

YOUR M&S

Plan A Report 2014



THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2012

Overview

Highlights

Group Revenue

£10.3bn

(+2.7% on LY)

Underlying Group profit before tax

£622.9m

(-3.9% on LY)

Group profit before tax

£580.4m

(+6.1% on LY)

CO₂e emissions

Gross:

566,000 tonnes

Per 1,000 sq ft:

30 tonnes

Net:

Zero

M&S products with a Plan A quality

57%

(+12% on LY)

M&S employee engagement score

80%

(+2% on LY)

Our scale

About M&S

Marks & Spencer is a retailer of mainly own brand high quality, great value clothing and home products and outstanding quality food. We have 1,253 stores worldwide and a growing multi-channel business. Our new guiding principles are: Inspiration, Intouch, Integrity and Innovation.

Marks & Spencer is listed on the London Stock Exchange. Our principal trade associations are Eurocommerce, Confederation of British Industry and the British Retail Consortium. We are also members of the World Economic Forum, Consumer Goods Forum and the Institute of Grocery Distribution.

Number of suppliers globally

3,000

Number of UK customers

33.6 million



Number of employees worldwide

85,831



Our business model

Plan A is an essential part of our business model and this report brings to life how it adds value across our value chain

What we need

Employees, suppliers, partners, working capital and a wide range of natural resources and raw materials

The M&S difference

How we do business

Products

Food, Clothing, Home, Beauty, M&S Bank and M&S Energy

Reaching customers

Stores, multi-channel and global

Value outputs

Creating financial, social and environmental value for society

Plan A

Inspiration – We aim to excite and inspire our customers at every turn

Intouch – We listen actively and act thoughtfully

Integrity – We always strive to do the right thing

Innovation – We are restless in our aim to improve things for the better

Welcome



Marc Bolland
Chief Executive Officer

Plan A is at the heart of our plans to become a sustainable, international, multi-channel retailer. It's become a vital part of how we run our business, as well as helping us to maintain high levels of customer trust and employee engagement.

But I believe Plan A should represent more than a better way of working; it should materially improve our customers' and partners' experience of M&S. It should inspire and engage the millions of people who visit our shops worldwide each week by helping us deliver our core purpose.

And our core purpose is simple:
Enhancing lives. Every day.

People continually demand more of us. They understand that quality of life is not simply related to 'quantity of stuff' but to quality of experience. They want us to create value for society as well as for our shareholders. They demand that our products and services deliver lasting benefits as well as short-term gratification. They believe that everyone has the right to enjoy life now and in future, but not at any cost. They expect us to enhance their lives in the broadest sense.

Plan A is at the heart of how we are meeting our core purpose. Once again, we have made 100 Plan A commitments comprising of existing, revised and new targets with our sights set on significant progress in the next few years, we're calling this refreshed version 'Plan A 2020'.

We know we can't deliver Plan A 2020 alone. That's why we're stepping up our efforts to 'lead with others' by participating in broader coalitions to deliver sector-wide change.

"We know we can't deliver Plan A 2020 alone. That's why we're stepping up our efforts to 'lead with others' by participating in broader coalitions to deliver sector-wide change."

Plan A 2020

Networks of like-minded businesses working with society and government can make a bigger difference. As our business becomes more international so our ability to lead with others on a global scale grows. Our work with the Consumer Goods Forum and the World Economic Forum are good examples. Closer to home we've helped create the Movement to Work scheme to help thousands of UK businesses deliver 100,000 youth employment opportunities.

I'm incredibly proud to see how Plan A has motivated colleagues, suppliers, customers and their communities to work together. I want to thank them all for helping us get this far and I look forward to continuing the journey with them. I also want to thank our remarkable external Advisory Board for continually challenging us to be bold in our ambitions and in our actions.

Marc Bolland
Chief Executive Officer

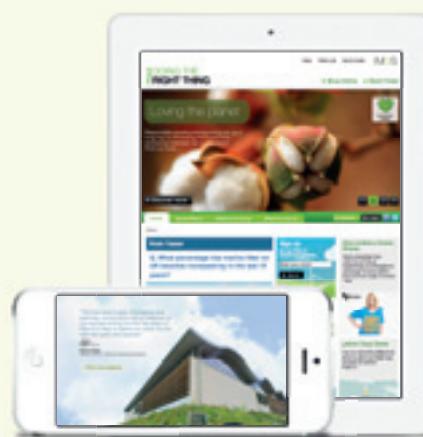
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Plan A online

To view an online version of this report, visit: planareport.marksandspencer.com

To view additional content including policies, case studies and ways you can get involved, visit: plana.marksandspencer.com



Introducing Plan A 2020



Mike Barry
Director of Plan A

This report launches Plan A 2020 which consists of 100 new, revised and existing commitments. Plan A 2020 represents another step along our journey towards becoming a sustainable business.

This part of our journey is all about engagement. The shift to new sustainable business models will only be completed with the strong support and participation of the vast majority of our customers, employees and business partners. Innovations in technology and manufacturing will continue to matter but not as much as the need to explain why change is necessary, possible and ultimately better for everyone.

For the first time we've also started to formally include our International operations in Plan A.

We've always been clear that Plan A is a long term journey. The Plan A of 2007 and the update of 2010 were groundbreaking in the breadth and scale of the commitments we made to tackle the social and environmental impact of our business.

Whilst the health of the economy has waxed and waned around us we have never wavered in our determination to deliver these commitments and we are immensely proud of our progress to date. But for all that we have achieved so far, we know in practice it's just our apprenticeship for building a truly sustainable business. There is so much more to do.

How we think about supply chains, customers, transparency and business models is evolving fast.

Risks are getting more complex, for example, the interaction between food, water and energy. These interactions defy simple standard setting. We can never

have enough standards to cover every social and environmental issue, every interaction between them, every country and community in which they occur. Instead we need our employees and people working in our supply chains to see Plan A not as a matter of compliance but as a way of working that delivers social, environmental and economic benefit. You don't need a standard to tell you do it – it's simply good business practice, a modern way of working.

Our customers don't want just an ethical range in the corner of the store. They expect a simple brand promise from us that we will strive in everything we do, every product we sell, to offer the most sustainable option possible. Transparency is also becoming an ever more important issue for them. It's not enough to be trusted today you have to earn trust, repeatedly. Not by overwhelming consumers and stakeholders with information for information's sake but through being clear about what you stand for, how you are performing and how you respond when your standards are not met.

We also know that many of our customers and employees see environmental and social issues predominantly through the lens of their immediate lives. Before we talk about the whole planet we need to show how we're helping them improve their local neighbourhood, not just in London but in Shanghai, Mumbai and Paris too.

We've been working hard with our International business to roll out Plan A in the more than 50 countries where we have retail businesses. We cannot treat this roll out as a standard set in London to be complied with elsewhere. We have to build the local capacity in our teams to work with their customers, employees and stakeholders on what matters to them locally. Plan A as a global framework but with local application.

We believe that the ability to source, control and recover finite and ever more costly resources is becoming a powerful source of competitive advantage and new approaches built around the circular use of resources and radical de-materialisation are required.

All these changes mean we have to innovate harder and be bolder. Not looking for iterative change but step change. Creating new sustainable business models that put the consumer at their heart, clear in their benefits for the

Working in partnership

"But if there is one overarching lesson we draw from the first seven years of Plan A, it's one of humility. We won't change the world alone; in fact we can't even change our own business alone."

1 and 2: Plan A 2020 sees the launch of our Global Community Programme, designed to increase the scale of the social, environmental and economic benefits of global collaborations where we source products. Examples include the Emerging Leaders leadership training in Kenya and the Geosansar financial literacy programme in India.

5. Our M&S Farming for the Future awards celebrate M&S farmers and growers who make a difference.

6. In September, all our Cafés and Food Halls took part in Macmillan Cancer Support's 'World's Biggest Coffee Morning', contributing £800,000 of the total £1.2 million M&S helped raise for the charity this year.

3. Now in our 13th year of support – we helped to raise over £800,000 for Breakthrough Breast Cancer.

7. 2014 is the third year that our customers and employees have helped clean beaches, rivers and canals across the UK.

4. M&S colleagues across all our International stores helped raise money for UNICEF. We donated a total of £250,000.



purchaser as much as planet and society. But if there is one overarching lesson we draw from the first seven years of Plan A, it's one of humility. We won't change the world alone; in fact we can't even change our own business alone. Whether it's sending a consistent message on sustainability to global commodity producers or ensuring consumers are offered a sustainable approach to consumption across the marketplace, normalising it as the default way to buy, we know that the importance of partnership is growing.

We've developed Plan A 2020 with these changing risks and opportunities in mind knowing that a truly sustainable retail model of the future will look very different to what we have today and we believe Plan A 2020 will enable us to develop a practical way of getting there.

We have always made Plan A one of the ways we do business. Going forward we're embedding it even further into our business by putting it at the heart of the four principles which will guide all that we do at M&S:

- 1. Inspiration** – We aim to excite and inspire our customers at every turn
- 2. Intouch** – We listen actively and act thoughtfully
- 3. Integrity** – We always strive to do the right thing
- 4. Innovation** – We are restless in our aim to improve things for the better

To coin a phrase, engagement, engagement, engagement, of our customers, our employees and everyone who partners with us.

Plan A started out in 2007 as a technical initiative, shaped around themes such as climate change and waste. These meant a lot to opinion formers but felt distant from our customers and employees.

Plan A 2020 is a business plan, focused on customer, employee and supplier engagement. By aligning social and environmental outcomes with our business goals in this way we believe we can deliver greater value for all and achieve our goal of becoming the world's most sustainable major retailer.

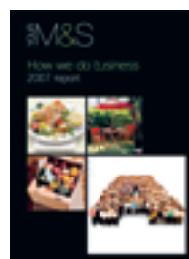
Mike Barry
Director of Plan A

Our Plan A journey

We started our Plan A journey seven years ago. The first phase saw us make 100 commitments to reduce our social and environmental footprint. The next part of the journey saw us integrate Plan A into our management processes, capturing the business case. Now we are focused with Plan A 2020 on engaging with millions of customers, nearly 86,000 employees and 1,000s of other businesses by making Plan A the way we do business through inspiration, being in touch, integrity and innovation as we build towards our long term goal of being a truly sustainable retailer.



1990s CSR
Focus on compliance and philanthropy.



2007–2012 Plan A
Building the business case and starting a journey.



2010–2013 Plan A revised
Integration across the business.



2014–2020 Plan A 2020
Engaging customers and moving towards new business models.



2020 onwards

Sustainable Business

New ways of doing business that are carbon positive, circular and fair.

Our new pillars

Inspiration

Turn to page 12

We aim to excite and inspire our customers at every turn.

We will inspire our customers with products, services and experiences that are both desirable and sustainable. We will encourage them to participate in activities with us, enabling them to support their local communities and live healthier, more rewarding lifestyles.

We will influence other businesses in our sector to be more sustainable, helping them to follow our lead.

Pillar commitments:

- Inspiring our customers
- Inspiring other organisations



Intouch

Turn to page 14

We listen actively and act thoughtfully.

We will create a deeper connection with our employees, our suppliers, our customers and their respective communities through more open dialogue. We will launch a Global Community Programme to help strengthen livelihoods and create resilience across our value chain. We will ensure every M&S store contributes positively to its local community.

We will lead a Movement to Work to tackle the growing challenge of youth unemployment. And we will provide our employees with the skills to grow our business sustainably and make Plan A as relevant internationally as it is in the UK.

Pillar commitments:

- Breaking barriers to work
- Employee skills
- Employee diversity
- Employee wellbeing
- Global livelihoods
- M&S local



Integrity

Turn to page 19

We always strive to do the right thing.

We will lead our sector in sustainable consumption and production, offering our customers good value, high quality products and services, sold through an efficient multi-channel operation. We will produce our products with integrity – our aims are to use the most sustainable raw materials available and to work with factories operating to the highest

environmental and social standards. We will continue our journey to ensure every M&S product we sell has an aspirational Plan A story to tell, based on a transparent value chain and comprehensive reporting.

Pillar commitments:

- Sustainable products
- Sustainable raw materials
- Sustainable manufacturing
- Transparency and traceability
- Effective reporting



Innovation

Turn to page 24

We are restless in our aim to improve things for the better.

We will redefine retail by investing in innovation, making our stores, operations and value chains as sustainable as possible. We will prioritise business model innovation and put circular economy models into practice.

We will accelerate our work towards being a zero carbon business and will pilot new approaches to constructing and maintaining our stores, reducing waste and running logistics. We will be quick to learn and adapt along the way and scale up our successes as soon as possible.

Pillar commitments:

- Circular economy in action
- Ideas for the future
- Zero carbon operations
- Building in efficiency



Highlights of the year

Last year was one of transition with continued progress but a focus on developing Plan A 2020. We've Achieved nine Plan A 2020 commitments, one is Behind plan, eleven are Not started and the remainder are On plan. We've evolved a much more integrated relationship between our Plan A Report and Annual Report, through the use of consistent key performance indicators and explanation of our business model and also moved to a form of Global Reporting Initiative (GRI) 4th Generation Indexing.

Helping young people into work

We've transformed the scale of our youth work placement programme, which has been running for ten years. Now known as Make Your Mark, during 2013/14 it offered work experience and training to over 1,450 young unemployed people (aged 18–24 years) in the UK. Over 1,000 of these participants went on to find work within three months of their placement.

By collaborating with other major employers we also helped to found Movement to Work. Every business involved has pledged to offer work experience and training for young unemployed people and encourage their suppliers to do the same. Collectively, Movement to Work businesses aim to offer 100,000 vocational training and work placements over the next two years. We've already received support from 90 of our suppliers.

Marks & Start goes international

Marks & Start (our umbrella work experience programme) provides work experience for disadvantaged people, including single parents, young unemployed people and those with disabilities or at risk of becoming homeless. In ten years we've offered work experience to over 10,300 people. This year, we've started to extend Marks & Start across our International stores, with over 70 people in France and Greece participating. This is in addition to the 300-plus people with disabilities living in Bangladesh, India and Sri Lanka, who receive work experience and employment opportunities from M&S suppliers there.

Supporting communities across the world

Our Global Community Programme will benefit people in key regions of the world where we source our products, including the UK, Asia and Africa. The programme's key aim is to develop a more resilient and efficient business by empowering people in our supply chain. It will include new and

ongoing initiatives, such as the Emerging Leaders programme, which this year provided leadership skills training for more than 2,000 people in our supply chains in Kenya and South Africa, Project Hope which trained around 16,000 people on health and wellbeing in Cambodia, and the Geosansar programme, which helped more than 9,000 workers with financial literacy in India.

Training for over half a million people

This year we completed training for over half a million people who work in our General Merchandise supply chains (since 2010). We believe that training can make a huge difference to working conditions. Our training covered employment responsibilities and rights, basic healthcare and where possible, numeracy and literacy.

Creating a more diverse M&S

To match our ambitions, we need employees with a diversity of skills and experiences. As of March 2014, women held 29% of our Board places and 39% of our senior management roles. This year, we've trialled a scheme through which 30 female business leaders from across our business have mentored 30 young female students attending schools in disadvantaged areas of the UK. We launched a women's network in March 2014, with more than 150 employees already signed up.

Setting standards

In 2014, we became the first retailer to attain certification to all three Carbon Trust Standards, covering Carbon, Water and Waste management. This reflects our achievements in reducing carbon emissions and water usage as well as sending no waste to landfill in the UK and ROI.

Carbon neutral worldwide

For the first time we've achieved carbon neutrality for all M&S operated and joint venture retail operations across the world, by reducing emissions, sourcing renewable electricity and buying and retiring carbon offsets. We've also signed up to support UNICEF's new carbon offset project, which will reduce carbon emissions whilst also providing health benefits to families in Bangladesh.

Reducing emissions

Our gross global CO₂e emissions for this year were 566,000 tonnes. This is the first time we've calculated them on a global basis. Gross emissions for our

Plan A 2020 commitments

100

Plan A 2020 commitments achieved

9

Net benefit generated by Plan A

£145m
+7%



Carbon Trust Standard Triple Certification

In 2014, M&S became the first retailer to hold three Carbon Trust Standard Certifications for carbon, water and waste.

X3

UK and ROI Operations were 533,000 tonnes, down 24% on our 2006/07 Plan A baseline. This is mainly due to more efficient electricity use, reduced gas leaks from refrigeration and better waste recycling levels. Absolute emissions levels from refrigeration and air-conditioning were down by 68% at 41,000 tonnes against 2006/07.

Improving efficiency

Our UK and ROI energy usage for stores, offices and warehouses is now 34% more efficient at 37.6 kWh per sq ft (after weather adjustment) against

Make Your Mark

We offered work experience and training across the UK to 1,450 young unemployed people.

1,450



57.4 kWh in 2006/07. For the first time, we've also calculated energy usage per sq ft for M&S operated and joint-venture international operations, reporting 28 kWh per sq ft for the year. The fuel efficiency of our Food delivery fleets is 32% improved and our water efficiency 27% better than our 2006/07 baselines.

Fewer business flights

We've beaten our target to reduce business flights by 20% per Full Time Equivalent (FTE) employee. This year we took an average of 0.24 flights per UK FTE employee, a reduction of 43% compared

with 2007/08 starting point of 0.42 flights. Greater use of video conferencing and rail travel, along with improved cost control, have all contributed to this achievement.

York gets our newest Sustainable Learning Store

We opened our latest Sustainable Store, Vangarde York Monks Cross in April 2014. The store features living walls which help filter pollution and provide habitat for wildlife, rain water harvesting and solar roof panels. Inside the store we've used a wide range of recycled and re-used materials to make refrigeration cases,

**General Merchandise Supply Chain Training**

Since launching the commitment in 2010, we've provided training people across our General Merchandise supply chains benefiting:

506,000 people

**Meru and Nanyuki project**

We continued to back carbon offset projects such as Meru and Nanyuki community reforestation project in Kenya to maintain our position of:

Zero net CO₂e emissions

till points, shopping trolleys, display shelving and ticketing. We want to extend our use of these new technologies beyond new stores such as Vangarde York Monks Cross to our existing estate so we're currently trialling some of the most successful features, including the living wall and energy efficient light emitting diode (LED) lighting at four existing Simply Food stores across the UK. These trials will help us to plan how best to retrofit existing stores with sustainable features in the future.

Highlights of the year cont.

Key statistics about our people

Globally, we employ nearly 86,000 people. The proportion of employees who took part in our Your Say feedback survey was up by 2% to 80% and our overall Engagement score increased by 2% up to 80%. In the UK and ROI, turnover of permanent employees was 10%, of which 8% was unplanned.

Sustainability innovation in packaging

Our work with The Somerset County Council Waste Partnership resulted in an additional 14,600 tonnes of packaging being collected for recycling this year. We're using some of these materials in the production of 13 different types of M&S Food packaging.

Participation in Plan A

We ran Plan A communication campaigns on a range of issues throughout the year. These included our Shwopping clothes re-use and recycling scheme (which featured our Mother Appeal collaboration with Oxfam and the UK Government) during the first three months of 2014. We also ran events to support the Big Butterfly Count, Big Beach Clean-up day, Breakthrough Breast Cancer, Woodland Trust Christmas card recycling and Macmillan Cancer Support's World's Biggest Coffee Morning.

Shwopping has its best year yet

This year, our customers donated 4 million garments through our Shwopping clothes recycling initiative – the best year yet (last year 3.8m). This helped us raise an estimated £3.2 million for Oxfam (last year £2.3m). This total included contributions made through the Mother Appeal conducted with Oxfam, with matching funding support from the UK Government, which ran between 31 December 2013 and 31 March 2014. In April 2014, we launched Shwopping in our stores in the Czech Republic and Hong Kong.

Employee volunteering

We offer all our employees one day's paid leave to volunteer in their community. This year, over 4,000 took part in The Big Beach Clean-up and another 1,300 in the BIKE 24 cycle relay event to raise money for Breakthrough Breast Cancer, Action Medical Research, the Marie Keating Foundation, Action Cancer and Prostate Cancer UK.

Supporting charities

We maintained our support for Breakthrough Breast Cancer this year, helping to raise a further £820,000 (last year £1.5m). This included £210,000 raised by employees who participated in a BIKE 24 Challenge event which also supported other cancer charities. In 12 years we've raised over £19m for Breakthrough. We also maintained our corporate support for charities addressing a range of social and environmental issues including: Royal British Legion, Oxfam, UNICEF, MCS and WWF. We helped to raise £2.9m for health and wellbeing charities.

Helping vulnerable children worldwide

We've made a new Plan A commitment to help raise £1 million for UNICEF, who will use the money to improve the lives of vulnerable children around the world. This year we donated a total of £250,000 including money raised by our International colleagues who took part in a wide range of fundraising activities.

M&S products with Plan A qualities

This year, 57% of M&S products (based on volume) had at least one Plan A quality – one year ahead of our 50% by 2015 target. These include Fairtrade, organic, free range, Cruelty-free, low alcohol, sustainably sourced raw materials, recycled content, made in a factory that meets social or environmental best practice standards and healthy food. We've developed our Plan A qualities with help from Waste Resources Action Programme (WRAP)'s Product Sustainability Forum and Sustainable Clothing Action Plan, as well as the international The Sustainability Consortium. Next year we plan to publish a list of our Plan A qualities and explain them in full.

Waterless packaging for fresh flowers

One of the new Plan A qualities introduced this year is water-free packaging for bouquets of flowers purchased online. Instead of using water, flowers are now sealed in an airtight bag throughout transit from warehouse to customer's home. We estimate this new process, which reduces damage to flowers, will save us half a million litres of water this year.

M&S products with a Plan A quality

57%

Invested in local community programmes

£14.2m

The 2014 Guardian Britain's Top Employers certification

Top 10 Employer



Photo: United Plantations

Sustainable palm oil

All the palm oil used in M&S products was covered by Roundtable for Sustainable Palm Oil certification.

100%

Sharing our Health Philosophy on customer diets

This year we launched our Health Philosophy on customer diets in store, in our M&S Magazine and online. The philosophy focuses on five core principles to help our customers choose healthier diets: make it delicious; eat more, not less; give yourself a boost; enjoy a little of what you fancy; eat well for life.



BIKE 24 cycle relay

1,300 employees participated in BIKE 24, a 24-hour charity cycle event, and a further 60 cycled from 'Arc to Arch' – from our Champs Elysées store to our Marble Arch store. They raised £942,000 for five charity partners.

1,300



Helping vulnerable children

Our International store colleagues held a wide range of fundraising events contributing to our donation to UNICEF.

£250,000

Vangarde York Monks Cross

Our latest Sustainable Learning Store opened in York in April with a range of environmental features inside and out.

New



Sustainable raw materials

We've continued to improve our sourcing of sustainable raw materials for Food and General Merchandise M&S products. All our wild fish comes from the most sustainable sources available and we've developed M&S Select Farm Assurance codes of practice for salmon, shrimp and fish feed. All palm oil used in M&S products was covered by RSPO certification (certified + GreenPalm) and we made major investments to support the development of sustainable soy. Ninety six percent of our wood came from

proven sustainable sources including FSC certified and recycled material and 20% of cotton came from sustainable sources, including the Better Cotton Initiative, Fairtrade, organic and recycled.

Sustainable suppliers

We've more than doubled the proportion of products from Food suppliers that meet our Silver standard for sustainable food factories, from 8% to 19% in just one year. 25% have improved energy efficiency by at least 20% on their baseline year. In addition, 24% of sites have reduced water usage against last year, 41% send

no waste to landfill and 40% now have positivity scores of 65% or above in staff feedback surveys.

By the end of this year, 85 of the clothing suppliers featured in our top 100 supplier list (based on 2011–2014 turnover) had introduced energy best practice for their lighting, insulation and temperature control systems – 37 more than in 2012/13. Of these, 53 had achieved our even more demanding Eco-factory standards, compared with 35 in the previous year.

Performance summary

Progress summary

Number of commitments

100

Number of commitments
Not started/Behind plan

12

Number of commitments
Achieved

9

Number of commitments
On plan

79

Inspiration

We aim to excite and inspire our customers at every turn.

Inspiring our customers

- 1 Integrated Plan A marketing**
- 2 Plan A marketing
- 3 Identifying Plan A products**
- 4 My Plan A**
- 5 Meet your producer website
- 6 Customer clothes recycling**
- 7 Eat Well**

Inspiring other organisations

- 8 Leadership
- 9 Sieff Award
- 10 Promoting healthy food
- 11 Packaging recycling partnerships

Plan A 2020 includes existing, revised and new commitments. Three commitments which were not achieved have also been deleted:

International logistics

Aim: To transport 70% of International General Merchandise products directly to their retail destinations by the end of 2015/16 rather than routing through the UK.

Progress: Deleted We've deleted this commitment without achieving it because it has been superseded by a wider logistics efficiency programme for our International stores. Achieving the original 70% target through this new initiative will be dependent on a number of different factors.

Intouch

We listen actively and act thoughtfully.

Breaking barriers to work

- 12 Youth employment at M&S**
- 13 Youth employment outside M&S**
- 14 Marks & Start**
- 15 Marks & Start International**

Employee skills

- 16 Training on 'green' marketing
- 17 International Plan A capacity
- 18 UK and ROI Plan A skills
- 19 International Plan A skills
- 20 UK and ROI retail skills
- 21 UK and ROI retail skills for new CAs
- 22 Succession planning
- 23 Responsible leadership

Employee diversity

- 24 Employee diversity**
- 25 Working flexibly

Employee wellbeing

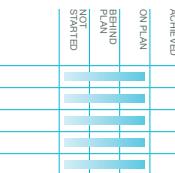
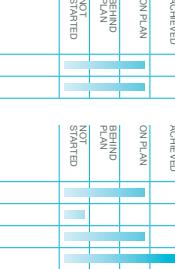
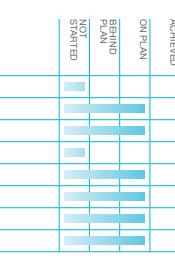
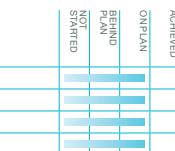
- 26 Wellness
- 27 Extend access to Plan A health information
- 28 Extend employee health services
- 29 Nutritional labelling

Global livelihoods

- 30 Global Community Programme**
- 31 General Merchandise living wage**
- 32 New Global Sourcing Principles
- 33 Ethical assessments of property suppliers
- 34 Supply chain training
- 35 Food supply chain skill

M&S local

- 36 Annual store fundraising
- 37 Property community plan
- 38 One day's paid volunteering
- 39 Supporting charities
- 40 International UNICEF



Pesticide residue-free food**

Aim: Work towards M&S fruit, vegetables and salads being 75% pesticide residue-free by 2015 and 100% pesticide residue-free by 2020.

Progress: Deleted This is an existing commitment which we have deleted without achieving. As a result of climatic changes requiring a greater use of pesticides and improvements in detection techniques, we're not able to make further progress using this measurement. We remain committed to reducing residues through our Field to Fork Farm Assurance standards and our collaboration with the Pesticides Action Network (PAN) UK. We intend to continue sharing the results of pesticide residue testing with our suppliers.

Integrity

We always strive to do the right thing.

Sustainable products

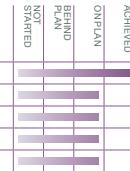
41 Products with Plan A qualities**

42 M&S food nutritional content**

43 Integrate health and sustainability food labelling

44 Environmentally efficient food packaging**

45 Using packaging to reduce food waste



Sustainable raw materials

46 Leather tanning and dyeing**

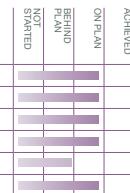
47 Sustainable cotton 1**

48 Sustainable cotton 2**

49 Sustainable wood**

50 Food sustainable key commodities**

51 Responsibly farmed fish**



Sustainable manufacturing

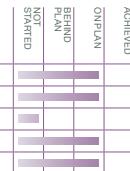
52 Sustainable food factories**

53 M&S Farming for the Future**

54 RSPB and Butterfly Conservation projects

55 Energy efficiency at top 100 clothing suppliers

56 Chemical and effluent management in dyeing**



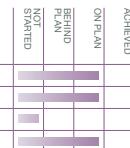
Transparency and traceability

57 Transparency**

58 Defining Plan A products

59 Clothing supply base list**

60 General Merchandise traceability**



Effective reporting

61 Integrated Reporting

62 Partnership benefits

63 Reported data (some)**

64 Financial models



Food packaging write-offs

Aim: Minimise write-offs of food packaging stocks by 2015.

Progress: Deleted This is an existing commitment which we have deleted without achieving it. It has been handed over to be continued as part of a wider collaborative commercial project with our food suppliers.

Innovation

We are restless in our aim to improve things for the better.

Circular economy in action

65 Food waste**

66 Circular economy opportunity

67 Circular economy policy

68 Textile recovery R&D

Ideas for the future

69 Plan A Innovation Programme

70 General Merchandise Sustainable Learning Products**

71 International Sustainable Learning Stores

72 Off-site construction

73 Building Information Modelling (BIM)

74 Top 50 store climate adaptation

75 Logistics carbon footprinting**

76 Multi-channel retail footprint

77 Nitrogen trailer trial

78 Social benefits of sustainable stores

Zero-carbon operations

79 Carbon neutral operations**

80 UK and ROI energy efficiency Part 1**

81 UK and ROI energy efficiency Part 2**

82 International energy efficiency**

83 Renewable electricity

84 Small-scale electricity

85 Bio-methane

86 Fuel efficiency**

87 Store refrigeration – emissions**

88 Store refrigeration – replacing HFCs**

89 Store refrigeration – doors

90 Reduce business flights

91 Embodied carbon in buildings

Building in efficiency

92 No landfill – operations**

93 No landfill – construction**

94 Reduce General Merchandise transit packaging

95 Reduce home delivery packaging

96 Water usage**

97 Environmental leasehold clauses**

98 Extend construction initiatives

99 Store development assessments

100 Number of Plan A shop fit items

Inspiration

This section shows our detailed performance against our Pillar 1 commitments.
Each commitment is shown as Achieved, On plan, Behind plan, Not achieved or Not started.

We will inspire our customers with products, services and experiences that are both desirable and sustainable. We will encourage them to participate in activities with us, enabling them to support their local communities and live healthier, more rewarding lifestyles. We will influence other businesses in our sector to be more sustainable, helping them to follow our lead.

Highlights this year

4m **800,000**

Garments shwopped by customers
(last year 3.8m)

Customers engaged digitally
with Plan A since 2011

Inspiring our customers

1

Integrated Plan A marketing**

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

Progress: On plan This new commitment reflects our plans to incorporate Plan A information in our mainstream communications and marketing activities. We've developed a plan and you should start to see the results from summer 2014.

2

Plan A marketing

Aim: Run a continuous programme of Plan A marketing communications, to encourage customers to take action (up to 2015).

Progress: On plan This is an existing commitment. Throughout this year, we ran Plan A communication campaigns on a range of issues. These included our Shwopping clothes re-use and recycling scheme, which featured our Mother Appeal collaboration with Oxfam and the UK Government in the first three months of 2014. We also ran events on the Big Butterfly Count, Big Beach Clean-up day, Breakthrough Breast Cancer, Woodland Trust Christmas card recycling and Macmillan Cancer Support's World's Biggest Coffee Morning.

3

Identifying Plan A products**

Aim: Develop mechanisms to help our customers identify products with Plan A qualities online to encourage their purchase by 2015.

Progress: On plan This is a reworded commitment. Having started with Cruelty-free beauty products in 2014, next year we plan to introduce graphic symbols on our website to highlight other products with Plan A qualities. The store communications aspect of this target has been incorporated into our new commitment on Integrated Plan A marketing.

4

My Plan A**

Aim: Engage one million M&S customers in Plan A activities using a range of online channels by 2015 and three million by 2020.

Progress: On plan This is an existing commitment. Since 2011, we have engaged over 800,000 customers in a wide range of online Plan A activities, designed to help them live more sustainably (although some customers may have taken part in more than one activity). These included our Shwopping Facebook App for clothes recycling, taking a virtual tour of our new Cheshire Oaks Sustainable Learning Store, online GreenRedeem vouchers, Big Butterfly Count submissions, registering for the Big Beach Clean-up, making Plan A Pledges as well as receiving advice about reducing food waste and leading healthier lifestyles.

5

Meet Your Producer website

Aim: Extend our Meet Your Producer website linking products with producers, to include overseas suppliers, including wine suppliers by 2015.

Progress: Achieved We achieved this commitment in 2013, although it was not marked as Achieved in our previous report. We regularly update the product information on our websites.

6

Customer clothes recycling**

Aim: To help our customers give clothes a second life by recycling 20 million items of clothing each year by 2020.

Progress: On plan We've extended the end date for this commitment to 2020 in order to allow more time for us to develop the habit of recycling with our customers. In 2013/14 our customers donated around 4m garments (last year 3.8m) through our Shwopping clothes recycling initiative, helping us raise an estimated £3.2m for Oxfam (last year £2.3m). This total includes the Mother Appeal conducted with Oxfam and with matching funding support from the UK Government, which ran between 31st December 2013 and 31st March 2014.

7

Eat Well**

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.

Progress: On plan This is a new commitment. In April 2014, we launched our new Health Philosophy on customer diets, running a major healthy eating campaign that included in-store and online activities as well as a major feature in the M&S Magazine. Our Philosophy has five principles:

1. Make it delicious
2. Eat more, not less
3. Give yourself a boost
4. Enjoy a little of what you fancy
5. Eat Well for life

Inspiring other organisations

8

Leadership

Aim: From 2015, we will report on an expanded leadership role alongside other businesses to enable further progress on key aspects of Plan A including working with the IGD, Movement to Work, World Economic Forum and Consumer Goods Forum.

Progress: On plan This new commitment builds on our existing collaborations with other businesses. This year, we worked with Accenture and Business in the Community to jointly publish a report called 'Fortune Favours the Brave', arguing that UK businesses could benefit by up to £100bn by adopting more sustainable practices.

9

Sieff Award

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.

Progress: On plan This new Plan A commitment is designed to recognise future business leaders who promote the concept of sustainable development. It was launched as part of our 2012 Business in the Community Responsible Business of the Year activities.

10

Promoting healthy food

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: On plan This is a new Plan A commitment. In order to start developing our plans we partnered with The Guardian newspaper to run a conference event on the best ways to promote healthy food and lifestyles.

11

Packaging recycling partnerships

Aim: Work in partnership to help improve national levels of packaging recycling (e.g. Recycling Rewards, local authority partners etc) by 2015.

Progress: Achieved This is an existing commitment which we've now Achieved. The Somerset County Council Waste Partnership collected an additional 14,600 tonnes of packaging materials for recycling this year. We're now using some of these materials in the production of 13 different types of M&S Food packaging. We also contributed to developing a proposal for a new Materials Recycling Facility (MRF) in Kent. This proposal has now been handed over to the South East 7 Partnership of councils to consider funding options.

Intouch

This section shows our detailed performance against our Pillar 2 commitments.
Each commitment is shown as Achieved, On plan, Behind plan, Not achieved or Not started.

We will create a deeper connection with our suppliers, our customers and their respective communities through more open dialogue. We will launch a Global Community Programme to help strengthen livelihoods and create resilience across our value chain. We will ensure every M&S store contributes positively to its local community. We will lead a Movement to Work to tackle the growing challenge of youth unemployment. And we will provide our employees with the skills to grow our business sustainably and make Plan A as relevant internationally as it is in the UK.

Highlights this year

1,450

Young people offered work experience with Make Your Mark

506,000

Workers trained in our General Merchandise supply chain since 2010

39%

Of senior management roles held by women

20%

Of M&S employees are under 25 years of age

Breaking barriers to work

12

Youth employment at M&S**

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: On plan This commitment is a new enhanced part of our long running Marks & Start work experience programme which focuses on young unemployed people (18–24 years of age). We've called it Make Your Mark. It forms part of a wider collaboration with other companies called Movement to Work which you can read more about under our commitment to address Youth unemployment outside M&S. This year over 1,450 young unemployed people were offered places on the Make Your Mark programme with an estimated 80% of those who completed their placement going on to find work within three months.

13

Youth employment outside M&S**

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: On plan This new commitment is designed to address youth unemployment through collaboration with our suppliers, partners and other companies to create more opportunities for young people. We helped to set up Movement to Work with some of the UK's biggest employers who have all pledged to run placements and encourage their suppliers to do the same. Between them, Movement to Work members aim to offer 100,000 vocational training and work placements over the next two years. So far, 90 M&S suppliers have signed-up to support Movement to Work and many are participating at several locations.

14

Marks & Start**

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, offices and suppliers factories by 2016. We're aiming for 50% to find employment within three months of completing their placement.

Progress: On plan We've been running our Marks & Start work experience programme since 2004, and have now set a new, more ambitious target, which includes our 'Youth unemployment at M&S' commitment.

This year we've offered work experience to more than 3,200 people from disadvantaged parts of the community making a total of over 10,300 since 2004. This means that over a third of all Marks & Start offers of work experience since 2004 were made this year.

This year, the proportion of participants who found work after completing their placements was estimated at around 50%, the same as last year.

15

Marks & Start International**

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: On plan This is a new commitment. Marks & Start International used to only apply to some of our clothing suppliers in Bangladesh, India and Sri Lanka but is now being extended to M&S operated stores around the world. This year over 70 people took part in work experience placements at our stores in France and Greece.

This year, M&S suppliers in Bangladesh, India and Sri Lanka also continued to provide work experience and employment opportunities for over 300 people with disabilities.

Employee skills

16

'Green' marketing training

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.

Progress: Not started This is a new commitment.

17

International Plan A capacity

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: On plan This is a new commitment. We've already started helping colleagues in International stores to develop the skills they need to help us meet our energy efficiency targets.

18

UK and RoI Plan A skills

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.

Progress: On plan This is a new commitment. We're planning to improve the information available to all our colleagues in the UK and RoI and to revise the job specification for Plan A Champions, who manage activities locally. We'll then ensure that we have the right number of Plan A Champions in place to help improve the environmental and community skills of all colleagues.

19

International Plan A skills

Aim: By 2017, every M&S International employee will have received a minimum of three hours training on Plan A.

Progress: Not started This is a new Plan A commitment.

20

UK and RoI retail skills

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: On plan This is a new commitment to be more transparent about the training we provide to the majority of our employees. This year we provided around 1.5 days worth of training to every Customer Assistant on subjects including age awareness (for sales of age restricted products), health and safety, M&S.com, service and product knowledge. Over 3,000 of our retail employees attended a Fashion Camp on product knowledge.

Our overall employee Your Say survey score also increased by 1% to 85% on information available to do the job and by 2% up to 80% on access to training.

21

UK and RoI retail skills for new Customer Assistants

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: On plan This is a new commitment. New temporary Customer Assistants receive training lasting up to five weeks, but permanent employees are trained for up to six months in order to acquire a range of technical, service and selling skills. Only then are they confirmed as 'qualified' by their line manager.

22

Succession planning

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

Progress: On plan This is a new commitment. We've developed plans to report on the percentage of internal and lateral appointments (moves to a job at the same level) within our top 150 most senior roles from next year.

23

Responsible leadership

Aim: Our top 100 business leaders will receive training on Responsible Leadership by 2015.

Progress: On plan This is a new commitment. We've developed a one and a half day Responsible Leadership training module as part of our Lead to Succeed programme with The Future Laboratory. This year, 58 of our top 100 business leaders completed it. We're also developing other formats of training designed to improve skills and knowledge on Responsible Leadership.

Employee diversity

24

Employee diversity**

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: On plan We've extended this commitment and set new targets. As of March 2014, 29% of our Board and 39% of employees in senior management roles were women.

In 2014, we were again listed in The Times top 50 Employers for Women.

UK and RoI diversity

At present we cannot report on employee diversity from other International locations. In order to track progress on youth employment at M&S, this year we've added data on employees under 25 years of age.

Gender

% of total UK workforce	Women employees	Women managers [^]	Women store managers	Women in senior management (top 120)
2014	73%	58%	48%	39%
2013	74%	64%	49%	35%

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

Ethnicity

% of total UK workforce	Employees from ethnic minority backgrounds	Managers from ethnic minority backgrounds [^]
2014	11%	14%
2013	12%	13%

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

Age and experience

% of total UK workforce	Employees under 25 years of age	Employees over 50 years of age	Employees over 61 years of age	Employees over 65 years of age	Employees with over 11 years service
2014	20%	32%	7%	3%	25%
2013	N/A	33%	10%	3%	28%

All data as of March.

25

Working flexibly

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: On plan This is a new commitment. We're currently developing a new flexible working policy and from next year intend to report data for part-time working, job sharing, term-time working, home-working, time off for training and flexible retirements.

Employee wellbeing

26

Wellness

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: On plan This is a new commitment. Using data from our Your Say employee survey we've established a Wellness benchmarking measurement of 81%. This will act as a baseline for future years. We're also working with Business in the Community's Workwell Index to improve the way we measure and report about wellbeing related matters.

27

Extend access to Plan A health information

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 businesses.

Progress: Not started This is a new commitment.

28

Extend employee health services

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 also provide support and advice tailored to the needs of an ageing workforce.

Progress: On plan This is a new commitment. During the year we ran our annual Weight Loss Challenge competition, with more than 2,000 people participating. We've also signed-up to support the Alzheimer's Society Dementia Friends Campaign, which will provide the basis of further training for our employees.

29

Nutritional labelling – employee cafés

Aim: Continue to improve nutritional labelling by making it easier for employees to manage their diet and extend it to include UK employee cafés (up to 2015).

Progress: Achieved We've now achieved this existing commitment. We've put a programme in place to make the final improvements to around a hundred UK stores with older style catering services. These will all be converted to either Your Café or Lounge services. Your Café provides a menu of M&S food as well as a number of healthy eating options. The Lounge Plus format offers a range of self-prepared M&S food and along with the Lounge format provides free fruit, white and brown bread, semi-skimmed fresh milk and spreads. We've conducted research that shows that 70% of our store colleagues eat more fruit following conversion to a Lounge format of catering.

Global livelihoods

30

Global Community Programme**

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.

Progress: On plan This is a new commitment designed to improve the way we co-ordinate, measure and communicate all the social, environmental and economic benefits of our global collaborations where we source products. It will cover new projects as well as ongoing activities that we already help to fund. These include: the Emerging Leaders programme, which provides leadership skills training for nearly 2,000 people in our supply chains in Kenya and South Africa; Project Hope, which has provided health and wellbeing training for around 16,000 people in Cambodia; and the Geosansar programme, which has helped more than 9,000 workers in India to improve their financial literacy.

31

General Merchandise living wage**

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.

Progress: Achieved We developed and used a buying tool that allowed us to take into account a fair living wage when we set the cost price for products made in Bangladesh, India, Sri Lanka and other locations. However, this didn't automatically result in factories paying a fair living wage, so we're involved in a number of collaborative programmes to address this issue.

32

New Global Sourcing Principles

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: On plan This is a new commitment. We've trialled a draft of our new Global Sourcing Principles and we're using the feedback from suppliers to improve it before it's launched later this year.

33

Ethical assessments of property suppliers

Aim: Extend the scope of our ethical trading assessments to include all major UK and ROI direct property suppliers by 2020.

Progress: On plan This is a new commitment. More than 80 global suppliers of property related services are currently listed on the Supplier Ethical Data EXchange (SEDEX) database. We're in the process of recruiting a new specialist to help us improve the ways in which we assess and follow-up the results of social compliance audits in this area.

34

Supply chain training

Aim: Work with our suppliers and partners to provide a training and education programme for 500,000 workers by 2015. This will cover employee's roles, responsibilities and rights, basic health care and where possible, numeracy and literacy.

Progress: Achieved/ongoing We've now achieved this existing commitment. By April 2014 we'd provided training to around 506,000 workers in our General Merchandise supply chains since 2010.

35

Food supply chain skills

Aim: Launch initiatives by 2015 with educational organisations to provide the core skills required for the long term success of the food supply chain.

Progress: On plan This is an existing commitment. The M&S Farming for the Future Education Programme is a collaborative venture with our Food suppliers. It aims to address the shortage of talented young people entering the agricultural industry. This year as part of the programme, we ran two executive education courses at Cranfield University for future leaders from across the M&S food supply chain.

M&S local

36

Annual store fundraising

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: On plan This new commitment comes into effect next year, but our employees have already helped to raise nearly £0.9m for local charities this year (£0.9m last year). This is in addition to their support for national campaigns including Breakthrough Breast Cancer and Macmillan Cancer Support's World Biggest Coffee Morning.

37

Property development community plans

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: On plan This is a new commitment. During the construction of our new Vangarde Monks Cross store in York, we've trialled a number of different approaches to engagement with local schools, colleges and the wider local community in the form of visits, tours and discussions. We aim to develop a community plan that can be rolled out on all major construction activities in future.

38

One day's paid volunteering

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: On plan We've revised this commitment and set a new target. We're currently reviewing the way we record and track employee volunteer days, but we already know that this year 4,000 took part in The Big Beach Clean-up and a further 1,300 in the BIKE 24 cycle marathon relay event to raise money for Breakthrough Breast Cancer, Action Medical Research, the Marie Keating Foundation, Action Cancer and Prostate Cancer UK.

39

Supporting charities

Aim: Maintaining our corporate support for charities addressing a range of social and environmental issues including helping to raise £20m by 2020 for health and wellbeing charities.

Progress: On plan We've reworded this commitment and set a new target. We maintained our support for Breakthrough Breast Cancer this year, helping to raise a further £820,000 (last year £1.5m). This included £210,000 raised by employees who participated in a BIKE 24 Challenge event, which also supported other cancer charities. In 13 years we've raised over £19m for Breakthrough. This year, we've also maintained our corporate support for other charities that address a wide range of social and environmental issues including: Royal British Legion, Oxfam, UNICEF, MCS and WWF.

We helped to raise £2.9m for health and wellbeing charities, including Macmillan Cancer Support, Breakthrough Breast Cancer and Great Ormond Street.

40

International UNICEF

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

Progress: On plan This new Plan A commitment is designed to help raise £1m for UNICEF. The money raised will help to transform the lives of vulnerable children across the world. This year we donated a total of £250,000, including money raised by M&S colleagues in our International stores and franchises.

Integrity

This section shows our detailed performance against our Pillar 3 commitments.
Each commitment is shown as Achieved, On plan, Behind plan, Not achieved or Not started.

We will lead our sector in sustainable consumption and production, offering our customers good value, high-quality products and services, sold through an efficient multi-channel operation. We will produce our products with integrity – our aims are to use the most sustainable raw materials available and to work with factories operating to the highest environmental and social standards. We will continue our journey to ensure every M&S product we sell has an aspirational Plan A story to tell, based on a transparent value chain and comprehensive reporting.

Highlights this year

57%

Of M&S products have a Plan A quality (last year 45%)

19%

Of M&S food products from factories meeting our Silver sustainability standard

100%

Of palm oil in M&S products RSPO certified

85

Of our clothing suppliers who have appeared in our top 100 since 2011 have introduced energy efficiency best practices

Sustainable products

41

Products with Plan A qualities**

Aim: To have at least one Plan A quality in all M&S General Merchandise and Food products by 2020, with 50% of products having at least one Plan A quality by 2015.

Progress: Achieved/ongoing We've recently achieved this commitment, exceeding our 2015 target to give 50% of all M&S products at least one Plan A quality a year early. As of April 2014, based on the volume of items sold worldwide, 57% of M&S products had at least one Plan A quality (last year 45%).

We've identified 53 Plan A qualities for M&S Food products and this year we added innovations such as water-free packaging for deliveries of bouquets of flowers and rope grown mussels. In total 56% of M&S food products have at least one Plan A quality.

We've identified 21 Plan A qualities for M&S General Merchandise products. In total 60% of M&S General Merchandise products now have at least one Plan A quality.

42

M&S food nutritional content**

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: On plan This is an existing commitment. We've continued to support the UK Government's Public Health Responsibility Deal and have also 'signed-up' to support two new aspects covering front-of-pack labelling and communication. We've achieved 77% of the salt targets, extended our range of portion controlled Guilt Free snacks and added a range of healthy recipes online.

Further details can be found at:
responsibilitydeal.dh.gov.uk
health.marksandspencer.com/recipes

43

Integrate health and sustainability food labelling

Aim: Integrate healthy eating advice with social and environmental sustainability messages by 2015.

Progress: On plan This is an existing commitment. We're now in the second year of our participation in the Institute of Grocery Distribution's working group on sustainable diets. This working group is aiming to publish guidance on interpreting and implementing the principles of a sustainable diet for customers. We're also collaborating with other organisations such as the British Nutrition Foundation on the diets that are both sustainable and healthy.

44

Environmentally efficient food packaging**

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: On plan This is an existing commitment which is measured though our contribution to WRAP's Courtauld Commitment on improving environmental packaging efficiency. Progress is measured through WRAP's methodology which recognises reductions in weight, moves to lower carbon types of packaging or use of recycled materials. We've contributed towards an overall reduction of 10% in the carbon footprint of packaging used in the UK for 2012 compared with 2009. Our progress was slightly behind the industry average, but is in addition to improvements already achieved between 2007 and 2009. We've committed to support the packaging improvement targets set out in the new Courtauld Commitment 3 initiative, which runs up to 2015.

We're collaborating on projects to improve the availability of recycled materials and reduce the carbon footprint of packaging. One of these projects is investigating ways to improve recycling of black plastic trays used for many of our recipe dishes, another aims to recycle small shards of glass produced as a by-product during waste sorting back into packaging.

45

Using packaging to reduce food waste

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.

Progress: On plan This new commitment builds on our support for WRAP's Fresher for Longer initiatives which we helped to launch in March 2013. In January 2014, we distributed further quantities of Fresher for Longer wheels to customers in our stores in Kent. The wheels provide easy-to-use advice on the best way to store food and prevent wastage. In May 2014, the M&S Magazine published a three-page article on ways to prevent food waste in the home.

In collaboration with our suppliers we've launched water-free packaging for bouquets of flowers bought online. The flowers are sealed in a water-free airtight bag during transit from our warehouse to the customer's home. These packs significantly reduce water usage and damage to the flowers. We estimate that this packaging will save over half a million litres of water this year.

Sustainable raw materials

46

Leather tanning and dyeing**

Aim: To source 25% of the leather used in M&S General Merchandise products from suppliers who demonstrate continuous improvement against environmental industry based metrics by 2020.

Progress: On plan This is a new Plan A commitment to improve the standards of dyeing and tanning of leather used in M&S products.

This year, 19% of M&S leather products used leather sourced from Leather Working Group (LWG) rated tanneries.

In our 2013 Plan A Report we gave an update on our revised policy covering animal welfare and the use of chemicals at tanneries. We believe that this policy gives us better information allowing us to avoid sources of leather that may contribute to deforestation.

47

Sustainable cotton^{(1)**}

Aim: Procure 25% of cotton from sustainable sources by 2015.

48

Sustainable cotton^{(2)**}

Aim: Procure 50% of cotton from sustainable sources by 2020.

Progress: On plan These are existing commitments. This year around 20% of the cotton we sourced came from the Better Cotton Initiative, Fairtrade, organic or recycled sources (last year 11%).

49

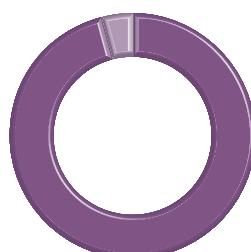
Sustainable wood**

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: On plan We've set a new longer target date for this commitment to allow more time to resolve the 'tail end' of our sourcing. Our sustainable wood sourcing policy exceeds legislative requirements and we believe our data covers a wider range of applications than many of our competitors.

In 2013/14, 96% of the wood-based materials we used were Forest Stewardship Council (FSC) certified, recycled or from sources that protect forests and communities (last year 88%).

2013/14 wood material use (excluding fabrics, newspapers and magazines)



■ 96% Forest Stewardship Council, recycled or in a category which otherwise protects forests and communities

■ 4% Requiring improvement

50

Food sustainable key commodities**

Aim: By 2015, for our key global raw materials, we will have identified the major environmental and social hotspots, key mitigations to address them and will report on an annual basis our progress on increasing the proportion purchased 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 deforestation.

Progress: Behind plan This commitment has been revised with a new section which covers a wider range of raw materials and their associated environmental and social impacts. We intend to report on our progress against this new part of the commitment from 2015. Below we've summarised how we've progressed against our existing target on ensuring that certain raw materials do not contribute to further deforestation:

Palm oil: In total we used over *2,600 tonnes of palm oil in M&S products of which *63% was a mix of segregated and mass balance Roundtable on Sustainable Palm Oil (RSPO) certified, with the remaining *37% being covered by the purchase of GreenPalm certificates to encourage the transition to sustainable supplies. This means that 100% of M&S palm oil was covered by RSPO certification and this part of the commitment is Achieved. However, we will continue to work on increasing the proportion which is from physically certified sources.

Soy: Since launching this commitment in 2010 we've improved our understanding of the soy supply chain and its use as an ingredient or in animal feed. This year, we've purchased 15,000 Roundtable for Responsible Soy (RTRS) credits to match the usage of soy in feed for M&S Oakham chickens. We've committed to invest around £240,000 over three years with Solidaridad (an organisation who work on sustainable raw materials) to help 1,200 small-scale soy growers in Paraguay move to more sustainable agricultural practices; and £300,000 over three years in Cool Earth's Ashaninka forest-protection project in Peru. This part of the commitment is still Behind plan.

Brazilian beef: As reported last year, we are able to trace all our Brazilian beef sources back to areas outside the vulnerable Amazonian Biome. We no longer believe that our intention to trace sources back to areas where livestock is born is necessary due to wider improvements by the industry. This part of the commitment is Achieved.

Cocoa: This year we joined the World Cocoa Foundation to promote sustainable cocoa economies across West Africa, Central and South America and Asia. We believe that we can make the greatest contribution towards sustainable cocoa by supporting key collaborations. However, this part of the commitment remains Behind plan.

Coffee (and tea): Achieved as previously reported.

*Calendar year

51

Responsibly farmed fish**

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

Progress: On plan This is an existing commitment but now using the word responsible instead of sustainable to reflect industry standards. M&S Select Farm Assurance standards for salmon, shrimp and fish feed have been developed and are in the process of being rolled out to our suppliers. These include best practices on responsible farming which covers; welfare, social and ethical, quality and food safety developed with the support of WWF and industry experts. Our intention is to use M&S Select Farm assurance standards for our seven farmed fish species and feed which can then be assessed and assured.

Sustainable manufacturing

52

Sustainable food factories**

Aim: M&S food suppliers to implement a Gold/Silver/Bronze sustainability benchmarking standard to improve human resources, environmental and efficiency performance. By 2015, 30% of product by volume will come from factories that have reached Silver level, rising to 75% by 2020. We will also continue to measure and report on key sustainability indicators across all three frameworks which demonstrate higher performance and business benefits.

Progress: On plan We've revised this commitment to take account of our experiences since 2010. We've learned that it takes suppliers an average of two years to move up from one level of improvement to the next, so we've revised our 2015 target to focus on Silver rather than Gold. However, more than 200 M&S food suppliers are now participating, so we've increased the scale of our target to 30% of product volume by 2015, rising to 75% by 2020.

In total, 23 M&S food suppliers have achieved our Silver level accounting for 19% of M&S food, more than double last year (8%). We've provided a series of 'how to' guides and tools to our suppliers under a 'Silver and Beyond' training programme and also made annual Supplier Silver Achievement Awards.

Twenty five percent of our Food suppliers' sites have improved energy efficiency by at least 20% on their baseline year. In addition, 24% of sites have reduced water usage against last year, 41% send no waste to landfill and 40% had positivity scores of 65% or above in staff feedback surveys.

M&S food suppliers achieving at least a Silver rating

	Number of suppliers	% of M&S food
Overall	23	19% (from 8% last year)
Environment	23	19%
HR	23	19%
Lean (efficiency)	23	19%

53

M&S Farming for the Future**

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 to report on progress and share our learning more widely from 2015.

Progress: On plan This is a revised commitment. We plan to define the key sustainability issues and how they can be managed by each sector (e.g. beef, poultry etc.) taking into account the needs of different species and geographical regions. We have over 200 Indicator Farms which form a representative sample of farms supplying M&S allowing us to monitor the impacts of our policies and standards on efficiency, environment and ethical practices. We will use the results from these Indicator Farms to demonstrate our findings. We aim to publish a report on our progress next year.

54

RSPB and Butterfly Conservation projects

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 and pollinators, including bees and other species. We will share our findings publicly by 2017.

Progress: Not started This is a new commitment.

55

Energy efficiency at top 100 clothing suppliers

Aim: 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 2015. These are factories that have featured in a rolling top 100 between 2011 and March 2015.

Progress: On plan This is an existing commitment. Eighty five (last year 48) of our clothing suppliers that have featured in our top 100 suppliers by turnover between 2011 and 2014 have now adopted energy efficiency best practices on lighting, insulation and temperature control. Of these, 53 (last year 35) have gone further and achieved our more demanding Eco-Factory standards.

56

Chemical and effluent management in dyeing**

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.

Progress: Not started We've yet to start to work on this new commitment. We aim to introduce a method for measuring and recognising our best performing dyehouses in order to encourage more general improvements. We're also working with other companies as a member of the collaborative Roadmap to Zero Discharges of Hazardous Chemicals (ZDHC) group.

Transparency and traceability

57

Transparency**

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: On plan This is a new commitment. We've already collated results from a small-scale online survey of sustainability specialists, a review of best practice by Forum for the Future and a summary of findings from existing M&S customer and public market research. These initial results show that different stakeholders have different expectations and that these also vary across categories of products. We intend to conduct further research to gain a better understanding of what's important to different stakeholders.

We believe that information about where and how a product is produced is best communicated to our customers through our commitment on Integrated marketing, whilst specialist stakeholders want policy and performance statements to be accessible online.

58

Defining Plan A products

Aim: By 2015, we will publish details of how we define and measure Plan A product qualities, identifying hotspots and details of our collaborations.

Progress: On plan This is a new commitment to explain in detail how we've evolved the ways we define and measure Plan A qualities in our products since we first started to report progress in 2012. We plan to publish details online next year, explaining who we've worked with and the methods used to define Plan A qualities.

59

Clothing supply base list**

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

Progress: Not started This is a new commitment.

60

General Merchandise traceability**

Aim: Develop and implement a system to provide traceability for the principal raw materials used within our General Merchandise supply chain and assess the opportunities to make at least some of this information available by 2020.

Progress: On plan This is a new commitment. We've developed plans to trial a system that will enable us to collate information on fabrics and raw materials in our existing contracts, making these easier to trace. We've also continued to improve raw material traceability by using other approaches as outlined in our commitments covering 'Sustainable wood' and 'Sustainable cotton'.

Effective reporting

61

Integrated Reporting

Aim: By our 2016 report we will have adopted the principles of the International Integrated Reporting Councils' Integrated Reporting Framework.

Progress: On plan This is a new commitment. We've taken part in the International Integrated Reporting Council's (IIRC) Integrating Reporting Pilot programme. In December 2013, the IIRC published its framework principles for an integrated annual report, which has to include all social and environmental information considered to be important to shareholders. We've started to adopt these IIRC principles and believe that our 2014 Annual Report marks a significant move towards becoming an integrated annual report.

62

Partnership benefits**

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

Progress: On plan This is a new commitment to quantify the wider social, environmental and economic benefits of our collaborative partnerships. We plan to conduct internal trials next year and report the results by 2016.

63

Reported data

Aim: In addition to the data contained in our Plan A commitments, we will continue to report on a wide range of social and environmental measurements which we have previously reported against.

Progress: On plan This new commitment is designed to provide continued transparency on measurements that are no longer the subject of Plan A improvement targets.

Our Operations

Business case (made available to reinvest)

	2012/13	2013/14	% change
Net Plan A Benefit	£135m	£145m	7

Community donations

	2012/13	2013/14	% change
Cash (£m)^	6.2	8.4	35
Time (£m)	1.2	1.7	42
In-kind (£m)	3.6	4.1	14
Total (£m)	11.0	14.2	29
Leveraged (£m)	8.2	8.8	7

[^] Increase due to support for extended youth employment programmes.

[^] Excludes management costs.

UK single-use carrier bags

	2006/07	2012/13	2013/14	(to 2006/07)	% change
Food bags^	464m	116m	114m	-75	
General Merchandise bags^	193m	158m	146m	-24	
All bags^	657m	274m	260m	-60	
Resulting donations from charge	-	£1.7m	£1.4m	-	

[^] Defined as medium sized carrier bags and above. All charges in NI paid directly to Government since April 2013.

UK and ROI clothes hanger re-use and recycling

	2012/13	2013/14	% change
Collected	161m	131m	-19
Re-used	129m (80% of collected)	99m (76% of collected)	-23
Recycled	32m (20% of collected)	32m (24% of collected)	-

UK and ROI used Christmas card recycling

	2012/13	2013/14	% change
Used Christmas cards (in tonnes)	199	161	-19
Used Christmas cards (in singles)	10m	8m	-20

Our People

UK and ROI employee turnover

Total: 10%	
Unplanned: 8%	

Global employee Your Say surveys results

	2012/13	2013/14	% change
Participation	78%	80%	2
Engagement score	78%	80%	2
Plan A score	80%	80%	-

UK and ROI Health and Safety**

	2012/13		2013/14		% change
	Total	Per m sq ft	Total	Per m sq ft	
Accidents to employees, customers, contractors and visitors	27,732	1,673	28,086	+1	1,679
RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)	304	18	^199	-35	^12

Following an incident at our Tunbridge Wells store in 2012, at the inquest held in November 2013 the jury reached a verdict of Accidental Death. The coroner made no suggestion of any wrongdoing by M&S and no action was taken against the company.

[^] Reduction due to changes in the scope of HSE defined reporting.

Supply Chain

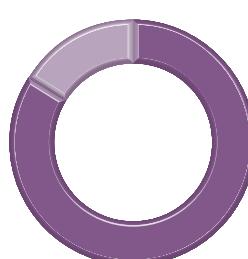
Supplier social compliance assessments**

	2012	2013	% change
No. of suppliers on SEDEX database	*2,871	*3,020	5
Audits conducted	*1,559	*1,722	10
Corrective actions made by suppliers	*6,693	*7,806	17

All suppliers are required to have up-to-date assessments on the Supplier Ethical Data Exchange (SEDEX) database.

^{*}Calendar year

Wild fish sourcing**



■ 84% Sustainable practice applied or participating in a fisheries improvement project[^]

■ 16% Working with WWF for improvement

[^] This is a new, broader categorisation which includes all fisheries where sustainable practices are in place. This change was made in response to a request by the Marine Stewardship Council.

64

Financial models

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.

Progress: On plan This is a new commitment. We're now working with Forum for the Future to assess some of the different ways to translate social and environmental impacts into financial values. In addition, we're also taking part in a number of related projects through the Prince of Wales's Accounting for Sustainability (A4S) programme and the United Nation's Natural Capital Coalition. Our CFO, Alan Stewart, has joined A4S's CFO leadership network to share best practices.

Innovation

This section shows our detailed performance against our Pillar 4 commitments.
Each commitment is shown as Achieved, On plan, Behind plan, Not achieved or Not started.

We will redefine retail by investing in innovation, making our stores, operations and value chains as sustainable as possible. We will prioritise business model innovation and put circular economy models into practice. We will accelerate our work towards being a zero carbon business and will pilot new approaches to constructing and maintaining our stores, reducing waste and running logistics. We will be quick to learn and adapt along the way and scale up our successes as soon as possible.

Highlights this year

Zero

Net worldwide carbon emission from M&S and joint-venture operations

Zero

UK and RoI operational and construction waste to landfill

34%

UK and RoI improvement in energy efficiency against 2006/07 (after weather adjustment)

68%

UK and RoI reduction in refrigeration and air-conditioning emissions against 2006/07

Circular economy in action

65

Food waste**

Aim: Conduct a series of collaborative projects to review the causes of food waste across our supply chain and operations. By 2015, we plan to set a reduction target to be achieved by 2020. In addition, we will review opportunities to donate an increased amount of food to charities.

Progress: On plan This is a new commitment. We've set up an internal project group, which meets regularly to explore ways of minimising unsold food levels and ensuring that all unsold food is put to the best possible use, ideally, by donating it to charities.

66

Circular economy opportunity

Aim: By 2016, we will have completed a detailed review of circular economy opportunities across all parts of the M&S business.

Progress: On plan This is a new commitment. We are members of Circular Economy 100 (CE100) group run by the Ellen MacArthur Foundation and we plan to work with them along with other partners to identify the commercial viability of re-using potential waste materials across our business.

67

Circular economy policy

Aim: By 2016, we aim to publish a report outlining the policy steps that we believe would accelerate the journey towards creating a sustainable economy.

Progress: On plan This is a new commitment. We plan to work Forum for the Future to identify ways in which policymakers can encourage the transition towards a sustainable circular economy.

68

Textile recovery R&D

Aim: We will conduct a two-year project with the University of Cambridge, Institute for Sustainable Manufacturing, funded in conjunction with the Technology Strategy Board to investigate opportunities to increase the volume and value of textile recovery and will share the learning's of this project publicly by 2016.

Progress: Not started This is a new commitment.

Ideas for the future

69

Plan A Innovation programme

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.

Progress: On plan This new commitment is intended to improve transparency of the technical sustainability challenges we face and engage new partnerships to help address them. We're already collating and prioritising our challenges, which we'll publish online within twelve months.

70

General Merchandise Sustainable Learning Products**

Aim: Trial and evaluate at least two General Merchandise Sustainable Learning Products or services each year from 2015.

Progress: On plan This new commitment is designed to inspire products and services with better sustainable credentials, such as the Plan A Abbey sofa range we launched in 2013/14 (incorporating a Forest Stewardship Council certified wood frame and a wool/flax material that makes it more naturally fire retardant) and a recycled denim throw. We're planning several collaborative innovations, which we hope to be able to announce over the next twelve months.

71

International Sustainable Learning Stores

Aim: By 2020, we will open a further five Sustainable Learning Stores in International territories outside of the RoI.

Progress: Not started This is a new commitment.

72

Off-site construction

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

Progress: On plan This is a new commitment. Off-site construction involves the on-site installation of building parts, pre-manufactured in factories. It can improve efficiency and reduce waste. We've already used wall-panels, store window displays, refrigerated storage facilities, in-store bakeries and complete cafés manufactured this way. We'll evaluate the effectiveness of off-site construction and make recommendations for its future use within M&S.

73

Building Information Modelling (BIM)

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

Progress: On plan This is a new commitment. BIM allows us to design buildings in three dimensions, taking into account potential problems and potential efficiencies. We're members of the BIM for retail group and are currently using the technology on several store design projects. We'll report on BIM's effectiveness in future reports.

74

Top 50 store climate adaptation

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: Not started This is a new commitment.

75

Logistics carbon footprinting**

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: On plan This is a new commitment. To our knowledge, we're the first major retailer to measure and model the carbon footprint of its entire logistics supply chain in detail from supplier to store. Once completed, this project will greatly improve our understanding of where carbon emissions are generated in the supply chain, help us monitor the impact of our actions and estimate how changes to our network will affect total emissions. We'll use the results of this exercise to help us develop the next generation of Plan A targets.

76

Multi-channel retail footprint

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: Not started This is a new commitment.

77

Nitrogen trailer trial

Aim: By 2017, we will conduct a 20 vehicle pilot to test nitrogen as a lower carbon refrigerant in our Food transport fleet.

Progress: Not started This is a new commitment.

78

Social benefits of sustainable stores

Aim: By 2016, we will complete a study into the health, wellbeing and associated commercial benefits of sustainable retail buildings (shops, warehouses, offices) and apply lessons learnt to M&S existing and new buildings where possible.

Progress: Not started This is a new commitment.

Zero carbon operations

79

Carbon neutral operations**

Aim: We will maintain carbon neutrality for M&S operated activities in the UK and RoI until at least 2015 and extend it to include other M&S International operations by 2014.

Progress: Achieved/ongoing We've extended this commitment to cover all M&S operated and joint venture activities worldwide, an additional 19 countries. To the best of our knowledge, this makes us the only major retailer in the world with carbon neutral global operations.

In 2014, for our UK and RoI operations we were certified to the Carbon Trust's Carbon Standard as the first retailer to hold all three standards (the others being on Waste and Water). This is the first year that we've calculated CO₂e emissions for our operations outside of the UK and RoI and consequently we don't have a baseline comparison for the whole company. Our International stores have not reported carbon emissions resulting from heating, lighting and air-conditioning where these services are provided by the landlord as we have no ability to directly influence them at the site level.

This year, our total gross CO₂e emissions were 566,000 tonnes of CO₂e. This gives a new gross baseline for 2013/14 of 30 tonnes per 1,000 sq ft of salesfloor.

Our gross CO₂e emissions for the UK and RoI were 533,000 tonnes, down by 24% compared with a re-calculated figure of 698,000 tonnes in 2006/07. Gross emissions were 32 tonnes per 1,000 sq ft of salesfloor, down by 37% (2006/07: 51 tonnes per 1,000 sq ft of salesfloor). This is mainly due to more efficient electricity use, reduced gas leaks from refrigeration and better waste recycling levels. We achieved this reduction despite the addition of around 18,000 of emissions (as last year) from transport activities previously conducted by suppliers, which have now been brought in-house and into our emissions.

In addition to sourcing renewable green tariff electricity, we've offset our remaining global gross emissions for 2013/14 through the purchase and retirement of high quality carbon offsets to remain carbon neutral. For future years we've also signed-up to support UNICEF's new carbon offset project, which will provide social benefits to families in Bangladesh as well as savings in carbon emissions.

M&S CO₂e Emissions

	2006/07 000 t CO ₂ e	2013/14 000 t CO ₂ e	% change
UK and the RoI			
Direct emissions from operations (scope 1)	245	168	-31
In-direct emissions from operations (scope 2)	367	313	-15
Total scope 1 and scope 2 emissions	612	481	-21
Other in-direct emissions including waste, business travel and energy and fuel (scope 3)	86	52	-40
Total Gross emissions	698	533	-24
Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor	51	32	-37
Other International locations			
Direct emissions from operations that may require future adjustment (scope 1)	N/A	1	
In-direct emissions from operations (scope 2)	N/A	26	
Total scope 1 and scope 2 emissions	N/A	27	
Other in-direct emissions including energy and fuel and estimated waste and business travel (scope 3)	N/A	6	
Total Gross emissions	N/A	33	
Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor	N/A	14	
M&S global operations			
Direct emissions from operations (scope 1)	N/A	169	
In-direct emissions from operations (scope 2)	N/A	339	
Total scope 1 and scope 2 emissions	N/A	508	
Other in-direct emissions including waste, business travel and energy and fuel (scope 3)	N/A	58	
Total Gross CO₂e emissions	N/A	566	
Total Gross CO₂e emissions tonnes/1,000 sq ft of sales floor	N/A	30	
Total of renewable electricity sourced	N/A	302	-
Carbon offsets	0	264	
Total NET CO₂e emissions	N/A	0	-

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 2013 and Bitzer Report 17 for additional refrigeration gases. This includes all the activities where we have operational control. It excludes all non-metered premises and shopping service contract supplies. Renewable electricity tariffs have been calculated in accordance with the revised draft guidelines published by Defra in February 2014. 2013/14 is the first year we have calculated emissions for our international operations outside of the UK and RoI and includes estimates for refrigeration and air-conditioning gas leakages as well as waste and business travel.

A more detailed breakdown of emissions, risks and mitigations has been disclosed via the Carbon Disclosure Project. See cdp.net

80

UK and RoI energy efficiency^{(1)**}

Aim: Improving energy efficiency in UK and RoI stores, offices and distribution centres by 35% per sq ft by 2015.

81

UK and RoI energy efficiency^{(2)**}

Aim: Improving energy efficiency in UK and RoI stores, offices and distribution centres by 50% per sq ft by 2020.

Progress: On plan This commitment has been extended with a new 50% reduction target to be achieved by 2020. This year, we've improved total energy efficiency across our stores, offices and warehouses by 34% to 37.6 kWh per sq ft (2006/07: 57.4 kWh per sq ft).

We improved store energy efficiency by 33% to 45.3 kWh per sq ft compared to 2006/07 (67.9 kWh 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 (48.9 kWh per sq ft before adjustment). In 2013/14 we installed improved lighting schemes in over 60 stores and carried out a series of 'small but significant' improvements in around 180 stores.

We improved energy efficiency in our warehouses by 37% at 16.6 kWh per sq ft (2006/07: 26.4 kWh per sq ft). Much of this improvement is due to the opening of a large new General Merchandise warehouse. Energy use in our offices was improved by 20% at 39.6 kWh per sq ft (2006/07: 49.4 kWh per sq ft).

Energy efficiency: Total store, office and warehouse energy usage in kWh per sq ft

2006/07 Actual	2013/14 Actual	2015 Target	% change
57.4	37.6	37.3	34

82

International energy efficiency**

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: On plan This is a new commitment. For the first time, we've collated energy data for M&S operated stores outside the UK and RoI. In total we operate or are in joint-ventures in 19 other countries. Around a third of these stores' total footage uses energy provided by the landlord and is outside our operational control. We've only included the energy and footage where we have operational control.

This has given us a 2013/14 baseline of approximately 28 kWh per sq ft, much lower than our UK and RoI stores.

83

Renewable electricity

Aim: Ensure electricity purchased for M&S operated stores and offices in the UK and RoI is from renewable sources.

Progress: On plan This new commitment reflects recent changes in UK Government rules, which now allow some high quality renewable electricity tariffs to count towards a reduction in our net calculated carbon emissions. To understand how these changes affect our calculated net emissions, read our commitment on 'Carbon neutral operations'.

This year, all the electricity we purchased for our stores and offices in the UK and RoI as well as for our General Merchandise warehouses came from green tariff renewable sources.

84

Small-scale electricity

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

Progress: On plan This is a new commitment. This year, around 197 GWh equivalent to 28% of the electricity we used came from small-scale generators, supported through our contracts.

85

Bio-methane

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: On plan This new commitment should be in place next year, reflecting recent changes in UK Government policy that allow the sourcing of bio-methane gas to count towards a reduction in our calculated net carbon emissions.

86

Fuel efficiency**

Aim: Achieving a 35% improvement in fuel efficiency in our UK and RoI Food deliveries to stores by 2015.

Progress: On plan This is an existing commitment. This year, fuel efficiency for our Food store deliveries was 1,746 litres per store, down by 32% compared with 2,556 litres per store in 2006/07.

We've merged a number of General Merchandise transport activities into a single fleet, for example collections from suppliers and trunking of products between warehouses. Consequently, we can no longer calculate a separate store efficiency delivery measurement. We believe that our efforts to meet the commitment on 'Logistics Carbon Footprinting' will help us to develop an alternative measurement of efficiency for the future.

87

Store refrigeration – emissions**

Aim: Reduce UK and RoI store refrigeration gas carbon emissions by 80% by 2020.

Progress: On plan We've extended this commitment, adding a new 80% reduction target with a 2020 end date. This year, our emissions from refrigeration and air-conditioning were 41,000 t CO₂e, down by 68% compared with 129,000 t CO₂e in 2006/07. Allowing for increases in store footage, emissions were down 73% at 2.5 t CO₂e per 1,000 sq ft (2006/07: 9.4 t CO₂e per 1,000 sq ft). We've achieved these reductions by improving maintenance and introducing less damaging R407a HFC gases in 1,743 store systems.

Store refrigeration and air-conditioning emissions in tonnes CO₂e per 1,000 sq ft

2006/07 Actual	2013/14 Actual	2020 Target	% change
9.4	2.5	1.9	73

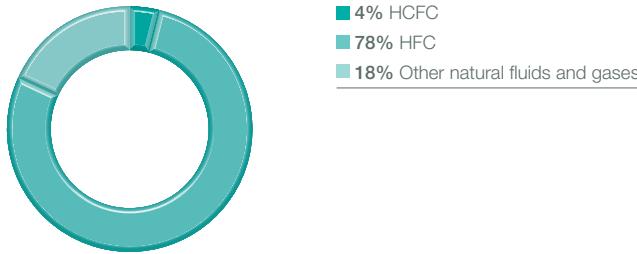
88

Store refrigeration – replacing HFCs**

Aim: To use carbon dioxide in all new UK and RoI refrigeration system installations and replace HFCs by 2030.

Progress: On plan Progress: This is an existing commitment. We've now installed carbon dioxide refrigeration systems in 78 stores, five of which use no HFCs at all.

Refrigeration and air-conditioning gases in use in M&S UK and RoI stores



89

Store refrigeration – doors

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

Progress: On plan This is a new commitment. This year we installed doors on refrigerators in our new store in Holland. We've also developed several options for trial in the UK next year.

90

Reduce business flights

Aim: To reduce business flights by an average of 20% per UK employee by 2014.

Progress: Achieved We've achieved this commitment after an additional year. This year, we took an average of 0.24 flights per UK Full Time Equivalent employee, a reduction of 43% on our 2007/08 starting-point of 0.42 flights.

91

Embodied carbon in buildings

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: On plan This new commitment builds on lessons learned through previous embodied carbon reduction projects. Embodied carbon is the amount of energy or carbon used to make materials like steel, concrete, tiles, plaster board and other building materials.

We've reviewed lessons learned at our Sustainable Learning Stores and are currently commissioning a project to determine ways in which we could measure and set targets to reduce embodied carbon.

Building in efficiency

92

No waste to landfill – operations**

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: Achieved/ongoing This commitment has been extended to cover all M&S operated activities worldwide. In 2014 we were certified to the Carbon Trust's Waste Standard for the UK and RoI as the first retailer to hold all three standards (the others being on Carbon and Water).

In 2013/14, we again recycled 100% of the waste generated in our UK and RoI stores, offices and warehouses (2008/09: 41%). Although still down compared to the 2008/09 baseline, our total waste increased by 11%. We attribute this to activities supporting growth in our food sales.

At present, we cannot report on waste from our other International locations.

UK and RoI store, office and warehouse waste

	2008/09	2012/13	2013/14	% Change on 08/09
Total waste (000 tonnes)	116	83	92	-21
Waste sent to landfill (000 tonnes)	69	0	0	-
Waste recycled (000 tonnes)	47	83	92	96
% recycled	41%	100%	100%	-

93

No waste to landfill – construction**

Aim: Maintain zero waste to landfill for M&S construction activities in the UK and RoI.

Progress: Achieved/ongoing This is an existing commitment. In 2013/2014, no waste from our construction activities was sent to landfill.

94

Reduce General Merchandise transit packaging

Aim: Reduce UK and RoI General Merchandise transit packaging waste by 25% by 2015.

Progress: On plan We haven't made any further progress on this commitment but have identified possible reductions across eighteen General Merchandise product departments, to be implemented next year.

95

Reduce home delivery packaging

Aim: Reduce UK and RoI home delivery packaging by 25% in weight by 2015.

Progress: On plan We've lowered the target for this commitment. We've not been able to make further progress whilst we wait for an opportunity to re-visit the way we use polythene and cardboard packaging. All the packing activities for our home delivery services will be brought together at a single location from next year when we believe we will be able to make further reductions.

96

Water usage**

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: On plan We've extended this commitment, adding a new 35% reduction target to be achieved by 2020. In 2014, we were certified to the Carbon Trust's Water Standard for the UK and RoI as the first retailer to hold all three standards (the others being on Carbon and Waste).

We reduced our UK and RoI store, office and warehouse water usage in 2013/14 by 27% at 49 litres per sq ft (2006/07: 67 litres per sq ft) based on a combination of utility bill data and our own Automatic Meter Readings (AMRs). The same progress as last year. By April 2014 nearly all M&S operated UK and RoI stores were connected to water usage AMRs.

Total UK and RoI usage was 1,145,016 m³, down by 10% (2006/07: 1,266,704 m³). Because we've only recently started to monitor water usage in our warehouses, we've used 2007/08 as our baseline for Food and 2009/10 as our baseline for General Merchandise warehouses.

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

Total UK and RoI store, office and warehouse water efficiency in litres per 1,000 sq ft

2006/07 Actual	2013/14 Actual	2020 Target	% change
67	49	44	27

97

Environmental leasehold clauses**

Aim: We will include environmental leasehold clauses covering energy, water and waste in all new relevant UK 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: On plan This is a new commitment. Since the start of 2013/14 we have included environmental leasehold clauses in all new UK relevant leases and to existing contracts for 58 stores. We intend to evaluate and report on the impact of these clauses in existing contracts from next year.

98

Extend construction initiatives

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: On plan This is a new Plan A commitment replacing our target on UK Sustainable Learning Stores. We're currently trialling some of the most successful features, including heat reclaim, energy efficient light emitting diode (LED) lighting and living walls (irrigated via rainwater harvesting) at four existing Simply Food stores across the UK. We are conducting a post implementation review to help us decide the best way to retrofit sustainable features into our existing stores.

99

Store development assessments

Aim: From 2015, all store development investment over £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: On plan This new commitment should help us make more informed decisions about which new sustainability features we can and should include in new and refurbished stores. We've trialled whole-life-costing for two stores. We're still developing ways to incorporate climate change risk and building accreditation standards into our processes.

100

Number of Plan A shop fit items

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: On plan This is a new commitment to build on the Sustainable Designers Guide that we published in 2013, recognising that our shop fit material specifications and design decisions are an opportunity to reduce our impacts. We're currently developing our plans to identify relevant and robust Plan A qualities and ways to measure progress. We will evaluate both our in-store surface finishes for floors, walls and ceilings as well as much of the loose equipment we buy to fit them out.

Plan A Governance

The new guiding principles of the M&S brand are: Inspiration, Intouch, Integrity and Innovation. Our reputation rests on the quality of our relationships with customers, employees, partners, suppliers and local communities.



Robert Swannell
Chairman

Managing How We Do Business

Our How We Do Business Executive Committee meets every two months to provide leadership and alignment with our wider business strategy. Our Chief Executive, Marc Bolland, chairs the committee, which includes all our Executive Directors plus 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 How We Do Business Operating Committee meets every month to ensure that social, environmental and ethical issues are integrated into our everyday activities. It reviews our progress against Plan A Commitments and the way in which we manage risks.

Working together with a small team of social, environmental and ethical specialists, our Director of Plan A, Mike Barry, supports all Plan A governance activities. His team focuses on developing policies and solutions, building stakeholder relationships and managing risks.

Integrating Plan A

Our Director of Plan A oversees Plan A implementation, budget management and co-ordination. Plan A managers and specialists on relevant issues, including health and safety and supply chain social compliance, work in our Food, General Merchandise, Retail, Finance, Property, Logistics, International and HR functions. Plan A Champions co-ordinate action across our stores and offices.

"As we strive towards our ambition of becoming a sustainable, international multi-channel retailer, we have to ensure that we have the right skills, experience and stakeholder relationships to equip us for the future."

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 management succession programme, Lead to Succeed, also includes a Plan A project module.

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, corporate reputation and operational and supply chain continuity. Information about our approach to risk management and our principal risks and uncertainties is included in our 2014 Annual Report.

Our Plan A 2020 commitments were developed and refined to ensure that they address our principal social and environmental risks. These were assessed against the materiality matrix shown on page 34. All commitments are assured and the most important 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. During 2013, we became certified to the

ISO 50001 Energy Management standard for our stores in the UK and ROI. We have 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 and Anti-Bribery Policy. Any breaches are reported to the Audit Committee.

Plan A risk profile 2014

This table summarises the key changes to our social and environmental risks over the past 12 months:

- The frequency and impact of extreme weather in the UK and globally continues to demonstrate the significance of climate change and associated stresses on water, land use and energy security.
- Within the retail and branded clothing sectors there is ongoing civil society and policymaker concern about supply chain management and transparency.
- For M&S, overall sustainability risks remained broadly unchanged with actions on Plan A continuing to mitigate social and environmental risks.
- New and potentially increased risks were reviewed as part of the development of Plan A 2020 in 2013/14, prompting increased activity on youth employment, supply chain management, transparency, operational efficiency and the development of new business models.
- To reflect the growing importance of our international business, Plan A is now starting to cover M&S operated and joint-venture operations.

How We Do Business committees

The team behind Plan A

			
1. Marc Bolland Chief Executive Officer ▲	2. Alan Stewart Chief Finance Officer ▲	3. Patrick Bousquet-Chavanne Executive Director, Marketing and Business Development ▲	9. Paul Willgoss Director of Technology, Food Division ▲ ■
			10. Mike Barry Director of Plan A ▲ ■
5. John Dixon Executive Director, General Merchandise ▲	6. Steve Rowe Executive Director, Food ▲	11. Dominic Fry Director of Communications and Investor Relations ▲ ■	11. Adam Elman Head of Global Delivery – Plan A (and Secretary) ▲ ■
			12. Tanith Dodge Director of Human Resources ■
7. Krishan Hundal Director of Technology, General Merchandise ▲ ■	13. Rob Weston Director of Brand and Marketing ■	14. Heather MacRae Corporate Governance ■	13. Chris Taylor Director of Retail Operations ■
			15. Carmel McQuaid Head of Sustainable Business ▲ ■
			
17. Carmel McQuaid Head of Sustainable Business ▲ ■			

Key

- ▲ Denotes member of How We Do Business Executive Committee as of May 2014
- Denotes member of How We Do Business Operating Committee as of May 2014

Sustainable Retail Advisory Board

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



What our Advisory Board has told us

Our Advisory Board was formed in 2011. The people on it possess a wide diversity of skills, experience and perspectives, allowing them to provide rigorous and informed challenge to our plans.

Throughout the year, the primary focus of the Advisory Board's feedback has been on the development of Plan A 2020 which has evolved through a number of iterations. Overall, they were very supportive of our approach to create a closer integration of Plan A with the way that the M&S brand is projected. This was felt to be the most aspirational way to engage customers in social and environmental issues. Over the year, the future development of the M&S brand became the most important factor in how Plan A 2020 is structured and developed. And consequently, much of the Advisory Board's deliberations focused on this.

As part of these discussions, the Advisory Board drew on their own experience to advocate an approach that is confident but acknowledges the need for improvement. They encouraged us to be bold and take a position of leadership on challenging issues such as employment standards in clothing factories. In particular, their view was that the new pillar called Integrity will be critical to the progress of Plan A as well as the

M&S brand as a whole. This will require continued strong governance, the involvement of external stakeholders and transparent reporting.

Their view was that, once developed, communicating this new approach effectively to customers, employees and other stakeholders will be critical to its success. We also had discussions about the role of transparency and reporting and the challenges that this can sometimes create.

The role of M&S 'leading with others' was also a significant part of our discussions. The Advisory Board were very supportive of M&S working in collaboration with other companies and organisations to provide a greater scale of action to address key issues. Examples, including the founding of Movement to Work to address youth unemployment as well as activities conducted with the World Economic Forum and Consumer Goods Forum on product related sustainability issues were discussed.

All these views and perspectives have contributed to the development of Plan A 2020.

About this report

This is our eleventh annual report on our social and environmental performance. Published in June 2014, it covers our financial year from April 2013 to March 2014.

Audience

Many stakeholders have an interest in our social and environmental performance. To make sure our report serves the needs of a varied audience, we've tried to provide a balance of detailed data as well as easy-to-read performance summaries. The report has been written primarily for an external audience, although we share the information it contains with employees and customers in different formats. You can find more information about all our commitments at: plana.marksandspencer.com

Report structure

The Plan A Report 2014 is structured differently to previous reports, reflecting the way in which we intend to communicate social and environmental matters with our customers, employees and other stakeholders in the future. The first section contains senior management commentaries on our progress and challenges; the second section provides a systematic update against the 100 commitments contained in our new Plan A 2020, under four headings: Inspiration, Intouch, Integrity and Innovation. The report also explains how we manage social and environmental issues through our Governance structure. Independent review in the form of commentary, assurance and recognition is included at the end of the report.

Scope

This report focuses primarily on our UK and ROI business, which accounted for over 90% of our turnover in 2013/14 but for the first time also includes information relating to M&S operated activities and joint-ventures overseas. It includes all M&S products but not the small proportion of non-M&S products that we sell. The report does not contain operational information relating to M&S Bank (operated by HSBC) M&S Energy or M&S stores operated under franchise.

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. There were no significant structural changes to our business during 2013/14. Most of the data and statements in this report relate to the financial years 2013/14 and 2006/07 (the baseline year prior to Plan A). Where target completion years are stated as 2015 or 2020 these are generally taken as meaning by 31 March in that year. To ensure consistency we have included some calendar year data, which has already been shared with other stakeholders. This data is marked with an asterisk*. Where we refer to significant events which occurred after the end of the 2013/14 financial year, we have quoted a date.

We have re-calculated and re-stated our baseline carbon emissions using DEFRA/DECC's 2013 Greenhouse Gas Reporting Guidance. Renewable electricity tariffs have been calculated in accordance with the revised draft guidelines published by Defra in February 2014. Under UK legislation the year 2013/14 has become a mandatory baseline for subsequent reporting of carbon emissions.

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 2014 for the period commencing 1 April 2013 to 31 March 2014 with a commitment to maintain carbon neutrality at least up to 31 March 2015. This means that in addition to significantly reducing emissions and purchasing renewable electricity tariffs compliant with draft DEFRA guidelines published in February 2014, 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: plana.marksandspencer.com

Report technical standards

We have used our new Plan A commitments to structure this report. To provide a common point of reference we have also used the Global Reporting Initiative fourth generation framework, G4 as a secondary index. GRI G4 references can be found on page 39.

Legal compliance

We had no environmental or health and safety prosecutions in 2013/14. At the inquest held in November 2013 into an incident that occurred at our Tunbridge Wells store in 2012, the jury reached a verdict of Accidental Death. The coroner made no suggestion of any wrongdoing by M&S and no action was taken against the company.

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 have developed and updated our Plan A sustainability programme with the help of stakeholders in order to address our key social and environmental challenges. This most recent version of Plan A is launched in this report and was used to determine the materiality of the issues that it covers.

Plan A commitments were further assessed for materiality by M&S management, who 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 according to direction from Ernst & Young. Around forty commitments were rated as being of 'high importance to stakeholders' and either 'high or medium importance to M&S' (see below). Ernst & Young have been commissioned to provide independent assurance using both AA1,000 AS and ISAE 3000 standards on these commitments, which are denoted by** in the performance section of this report. See the assurance statement on pages 37–38. All other commitments were subject to review and assurance provided by Marks & Spencer Internal Audit and Plan A team.

You can find further information on our social, environmental and ethical policies at: plana.marksandspencer.com

M&S Annual Reports

Our 2014 Annual Report contains a comprehensive review of our financial performance and governance. It is published online, along with this report. Both can also be downloaded in PDF, large font and sound versions at annualreport.marksandspencer.com

Materiality – which Plan A 2020 commitments are most important?

Importance to stakeholders	High Frequently featured in the media, raised by key stakeholders or in key sustainability benchmarks	Medium Sometimes featured in the media, raised by stakeholders or in some sustainability benchmarks	Low Infrequently in the media, raised by stakeholders or in sustainability benchmarks	Importance to M&S
Importance to stakeholders	Internally assured	Independently assured	Independently assured	Importance to M&S
Importance to stakeholders	Internally assured	Internally assured	Internally assured	Importance to M&S
Importance to stakeholders	Internally assured	Internally assured	Internally assured	Importance to M&S
Importance to stakeholders	Low Part of Plan A supporting business strategy for a small part of M&S operations	Medium An important part of Plan A supporting business strategy for specific M&S operations	High An important part of Plan A supporting business strategy for a large part of M&S operations	Importance to M&S

Stakeholder relationships

To ensure that Plan A remains relevant we listen to our stakeholders. This table summarises how we listen and what we've heard over the last twelve months.

Our stakeholders	How we listen	What they've told us
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 	Our customers have participated in a wide range of Plan A activities. They would like us to make it easier for them to make informed decisions and would like to see more transparency on where and how products are made.
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 	Our colleagues have welcomed our move towards local fundraising and have made suggestions about ways to reduce food waste.
Shareholders	<ul style="list-style-type: none"> – Annual General Meeting – Meetings with institutional investors – Survey of institutional investors – Ethical investment surveys 	Shareholders have been involved in activities on Integrated Reporting and Natural Capital Accounting. There has been a significant increase in the number of questions we've received from investors about how social and environmental activities are measured and reported.
Suppliers	<ul style="list-style-type: none"> – Supplier conferences – Tendering processes – Supplier Exchange website and network – Visits and meetings – Agricultural Shows 	Our suppliers continue to work closely with us on Plan A and in particular our newly launched Global Community Programme.
Government and regulators	<ul style="list-style-type: none"> – Meetings – Dialogues with trade associations – Responses to consultations – Plan A stakeholder conferences 	Policymakers have focused on supply chain management, reporting and a small number of iconic issues such as carrier bags and food packaging.
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 	NGOs continue to be concerned about supply chain management, transparency, living wage, food waste, reporting and the impacts of climate change. They look to M&S to show leadership and to collaborate in order to achieve progress.

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:
plana.marksandspencer.com

Commentary from Jonathon Porritt

**Jonathon Porritt**

Founding Director, Forum for the Future

Plan A is now in its third iteration. That makes it a bit of a survivor; a pretty resilient sustainability brand in its own right.

Yet it's a brand that is still known to relatively few people. Within the sustainability world (particularly the world of corporate sustainability), it's very well known. That's a tiny number of people, numerically, but with a long reach. Amongst M&S suppliers, it's also well known, simply because M&S is working more closely with its suppliers to go on improving its own performance. Amongst M&S investors, it's reasonably well known, not least because it makes such a substantive contribution, year on year, to net profits. And the 86,000 M&S employees sort of get Plan A, but not all of them, and not with the kind of passion that's needed.

However, amongst M&S customers, it still has very little visibility, let alone real behaviour-changing traction. And that's been a big problem for a number of years, simply because M&S needs its customers to understand what's being done in the name of Plan A, to feel positive about it, and (perhaps most importantly) to want to be part of the Plan A story themselves.

That all looks more attainable today than has been the case in the past. The M&S 'masterbrand' is itself going through a major rethink – and Plan A will be at the heart of that masterbrand.

"The M&S 'masterbrand' is itself going through a major rethink – and Plan A will be at the heart of that masterbrand."

In truth, Plan A has always been somewhat tangential to the M&S brand, pretty much since its inception, which meant that much of the marketing and communications around Plan A felt somehow semi-detached, a bit episodic. And that's the main reason why relatively few M&S customers had any kind of contact (let alone relationship) with Plan A.

Why does that matter? From my perspective, more than 50 years since "the environment" first became a matter of public concern, it can get really depressing hearing about consumers still being confused about what sustainability means. Or still uncertain whether or not what they do, as individuals, actually makes a difference. What's more, many consumers remain very sceptical about the "sincerity of intent" with which companies are playing their part in creating a more sustainable world.

But behind all those rather negative reactions, every consumer survey or opinion poll in this area shows strong, steady interest on the part of consumers in living more sustainably. And there's plenty of enthusiasm out there for the idea of corporate leadership on the part of those companies or brands they really trust.

This tells me they're on the case in principle if not always in practice. Which tells me in turn that M&S has a phenomenal opportunity to use Plan A to inspire, empower and enable its millions of consumers to take their own sustainability journey to the next stage.

And this is also the moment to take to scale a number of current Plan A initiatives. For instance, the Advisory Board which I Co-Chair together with Marc Bolland is hugely supportive of the "Movement to Work" project for young unemployed people. This was initiated by M&S, taken up by a group of major companies engaged with by M&S, and now reaching out to hundreds of their suppliers. Marks and Start was always a great scheme; but Movement to Work has ensured a far greater reach and impact.

There are only so many of these "big ideas" that a company like M&S can pursue. But there are now more of them in the pipeline, promising much in terms of the huge contribution that M&S continues to make in securing a more sustainable world.

Jonathon Porritt

Jonathon Porritt is Founder Director of Forum for the Future
www.forumforthefuture.org

Independent assurance statement

To the management of Marks and Spencer Group plc

The Marks & Spencer Plan A Report 2014 (the Report) has been prepared by the management of Marks & Spencer Group plc, which is responsible for the collection and presentation of the information within it. Our responsibility, in accordance with management's instructions, is to carry out a 'limited level' assurance engagement on the report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000¹ and to meet the requirements of a Type 2 assurance engagement as defined by AA1,000AS (2008)². The AA1,000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness have been used as criteria against which to evaluate the Report.

In order to form our conclusions we undertook the steps outlined below:

1. Reviewed progress made in relation to selected Plan A commitments.

Included within our review were the following commitments:

Integrated Plan A marketing, Identifying Plan A products, My Plan A, Customer clothes recycling, Eat Well, Youth employment at M&S, Youth employment outside M&S, Marks & Start, Marks & Start International, Employee diversity, Global Community Programme, General Merchandise living wage, Products with Plan A qualities, M&S food nutritional content, Environmentally efficient food packaging, Leather tanning & dyeing, Sustainable cotton 1, Sustainable cotton 2, Sustainable wood, Food sustainable key commodities, Responsibly farmed fish, Sustainable food factories, M&S Farming for the Future, Chemical and effluent management in dyeing, Transparency, Clothing supply base list, General Merchandise traceability, Partnership benefits, Reported data (UK and ROI Health and Safety, Supplier social compliance assessments, wild fish sourcing), Food waste, General Merchandise Sustainable Learning Products, Logistics carbon footprinting, Carbon neutral operations, UK and ROI energy efficiency – Part 1, UK and ROI

energy efficiency – Part 2, International energy efficiency, Fuel efficiency, Store refrigeration – emissions, Store refrigeration – replacing HFCs, No waste to landfill – operations, No waste to landfill – construction, Water usage, Environmental leasehold clauses.

2. Reviewed Marks & Spucer's approach to stakeholder engagement

through interviews with management and employees. Our discussion with employees focused on the following areas: Chemical and effluent management in dyeing; Transparency; and Responsibly farmed fish. We also reviewed selected associated documentation on stakeholder engagement, including meeting minutes from Marks & Spencer's Sustainable Retail Advisory Board.

3. Reviewed the coverage of material issues

within the Report against key issues and areas of performance covered in external media reports and the sustainability reports of Marks & Spencer's peers; selected outputs from stakeholder engagement activities; and the topics discussed by Marks & Spencer's Plan A Governance forums.

For the selected Plan A commitments (listed above and denoted by ** in the report) we:

4. Interviewed a selection of Marks & Spucer managers responsible for managing progress towards the commitments

to understand current performance and the mechanisms for measuring progress.

5. Reviewed relevant documentation

such as guidance documents, status reports, meeting minutes and independent third party reports, for consistency with claims of progress made.

6. Reviewed the Report for the appropriate presentation of the data

including the discussion of limitations and assumptions relating to the data presented.

Level of assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

The limitations of our review

- We have not tested source data used to compile Group-level performance updates on the Plan A commitments.
- We did not interview Marks & Spucer employees at stores or warehouses.
- Our assessment of materiality has focused on the topics addressed by Marks & Spucer's Plan A.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Inclusivity

Has Marks & Spucer engaged with stakeholders to seek feedback on and refinement of Plan A?

- We are not aware of any key stakeholder groups which have been excluded from engagement.
- We are not aware of any matters that would lead us to conclude that Marks & Spucer has not applied the inclusivity principle in developing its approach in relation to Plan A.

Materiality

Has Marks & Spucer provided a balanced representation of material issues concerning its performance against Plan A?

- We are not aware of any material aspects concerning Marks & Spucer's performance against Plan A which have been excluded from the report.
- Nothing has come to our attention that causes us to believe that Marks & Spucer management has not applied its processes for determining material issues to be included in the report, as described on page 34.

¹ ISAE 3000 – International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

² AA1,000AS (2008) – The second edition of the AA1,000 assurance standard from the Institute of Social and Ethical Accountability.

Responsiveness

Has Marks & Spencer responded to stakeholder concerns and feedback on Plan A?

- We are not aware of any matters that would lead us to conclude that Marks & Spencer has not applied the responsiveness principle in considering the matters to be reported with regards to the performance update on Plan A.

Completeness and accuracy of Performance Information

How complete and accurate are the performance data and claims for the selected Plan A commitments (listed above and denoted by ** in the report).

- Nothing has come to our attention that causes us to believe that the data relating to the selected Plan A commitments has not been collated properly from Group-wide systems.
- We are not aware of any errors that would materially affect the data as presented in the report for the selected Plan A commitments.
- We have reviewed the performance update against the selected Plan A commitments and we are not aware of any misstatements in the assertions made.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to Marks & Spencer management. Selected observations are provided below. These observations do not affect our conclusions on the report set out above.

- Marks & Spencer has launched a new version of Plan A this year, which consists of existing commitments from previous years and a range of new commitments in areas such as Plan A marketing and employability. Marks & Spencer has set out broad aims for several of its new commitments and reported the internal governance and processes it has initially implemented to deliver against them. Examples include the Global Community Programme, food waste and M&S Farming for the Future. In future years, Marks & Spencer will need to clearly define the outcomes to be achieved from these commitments and ensure that it can measure progress towards these outcomes with meaningful metrics.

- Marks & Spencer continues to make progress on its existing commitments and several have been extended with new targets to drive additional performance improvements across the business. Examples include UK and RoI energy efficiency and water usage. Some other existing commitments retain the same targets, but have extended the timeframe for achievement. Examples include sustainable wood and customer clothes recycling. For these commitments, we encourage Marks & Spencer to consider how it will describe its position on these commitments in the future if ultimately they are too challenging to meet.
- For some commitments in the new version of Plan A, it is not clear who is ultimately responsible for achieving and maintaining the commitment. This is the case for both existing commitments such as general merchandise living wage and new commitments such as clothing supply base list. We would encourage Marks & Spencer to ensure all commitments have clear owners with accountabilities for delivery. This is important in ensuring commitments, whether previously achieved or on plan, continue to progress.
- This year Marks & Spencer has described new commitments and modified existing commitments to incorporate its international operations. Examples include international energy efficiency, water usage and zero waste to landfill operations. Marks & Spencer undertook a wide programme of activity to educate international staff on how best to gather and report environmental data. As a result, they succeeded in collecting actual energy data from the majority of international stores and offices where they have operational control. Work is continuing to establish processes for gathering water and waste data from these sites and we encourage Marks & Spencer to develop a clear approach for estimating in the future if ultimately it proves too challenging to gather actual data.

Our independence and experience

This is the eleventh year Ernst & Young LLP has provided independent assurance services in relation to Marks & Spencer's Plan A Report. We have provided no other services relating to Marks & Spencer's reporting of social, environmental and ethical matters.

Our assurance team has been drawn from our global environment and sustainability network, which undertakes similar engagements to this with a number of significant UK and international businesses.

Ernst & Young LLP
London
May 2014

Global Reporting Initiative G4 Content Index

General Standard Disclosures

	GRI Reference	Inclusion	Page
Strategy	1	Yes	1
	2	Yes	AR
Profile	3, 4, 5, 6, 7	Yes	IFC
	8, 9	Yes	AR
	10	Partial	24
	11	Yes	W
	12, 13, 14, 15, 16	Yes	33
Defining materiality	17, 18, 19, 20, 21, 22, 23	Yes	33
Stakeholder engagement	24, 25, 26, 27	Yes	35–36
Report profile	28, 29, 30	Yes	33
	31	Yes	35
	32	Yes	39
	33**	Yes	37–38
Governance	34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46	Yes	30–32
	47, 48, 49	Yes	AR
	41, 44, 51, 52, 53	Yes	AR
	54, 55 (re-numeration data in AR)	No	
Ethics and integrity	56	Yes	36
	57, 58	Yes	W

Specific Standard Disclosures

Economic	EC1, EC3	Yes	AR
	EC2	Yes	CDP
	EC4, EC7, EC8, EC9	N/A	
	EC5, EC6	No	
Environment	EN1**, EN2	Partial	20
	EN3**	Yes	50 (908 gWh)
	EN5**, EN6**, EN15** to EN19**, EN30**	Yes	26–28
	EN4**, EN7	Yes	CDP
	EN8**, EN12**	Yes	29
	EN23**	Yes	28
	EN27**, EN28**	Yes	19–21
	EN29	Yes	33
	EN32**, EN33**, EN34**	Yes	21–22
	EN9, EN10, EN11, EN13, EN14, EN20, EN21, EN22, EN24, EN25, EN26	N/A	20–21
	EN31	No	
Employment	LA2, LA4, LA5	Partial	W
	LA6**, LA9**, LA12**	Yes	23
	LA11	Yes	W
	LA14**, LA15**	Yes	23
	LA1, LA3, LA7, LA8, LA10, LA13, LA16	No	
Human rights	HR1**, HR10**	Yes	23
	HR3** to HR6**, HR11**	Partial	23
	HR7, HR8, HR9	N/A	
	HR2, HR12	No	
Community	SO1	Yes	17–18
	SO4	Yes	30
	SO6	Yes	AR
	SO9**, SO10**	Partial	23
	SO2, SO3	N/A	
	SO5, SO7, SO8, SO11	No	
Products	PR1**, PR3**	Partial	19
	PR5	Yes	AR
	PR6	N/A	
	PR2, PR4, PR7, PR8, PR9	No	

Independent recognition

Since we launched Plan A in 2007 we have received over 190 awards covering all aspects of sustainability. These pages show the most recent.

2012 – 2014

People And the Environment (PEA) Business Awards
2012 Retail Award

Ethisphere 2012
World's Most Responsible Companies

Forest Footprint Disclosure Project
2012 Best General Retail Sector Performer

Business in the Community Corporate Responsibility Index
Platinum Plus performer 2011

New Energy Awards
2012 Retailer of the Year (for energy efficiency)

The Times
2012 Top 50 Employers for Women

Corporate Register
2012 Relevance and materiality

Corporate Register
2012 Openness and honesty

Queens Award for Enterprise
2012 Sustainable Development

Business in the Community National Awards for Excellence
2012 Responsible Supply Chain Big Tick

Rainforest Alliance Honorees
2012 Sustainable Standard-Setter

European Business Awards for the Environment
2012 Award for Management

British Quality Foundation Awards
2012 Sustainable Future

CarbonClear carbon reporting
2012 Top FTSE 100 company

Retail Week Awards
2013 Best CSR Initiative (Shwopping)

The Guardian Sustainable Business Awards
2012 Supply Chain

Business in the Community Awards for Excellence
2012 Responsible Business of the Year

Ethical Corporation Responsible Business Awards
2012 Supply Chain Excellence

IR Magazine
2012 Best practice of corporate social responsibility

Royal Institute of British Architects
2012 White Rose Award
(Ecclesall Road store for sustainable design)

World Retail Award
2012 Joint-Winner for Responsible Retailer of the Year

Greenpeace sustainable tuna table
2012 Joint Top

Carbon Disclosure Project
2012 best retailer and only retailer in the global Carbon Performance Leadership Index

Newsweek Global 500 Green Rankings
2012 best retailer (10th overall)

PR Week Awards
2012 Consumer Marketing Communications (Shwopping)

Chartered Institute for Personnel and Development People Management
2012 Corporate Social Responsibility Award

Chartered Institute for Logistics and Transport Awards for Excellence
2012 Supply Chain Collaboration

Carbon Clear FTSE 100 carbon management performance
2012 top company

The National Business Awards
2012 Sustainability Award

PR Consultants Association Awards
2012 Corporate Social Responsibility (Shwopping)

Forest Footprint Disclosure Project
2013 Best General Retail Sector Performer

Ethisphere
2013 World's Most Responsible Companies

Drinks Retailing Awards
2013 Ethical Retailer of the Year

Sustain Magazine
2013 Award for Construction (Cheshire Oaks store)

Sustain Magazine
2013 Award for Retail Hospitality and Tourism (Cheshire Oaks store)

The Sustainable Cities
2013 Award for Sustainable Fashion

The Times
2013 Top 50 Employers for Women

Business in the Community Corporate Responsibility Index
Platinum Plus performer 2013

Business in the Community Excellence Awards
Platinum Big Tick 2013

The Environment and Energy Awards
2013 Sustainable Business of the Year

The Big Society Awards
2013 Award (Shwopping)

Retail Week Awards
2013 Best CSR Initiative (Shwopping)

PEA Business Awards
2013 Construction and building (Cheshire Oaks)

Resource Revolution Awards
2013 Closed Loop Exemplar (with Somerset Waste Partnership)

Guardian Sustainable Business Awards
2013 Built environment (Cheshire Oaks)

Which?
2013 Most Trusted Brand Award

Finance for the Future
2013 Large Business Awards

Business Responsibility Awards (India)
2013 Best Large Corporate Sustainability Endeavour

Business Green Leaders Awards
2013 Company of the Year

Chartered Institute of Personnel Development's Awards
2013 Health and Wellbeing

CarbonClear carbon reporting
2013 Top FTSE 100 company

Compassion in World Farming European Good Farm Animal Welfare Awards
2013 Best Retailer

Compassion in World Farming European Good Farm Animal Welfare Awards
2013 Best Performing Retailer

British Council of Shopping Centre Awards
2013 Sustainability Gold Winner (Cheshire Oaks)

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
2014 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)

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

The Times
2014 Top 50 Employers for Women

Ethical Consumer Magazine
2014 Most ethical High St clothing retailer

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

Business Charity Awards
2014 Overseas Project (UNICEF partnership)

Business Charity Awards
2014 Employment Scheme (with The Prince's Trust)





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