001 Energy Management standard for our stores in the UK and Republic of Ireland. We've also followed a number of best practice standards in this report (see About this Report for more details).

We regularly revise our Code of Ethics (in 2016) and Anti-Bribery Policy. Any breaches are reported to the Audit Committee.

PLAN A RISK PROFILE 2016













Details of our principal risks and uncertainties are included in our 2016 Annual Report. Plan A related issues are not considered as principal risks but contribute to a number of uncertainties. This table summarises the key changes to our social and environmental risks over the past 12 months:

- Despite continued political uncertainty, 2015 saw new agreements on global climate change and UN Sustainable Development Goals.
- The UK Government's announcement of a National Living Wage has provided a long-term framework reducing some uncertainties.
- Relatively low global oil prices combined with other economic factors are continuing to place financial pressures on renewable energy technologies and recycling – requiring our support.
- In the food and clothing sectors there is ongoing civil society and policymaker concerns about supply chain management and transparency, which are reflected in new legislation on Modern Slavery Act and Supplier Payments.
- To reflect the growing importance of our international business and franchises, Plan A is now being extended to cover M&S operated and joint-venture operations. We have conducted a detailed review of key issues in India.
- For M&S, overall sustainability risks remained broadly unchanged with our actions through Plan A continuing to mitigate key social and environmental risks.













PLAN A COMMITTEES

Executive and Operational Plan A committees meet every two months to **provide leadership** and assess implementation.

EXECUTIVE PLAN A COMMITTEE AS OF APRIL 2016

| | | | | | |
|---|---|---|--|--|---|
|  |  |  |  | 1 Steve Rowe Chief Executive | 6 Krishan Hundal Technology, Clothing & Home Director |
|  |  |  |  | 2 Helen Weir Chief Finance Officer | 7 Paul Willgoss Technology, Food Division Director |
|  |  |  |  | 3 Patrick Bousquet-Chavanne Customer, Marketing & M&S.com Executive Director | 8 Mike Barry Sustainable Business Director |
| | | | | 4 Laura Wade-Gery Multi-channel E-commerce Executive Director | 9 Adam Elman Head of Global Delivery – Plan A (and Secretary) |
| | | | | 5 Dominic Fry Communications Director | 10 Carmel McQuaid Head of Sustainable Business |

OPERATIONAL PLAN A COMMITTEE AS OF APRIL 2016

| | | | | | |
|---|---|---|--|--|---|
|  |  |  |  | 1 Mike Barry Sustainable Business Director | 6 Krishan Hundal Technology, Clothing & Home Director |
|  |  |  |  | 2 Simone Haywood Acting Human Resources Director | 7 Paul Willgoss Technology, Food Division Director |
|  |  |  |  | 3 Dominic Fry Communications Director | 8 Heather MacRae Corporate Governance |
| | | | | 4 Hugo Adams Property and Store Development Director | 9 Adam Elman Head of Global Delivery – Plan A (and Secretary) |
| | | | | 5 Rob Weston Brand and Marketing Director | 10 Carmel McQuaid Head of Sustainable Business |

PLAN A GOVERNANCE STRUCTURE

Sustainable Retail Advisory Board

The external Advisory Board meets twice a year and advises the Executive Committee on long-term sustainability activities.

Executive Plan A Committee

The Executive Plan A Committee meets every two months to review strategy and provide leadership.

Operational Plan A Committee

The Operational Plan A Committee meets every two months to review performance and risk.

GOVERNANCE

ABOUT THIS REPORT

This is our eleventh annual report on our **social and environmental performance**. Published in June 2016, it covers our financial year from April 2015 to March 2016.

AUDIENCE

The Plan A Report is written primarily for an external audience with an interest in our social and environmental (non-financial) performance. It contains a balance of detailed data as well as easy-to-read summaries. It complements our main Annual Report, which provides wider context on how we create sustainable value.

Our Annual Report, which is written primarily for an investor audience, also includes integrated social and environmental information, in line with the principles of the International Integrated Reporting Council's Integrated Reporting principles. The M&S Annual Report connects to the Plan A Report to provide further detail on social and environmental performance.

We share the information in our Reports with employees and customers, in different formats.

REPORT STRUCTURE

The Plan A Report 2016 is structured to provide consistency with our 2015 Report.

The first section contains senior management commentaries on our progress, highlights from the past year and the challenges ahead. After this, there is a systematic update against the 104 commitments contained in our Plan A 2020 sustainability strategy, under the four GRI headings: Economic, Environmental, Social, and Supply chain.

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

SCOPE

This report covers all M&S operated activities and joint ventures. Worldwide data is included for Greenhouse gas emissions, energy efficiency, gender diversity, employee Your Say survey results, work experience initiatives, Plan A aspects of training and community programmes. However, as we're still developing our systems for operations outside of the UK and ROI, we're not currently able to provide global data on waste, water, diversity (other than gender), employee turnover, health and safety, or training.

The Report covers all M&S products no matter where in the world they're sold, but not the small proportion of non-M&S products we also sell.

The report does not contain operational information relating to our business partners, such as M&S Bank (operated by HSBC), M&S Energy (operated by SSE), the 300 M&S food stores operated under franchise in the UK, or International franchises.

DATA

The relevance of data and measurements included in this report has been reviewed at least twice during the reporting year by M&S management. A small number of stores in Croatia, Montenegro, Serbia, and Slovenia, closed in January 2016 with further closures in Bulgaria in May 2016. We opened one store in Belgium. Most of the data and statements in this Report relate to the financial years 2015/16, 2014/15, and 2006/07 (our baseline year prior to the launch of Plan A). Where target completion years are stated as 2016 or 2020 these are taken as meaning 'by 31 March' in that year unless otherwise stated. To ensure consistency, we've included some calendar year data, in a format which has been quoted elsewhere. This data is marked with an asterisk*. Where we refer to events which occurred after the end of our 2015/16 financial year, we've quoted a date.

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

In line with UK legislation, our 2006/07 and 2013/14 baseline greenhouse gas emission calculations are now fixed, except when we need to retrospectively correct errors or include previously missing data. Greenhouse gas emissions for 2015/16 have been calculated using DEFRA/ DECC's 2015 Greenhouse Gas Reporting Guidance, which includes a 7% lower carbon intensity rating for UK grid electricity that reduces our emissions by around 20,000 tonnes CO2e compared to our 2014/15 figures. 2015/16 is the third year in which we have used a dual approach for reporting greenhouse gas emissions. Renewable electricity tariffs and bio-methane have been calculated in accordance with the March 2015, WRI/ WBCSD Scope 2 Guidance on procured renewable energy to show a net/market based figure alongside the legally mandated gross/location based data.

CATEGORISING OUR PERFORMANCE

Since 2008 we've adopted a consistent approach, categorising our performance against our Plan A commitments as being: Not started, Behind plan, On plan, Achieved or Not achieved. Additionally, we categorise commitments on which we report beyond their stated date of completion as Ongoing. Commitments successfully completed later than the stated completion date are shown as Achieved-late.

FIND OUT MORE

[+ Read more about Risk Management in our 2016 Annual report](#)

CARBON NEUTRALITY

The stores, offices, warehouses and delivery fleets operated by Marks & Spencer or in joint-ventures worldwide have been self certified as carbon neutral in accordance with British Standards Institutes' PAS2060 at 30 April 2016 for the period commencing 1st April 2015 to 31st March 2016, with a commitment to maintain carbon neutrality at least up to 31st March 2020. This means that in addition to significantly reducing emissions and purchasing renewable electricity tariffs compliant with WRI/ WBCSD Scope 2 Guidance on procured renewable energy, we have sourced a portfolio of high quality carbon credits, and a quantity equal to the remaining gross carbon emissions has been retired. You will find further supporting documentation at: corporate.marksandspencer.com/plan-a

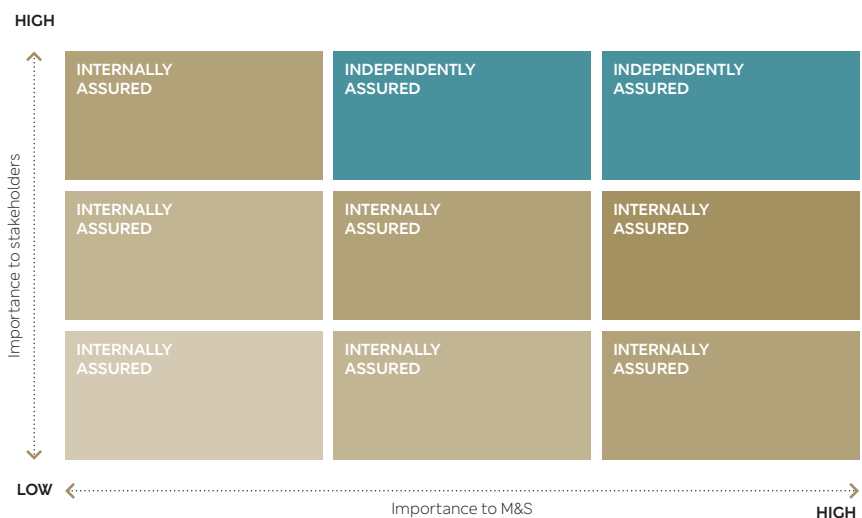
REPORT TECHNICAL STANDARDS

We've used our Plan A 2020 commitments to structure this report. To provide a common point of reference we've also used the Global Reporting Initiative fourth generation framework, G4 as a secondary index. GRI G4 references are on page 42. As a recent signatory to the United Nations Global Compact, this Report also forms part of our Communication of Progress as indicated by the Reference table on page 43.

LEGAL COMPLIANCE

We had no environmental or health and safety prosecutions in 2015/16 and no work related fatalities

MATERIALITY – WHICH COMMITMENTS ARE MOST IMPORTANT?



KEY IMPACTS, MATERIALITY AND ASSURANCE

A wide range of social, environmental and ethical issues have an impact on our business, either directly or through our global supply chains. Consequently, we have to manage a continually evolving set of issues. We've developed and updated our Plan A sustainability programme with the help of stakeholders in order to address our key social and environmental challenges. This most recent version of Plan A, known as Plan A 2020, was launched in June 2014 and was used to determine the materiality of issues covered in this Report.

Plan A 2020 commitments were further assessed for materiality by M&S management, which ranked them in terms of their 'importance to stakeholders' and 'importance to M&S' on a 3 x 3 matrix. The positions on the matrix were then reviewed and amended where necessary, in accordance with direction from our new independent assurance provider DNV GL. Around forty commitments were rated as being of 'high importance to stakeholders'

and either 'high or medium importance to M&S' (see below). DNV GL has been commissioned to provide independent assurance on these commitments using its proprietary VeriSustain methodology which is aligned with the principles and concepts of GRI guidelines, AA1000 AS and ISAE 3000. These are denoted by ** in the performance section of this Report. See the assurance statement on page 38. All other commitments were subject to review and assurance provided by the Marks & Spencer Internal Audit team.

You can find further information on our social, environmental and ethical policies at: corporate.marksandspencer.com/plan-a

M&S ANNUAL REPORTS

Our 2016 Annual Report contains a comprehensive review of our financial performance and governance. It is published online, along with this report. Both reports can be downloaded in PDF, large font and sound versions at: corporate.marksandspencer.com/investors

INDEPENDENT ASSURANCE STATEMENT

To the management of Marks and Spencer Group plc

SCOPE AND APPROACH

Marks and Spencer plc ("M&S") commissioned DNV GL Business Assurance Services UK Limited ("DNV GL") to undertake independent assurance of its Plan A Report 2016 (the "Report") for the 52 weeks ended 26 March 2016.

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the AA1000 Assurance Standard, International Standard on Assurance Engagements 3000 (ISAE 3000), and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. We evaluated the Report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability. This included assessing whether the performance status of the 40 highly material 'Plan A' commitments, annotated with '**' in the Report (the "Selected Performance Information") had been properly collated from information reported at operational level.

We understand that the reported financial data and information are based on data from M&S Annual Report & Financial Statements 2016 (the "Annual Report"), which is subject to a separate independent audit process. The review of financial data taken from the Annual Report is not within the scope of our work.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT OF M&S AND OF THE ASSURANCE PROVIDERS

The Management of M&S have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of M&S; however our statement represents our independent opinion and is intended to inform all M&S stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

This is the first year that we have provided assurance of M&S Report. DNV GL does not provide any other services to M&S which constitute a conflict of interest with this assurance work.

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

BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work at corporate and site level. We undertook the following activities:

- Review of the current sustainability issues that could affect M&S and are of interest to stakeholders via a desktop media, industry and peer review;
- Review of M&S approach to stakeholder engagement and recent outputs;
- Interviews with content and data owners and review of progress made in relation to the 40 selected 'Plan A' commitments, annotated with '**' in the Report, and review of how related data is measured, recorded and reported using the reliability principle together with M&S data protocols, these commitments were selected based on materiality at a consolidated corporate level;

- Review of information provided to us by M&S on its reporting and management processes relating to the Principles;
- Visits to the following M&S sites to review process and systems for preparing site level key performance data, sample source data and check implementation of Plan A and key initiatives:
 - Head office in London, United Kingdom;
 - Neasden clothing and home products distribution centre in London, United Kingdom; and
 - Stratford City store in London, United Kingdom.
- Interviews with selected senior managers responsible for 'Plan A' strategy and delivery and review of selected evidence to support issues discussed; and
- Review of the processes for gathering and consolidating the specified key performance data and, for a sample, checking the data consolidation.

OPINION

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

OBSERVATIONS

Without affecting our assurance opinion, we also provide the following observations.

M&S reporting is extensive, covering over a hundred commitments. However some commitments could be improved and made more tangible by setting more specific measures of success, such as Promoting healthy food, International Plan A capacity, and Supply chain fair wage.

Stakeholder inclusiveness

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

We observed a good level of stakeholder engagement related to the M&S 'Plan A' commitments and day-to-day business activities at corporate levels. The engagement considers the views of a wide range of internal and external stakeholders and is disclosed in the Report through examples and case studies.

Materiality

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

M&S has demonstrated a robust and effective process for identifying, prioritising and updating material issues at corporate level, as part of the review of its 'Plan A'. The process considered inputs from a wide range of sources, including the expectations of internal and external stakeholders, megatrends, financial considerations, policies and regulations, corporate and local environments, and overall sustainability context.

Responsiveness

The extent to which an organisation responds to stakeholder issues.

M&S has developed a comprehensive understanding of its sustainability context and material issues. The Report presents a good overview of how M&S has consulted with a wide range of key stakeholders and has engaged and responded to sustainability issues in line with the 'Plan A' commitments. Some example of responsiveness include the improvement of transparency on M&S products on the website (see Transparency), the launch of M&S Sparks loyalty card as a way to engage customers on Plan A activities (see My Plan A), and launching new healthy food options as a result of consultation with stakeholders (see Promoting Healthy Food).

Completeness

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

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

Neutrality

The extent to which the report provides a balanced account of an organisation's performance, delivered in a neutral tone.

The tone in the Report is generally neutral and, with no obvious and deliberate intent to unduly influence the reader. The Report discloses both favourable and unfavourable performance data in accordance with the 'Plan A' commitments. We welcome the update of already achieved commitments with more stretching and ambitious ones, such as the one on Farming for the Future. However, we recommend M&S to provide more commentary on the challenges it faces in areas of less favourable performance, such as customer clothes recycling and international energy efficiency. For other areas, such as energy efficiency, sustainable wood and water efficiency, further progress will become increasingly difficult because of the progress already made.

Reliability

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

M&S has well-established processes for compilation of performance data from its operations to corporate level systems. We found a limited number of errors and omissions and these were corrected prior to inclusion in the Report.

The majority of these errors were due to insufficient controls in place to verify compiled data. We recommend that data that requires compilation from various sources, especially when done manually, is periodically reviewed, as a minimum, against a spot check of source evidence and formally signed off.

Another area for improvement is the robustness of environmental data related to international stores. We recommend that M&S reviews the way it collects data from its international stores to bring it in line with the rest of its estate.

We also noted that in some cases the scope for calculations was applied inconsistently to environmental efficiency data normalised by the number of stores or warehouses. We recommend that M&S publishes and signposts its methodology for collecting and reporting key performance data as part of its 'Plan A' commitments in order to improve readers understanding of scope and calculation of reported data.

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

London, UK
9 June 2016



Gareth Manning

Principal Consultant and Lead Assuror
UK Sustainability, DNV GL –
Business Assurance



Jon Woodhead

Regional Assessment Services
Manager and Reviewer
UK Sustainability, DNV GL –
Business Assurance

DNV GL is a global provider of assurance, certification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.co.uk/BetterAssurance

STAKEHOLDER RELATIONSHIPS

Our relationships are important to Plan A and M&S more generally. This table shows a very brief summary of the dialogues we've had **during the last twelve months.**

| OUR STAKEHOLDERS | HOW WE LISTEN | WHAT THEY'VE TOLD US | WHAT WE DID |
|--|---|---|--|
| Customers | <ul style="list-style-type: none"> → Monitoring sales of products → Participation in Plan A activities and campaigns → Contacts to our Retail Customer Services → Feedback through our Plan A email → Research and surveys → Social media | <p>Some of our customers participate in Plan A activities.</p> <p>The majority generally regard Plan A as an important part of the M&S brand alongside other considerations such as quality and value.</p> | <p>We launched Spark Something Good, which includes customer engagement on clothing recycling (Shwopping), raising funds for Breast Cancer Now and working with local communities.</p> |
| Employees | <ul style="list-style-type: none"> → Plan A Champions → Business Involvement Groups → Feedback through our Plan A email → Annual Your Say survey → Participation in Plan A activities and campaigns | <p>Our employees would like us to more actively promote to our customers what we do through Plan A. Some head office employees would also like further opportunities to be involved in Plan A.</p> | <p>Spark Something Good activities on clothing recycling (Shwopping), raising funds for Breast Cancer Now and working with local communities all include engagement with employees.</p> |
| Shareholders | <ul style="list-style-type: none"> → Annual General Meeting → Meetings with institutional investors → Survey of institutional investors → Ethical investment surveys | <p>Shareholders have been involved in activities on Integrated Reporting. We've also been asked about participating in the CDP water submission in addition to submissions on Carbon and Forest products.</p> | <p>Our 2016 Annual Report reflects integrated reporting principles. We report on water impacts (in this report) but have additionally agreed to trial the CDP water submission.</p> |
| Suppliers | <ul style="list-style-type: none"> → Supplier conferences → Tendering processes → Supplier Exchange website and network → Visits and meetings → Agricultural Shows | <p>Our suppliers continue to work closely with us on Plan A, in particular our Global Community Programme and new Global Sourcing Principles.</p> | <p>We use our Supplier Exchange network, conferences and workshops to develop and communicate best practices.</p> |
| Government and regulators | <ul style="list-style-type: none"> → Meetings → Dialogues with trade associations → Responses to consultations → Plan A stakeholder conferences | <p>Policymakers have focussed on supply chain management (Modern Slavery Act), payments to suppliers, waste and the circular economy, and the International climate conference in Paris in December 2015.</p> | <p>We've participated in the consultation processes and supported many of the progressive trade associations, such as the Consumer Goods Forum and British Retail Consortium.</p> |
| Non-governmental organisations (such as WWF, Oxfam, RSPCA, Greenpeace, Friends of the Earth and the UK Green Building Council) | <ul style="list-style-type: none"> → Visits and meetings → Participation in benchmarking and surveys → Joint projects → Plan A stakeholder conference | <p>NGOs continue to talk to us about raw material sourcing, supply chain management, living wage, food waste, and the impacts of climate change. They look to M&S to show leadership and to collaborate in order to achieve progress.</p> | <p>We continued to work in a wide range of NGO collaborations through the year. At the Paris climate change conference we participated in the activities of the We Mean Business NGO and signed-up in support of a number of climate change related commitments.</p> |

Your views

By email to: PlanA@marks-and-spencer.com

Alternatively write to us at: Marks and Spencer Group plc, Plan A Department, 5 Merchant Square, North Wharf Road, London W2 1AS. Further information and our previous reports are available from our website at: corporate.marksandspencer.com/plan-a

JONATHON PORRITT

COMMENTARY

A personal perspective from co-chair of the Sustainable Retail Advisory Board

Jonathon Porritt

JONATHON PORRITT
FOUNDING DIRECTOR, FORUM FOR THE FUTURE



I'm pretty sure that historians will look back on 2015 as one of those 'turning points' in the affairs of humankind. The combination of the Paris Agreement on climate change at the end of the year, and the signing off earlier in the year of the Sustainable Development Goals, is seen by many as something of a line in the sand: okay, we've been talking about these big social and environmental challenges for years and years, but not doing very much about them. No problem about the talking, but from now on, it's all about scaled and accelerated solutions delivered on the ground.

M&S is of course one of those companies who came to that conclusion for themselves many years ago, first articulated and then activated through Plan A. M&S was involved in a number of cross-sectoral collaborations last year, contributing both to the Sustainable Development Goals and the Paris Agreement – through organisations like the Consumer Goods Forum and the coalition of companies committed to buying all their electricity from renewable sources.

Since Paris, M&S (as the world's first and still the only (so far as I know!) major carbon neutral retailer) has been doing a lot of work on where its own climate change commitments need to go next. There are a number of things that it still needs to get right itself (on logistics and fleet management, for example, or on sorting out the still controversial issue of inefficient refrigeration in stores), but the real challenges are in its complex, international

supply chains and in the way it engages with its customers. Of which more later!

As for the Sustainable Development Goals, M&S can argue with some justification that it's been advocating for that kind of integrated approach from the start, with Plan A focussed equally on environmental, social and economic issues, from both a rich world perspective and an emerging economy perspective. Particularly in terms of its suppliers in Bangladesh, Sri Lanka and China, and through its growing business in India.

There's also been a bit of a turning-point inside the company itself, with the handover from Marc Bolland to new Chief Executive Steve Rowe. I've had the privilege of co-chairing the Sustainable Retail Advisory Board with Marc for the last five years, addressing the widest possible range of issues and finding constructive ways of raising the bar at each of our biannual meetings. Without that kind of CEO backing, it's hard to make even the best sustainability strategy really come alive inside a company.

At our last meeting in March, we agreed that one of the most important areas for more strategic engagement was the whole 'health and wellbeing' agenda. M&S already does a lot here, but not in a way that is properly joined up, bringing together issues around diet and nutrition, beauty care and product formulation, wellbeing and lifestyle. We see this as a huge opportunity for M&S.

Indeed, opportunity is now where the corporate sustainability agenda needs to

be focussed. M&S is well-placed here simply because of the very high levels of trust in which it is held by its customers and stakeholders alike. In that respect, it's been encouraging for us to see all the hard work that's been going on this year to improve performance on transparency – providing access to relevant Plan A related information (on suppliers, for instance, or policies and codes of practice). Much of this activity goes on 'behind the scenes', generating huge amounts of data that will only ever be accessed (realistically speaking!) by small numbers of very engaged stakeholders. But without that foundation, it's hard to give interested parties the assurance that they need.

All of which is relatively easy in comparison to getting M&S customers more involved in Plan A – let alone excited about Plan A! I know I'll sound like a cracked record here, but activating Plan A with customers proved to be as elusive an objective in 2015 as it has been in preceding years.

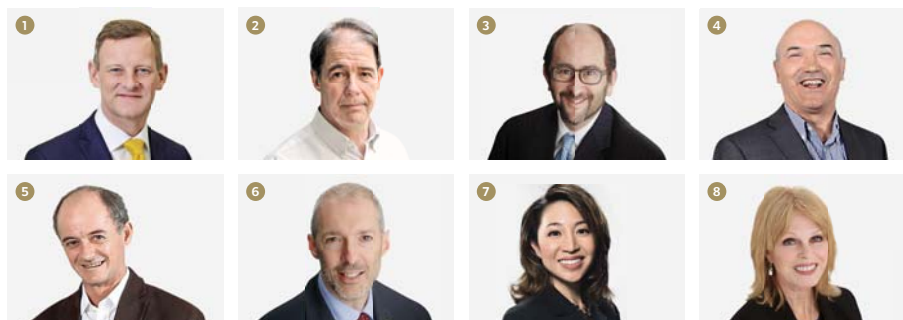
But the gamechanger here is the new Sparks card (see page 6). This has attracted strong support, particularly regarding the nine M&S-supported charities. But Sparks is still predominantly a sales and promotion channel, with very limited Plan A visibility. This is clearly going to be a top priority for 2016.

Exciting times ahead – with the tenth anniversary of Plan A now just a few months away!

Jonathon Porritt

Founding Director, Forum for the Future

SUSTAINABLE RETAIL ADVISORY BOARD



Our external Sustainable Retail Advisory Board is jointly chaired by our CEO, Steve Rowe, and Founder Director of Forum for the Future, Jonathon Porritt. The Board meets every six months.

1 Steve Rowe
M&S Chief Executive
(Co-Chair)

2 Jonathon Porritt
Forum for the
Futures (Co-Chair)

3 Aron Cramer
President and
CEO BSR

4 Mark Goldring
CEO Oxfam GB

5 Danny Truell
CIO Wellcome Trust

6 David Nussbaum
CEO WWF UK

7 Peggy Liu
Chair of Joint US –
China Collaboration
on Clean Energy

8 Joanna Lumley
Worldwide
Ambassador
of Plan A

GLOBAL REPORTING INITIATIVE

G4 CONTENT INDEX

GENERAL STANDARD DISCLOSURES

| | GRI REFERENCE | INCLUSION | PAGE |
|------------------------|--|-----------|-----------|
| STRATEGY | 1 | ✓ | 1 |
| | 2 | ✓ | AR |
| PROFILE | 3, 4, 5, 6, 7 | ✓ | IFC |
| | 8, 9 | ✓ | AR |
| | 10 | ⌋ | 23 |
| | 11 | ✓ | W |
| | 12, 13, 14, 15, 16 | ✓ | 36 |
| | 17, 18, 19, 20, 21, 22, 23 | ✓ | 36-37 |
| DEFINING MATERIALITY | 24, 25, 26, 27 | ✓ | 40-41 |
| STAKEHOLDER ENGAGEMENT | 28, 29, 30 | ✓ | 36 |
| | 31 | ✓ | 40 |
| | 32 | ✓ | 42 |
| | 33 | ✓ | 38-39 |
| | 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49 | ✓ | 34-37, 41 |
| GOVERNANCE | 41, 44, 51, 52, 53, 54 | ✓ | AR |
| | 55 | ✗ | AR |
| ETHICS & INTEGRITY | 56 | ✓ | IFC |
| | 57, 58 | ✓ | W |

SPECIFIC STANDARD DISCLOSURES

| | GRI REFERENCE | INCLUSION | PAGE |
|--------------|---|-----------|--------------|
| ECONOMIC | EC1, EC3 | ✓ | AR |
| | EC2 | ✓ | CDP |
| | EC4, EC7, EC8, EC9 | — | |
| ENVIRONMENT | EC5, EC6 | ✗ | |
| | EN1, EN2, EN28 | ⌋ | 19-20 |
| | EN3 | ✓ | 17 (924 GWh) |
| | EN5, EN6, EN15 to EN19, EN30 | ✓ | 15-17 |
| | EN4, EN7 | ✓ | CDP |
| | EN8, EN12 | ✓ | 20 |
| | EN20, EN21 | ✓ | 16 |
| | EN23 | ✓ | 18 |
| | EN27 | ✓ | 12, 29 |
| | EN29 | ✓ | 39 |
| | EN32, EN33, EN34, EN26 | ✓ | 19, 30-31 |
| | EN9, EN10, EN11, EN13, EN14, EN22, EN24, EN25 | — | |
| | EN31 | ✗ | |
| EMPLOYMENT | LA2, LA4, LA5 | ⌋ | W |
| | LA6, LA9, LA12 | ✓ | 23, 25-26 |
| | LA11 | ✓ | W |
| | LA14, LA15 | ✓ | 29 |
| | LA1, LA3, LA7, LA8, LA10, LA13, LA16 | ✓ | |
| HUMAN RIGHTS | HR1, HR10 | ✓ | 29 |
| | HR3 to HR6, HR11 | ⌋ | 29 |
| | HR7, HR8, HR9 | — | |
| | HR2, HR12 | ✗ | |
| COMMUNITY | SO1 | ✓ | 27-28 |
| | SO4 | ✓ | 34 |
| | SO6 | ✓ | AR |
| | SO9, SO10 | ⌋ | 29 |
| | SO2, SO3 | — | |
| | SO5, SO7, SO8, SO11 | ✗ | |
| PRODUCTS | PR1, PR3 | ⌋ | 13, 14 |
| | PR5 | ✓ | AR |
| | PR6 | — | |
| | PR2, PR4, PR7, PR8, PR9 | ✗ | |

IFC: Inside Front Cover

AR: Annual Report

W: Plan A website

CDP: Carbon Disclosure Project (cpd.net)

✓ Included

✗ Not included

⌋ Part-included

UNITED NATIONS GLOBAL COMPACT

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

| CATEGORY | PRINCIPLE | PAGE |
|-----------------|--|-------|
| HUMAN RIGHTS | ① Businesses should support and respect the protection of internationally proclaimed human rights; and | H |
| | ② make sure that they are not complicit in human rights abuses. | H |
| LABOUR | ③ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | H |
| | ④ the elimination of all forms of forced and compulsory labour; | H |
| | ⑤ the effective abolition of child labour; and | H |
| | ⑥ the elimination of discrimination in respect of employment and occupation. | 23, H |
| ENVIRONMENT | ⑦ Businesses should support a precautionary approach to environmental challenges; | 15-22 |
| | ⑧ undertake initiatives to promote greater environmental responsibility; and | 15-22 |
| | ⑨ encourage the development and diffusion of environmentally friendly technologies. | 15-22 |
| ANTI-CORRUPTION | ⑩ Businesses should work against corruption in all its forms, including extortion and bribery. | 34 |

H: Human Rights Report



INDEPENDENT RECOGNITION

Since we launched Plan A in 2007 we have received more than 235 awards covering all aspects of sustainability. These pages show the most recent.

2014

Ethical Consumer Magazine
2014 Most Ethical High St Clothing Retailer

Ethisphere
2014 World's Most Responsible Companies

Carbon Trust Standard
2014 Carbon

Carbon Trust Standard
2014 Water

Carbon Trust Standard
2014 Waste

Golden Peacock Global Award
2013 Corporate Social Responsibility

CIBSE Building Performance Awards
2014 New Build Project of the Year (over £10m)

CIBSE Building Performance Awards
2014 Carbon Champion of the Year

Design Effectiveness Awards
2014 Silver Design for Society (Shwopping with Landor Associates)

Storage Handling Distribution Logistics Awards
2014 Corporate Responsibility and Overall Winner (for Marks & Start)

Greenpeace Sustainable Tinned Tuna League Table
2014 Joint Market Leaders

Marine Conservation Society
2014 Joint Leaders

The Guardian Britain's Top Employers
2014 Certified as a Top Employer

The Times
2014 Top 50 Employers for Women

Letsrecycle.com awards for excellence
2014 Waste management in the commercial sector (with Helistrat)

Business Charity Awards
2014 Overseas Project (UNICEF)

Business Charity Awards
2014 Employment Scheme (Make Your Mark)

International Wine Challenge Awards
2014 Corporate Social Responsibility

C&E Corporate-NGO partnership barometer
2014 Most Admired Partnering Company

C&E Corporate-NGO partnership barometer
2014 Most Admired Corporate Partnership (M&S and Oxfam)

European Business Awards for the Environment
2014 National Champion

Carbon Clear FTSE 100 carbon management performance
2014 joint- top company

Institute of Grocery Distribution (IGD) Awards
2014 Employability Winner (Make Your Mark)

Institute of Grocery Distribution (IGD) Awards
2014 Sustainable Future Winner

The Mayors Funds for London Awards
2014 Work Experience Provider

Point-of-Purchase Association Industry
2014 Bronze Sustainability Award (recycled acrylic sign holders)

Corporate Engagement Awards
2014 Best environmental or sustainability programme Winner (Shwopping)

Corporate Engagement Awards
2014 Bronze for stakeholder communications (Plan A supplier conference)

Forest Footprint Disclosure Project
2014 Best General Retail Sector Performer

Golden Peacock Global Award
2014 Sustainability

Cohn & Wolfe Authentic Brands Study
2014 Most authentic brand in the UK

Green Apple Awards
2014 UK Retail Sector Green Champion

Business in the Community Northern Ireland
2014 Platinum Arena Network Benchmarking Survey Award

Mayor of London's Business Energy Challenge
2014 Bronze Award

Britain's most admired companies
2014 Community & Environmental Responsibility Winner

Ethical Consumer
2014 Joint-winner Most Ethical Supermarkets



2015

Ethisphere 2015

World's Most Responsible Companies

Forest 500 rankings on tropical deforestation

2015 Top Rated Retailer

Great Places to Work Institute India

2015 Top 10 Best Companies to Work for in the Retail Industry in India

Business Benchmark on Farm Animal Welfare

2015 Joint-top

National CSR Awards

2015 Overall Excellence in CSR

National CSR Awards

2015 Special Judges Recognition for Legacy

Building Magazine Awards

2015 Test of Time for Cheshire Oaks with Simons

The Times

2015 Top 50 Employers for Women

Guardian Sustainable Business Awards

2015 Natural Capital Impact

National Business Awards for Environment & Corporate Sustainability

2015 Ruban D'Honneur Recipient

Confederation of Indian Industry (CII)

2015 Green Initiative in Supply Chain & Logistics

Packaging Europe Awards

2015 Sustainable Retailer

2degrees

2015 Supply Base Champions Award (Food Sustainability Scorecard)

C&E Corporate-NGO partnership barometer

2015 Most Admired Partnering Company (6th year running)

C&E Corporate-NGO partnership barometer

2015 Most Admired Corporate Partnership (M&S and Oxfam – 6th year running)

Fortune Magazine's Change the World ranking

2015 Top 50

Carbonclear reporting on carbon emissions

2015 Top Retailer Performer (2nd overall)

Carbonclear reporting on carbon emissions

2011-2015 Top Company

Ethibel Sustainability Index

2015 Excellence Europe Constituent

Mayor of London Business Energy Awards

2015 Retail Leader

edie Sustainability Leaders Awards

2015 Winner sustainability reporting

Forest Footprint Disclosure Project

2015 Retail Sector Leader of Timber and Palm Oil

Corporate Knights

2015 Global 100 Most Sustainable Corporations in the World

Business in the Community Ireland

2015 Working Responsibly Mark

2016

Corporate Knights

2016 Global 100 Most Sustainable Corporations in the World

The Ocean Awards

2016 UK Retailer Award (for Forever Fish)

SIGWATCH Most praised corporations worldwide

2016 second rated company (highest rated retailer)

Ethisphere 2016

World's Most Responsible Companies

The Times

2016 Top 50 Employers for Women

2016 Third Sector Business Charity Award

Marketing Initiative of the Year (partnership with Breast Cancer Now)

Ethibel Sustainability Index

2016 Excellence Europe Constituent

The Hong Kong Council of Social Service

2015/16 Ten Years+ Caring Company Award

Go Green.org

2016 Hong Kong Green Organisation Award

Business in the Community Environment Index

2016 Platinum Level

Better Society Awards

2016 Best carbon reduction/offsetting programme

Freight Transport Association 2016

Multimodal Award for contribution to environmental sustainability

Corporate Register Reporting Awards 2016

Best overall Global Sustainability Report (2015 Plan A Report)

Corporate Register Reporting Awards 2016

Best Global Sustainability Report for openness and honesty (2015 Plan A Report)



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Printed by CPI Colour.

CPI Colour are ISO 14001 certified, CarbonNeutral®, Alcohol Free.

M&S

EST. 1884

