

Marks & Spencer
Waterside House
35 North Wharf Road
London W2 1NW
Tel: 020 7935 4422

Marksandspencer.com

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Ghgreporting@defra.gov.uk

Response to the consultation draft GHG emissions reporting regulations

Dear Ms Hopkins,

Marks & Spencer is one of the UK's leading retailers of high quality clothing, food and homeware with over 700 stores in the UK and a further 400 worldwide.

In 2007, we launched our Plan A sustainability programme designed to address the key environmental and social challenges for the retail sector and started to calculate and publish our GHG emissions in accordance with the WRI/ WBCSD GHG Corporate Accounting and Reporting Standard. We also have significant experience of calculating scope 3 emissions for our products and supply chains.

Whilst we support a move to mandatory GHG reporting, we are concerned about the inconsistency within the draft Regulations on defining the scope of emissions reported.

We support the use of a scope of GHG emissions consistent with the scope of the respective Annual Report but in itself this is insufficient to navigate the complex structures and ownership models of business. Activities which generate a company's turnover and profits are not necessarily the same activities which also generate emissions for which the company is accountable. For example, outsourcing, franchises, joint ventures, intellectual property rights and other contractual business partnerships will all generate GHG emissions for which other organisations are partly or wholly responsible.

It was for this reason that the WRI/ WBCSD developed the three approaches (operational control, financial control and equity share) to define organisational boundaries in the most appropriate way and avoid double counting. Of these three, 'operational control' and 'equity share' are the most commonly used. Marks & Spencer uses 'operational control'.

The Regulation should not seek to go beyond requiring a scope consistent within the Annual Report and then referencing suitable robust standards. On this basis we do not believe that data published through the CRCEE is a suitable standard because of its limited scope (i.e. it only includes energy used in UK buildings).

We also do not believe that GHG emissions for 12 months periods which are out-of-step with the rest of the Annual Report should be permissible as this data lacks the necessary context.

We have responded to the draft regulations (below) based on our experiences:

Part 2

7. Regulation 1

We support the proposal for a commencement date after financial years ending 1st October 2013 in order to provide sufficient time between the majority of company year- end dates (mainly March/ April or December/ January) and to be inconsistent with the introduction of new BIS regulations.

9. Regulation 1

We support the proposal to report Scope 1 and 2 emissions from Kyoto gases in CO2e within the Directors Report.

However, the methodology selected will also define the organisational boundaries of the emissions reported and therefore only appropriate methodologies/standards should be permitted. The vague term 'undertaken by the company' as currently used to define boundaries in the draft wording in regulation 3 should be deleted.

Value chain scope 3 emissions should be optional but referenced in line with the WRI/ WBCSD Corporate Values Chain (Scope 3) GHG Reporting Standard (or similar).

DEFRA should not attempt to re-invent or re-write these internationally developed and accepted standards.

Diagrammatical suggestions showing how the emissions data can be communicated should be provided. We have included our suggestion below:

	TY	Baseline	% inc/ dec
Direct (scope 1)	x	x	x
Electricity (scope 2)	x	x	x
Total of scope 1+2	x	x	x
Other (scope 3)	x	x	x
Net total (scope 1+2+3)	x	x	x
Carbon credits	x	x	x
Gross emissions	x	x	x
*Efficiency Index	x	x	x

*Can be shown as net or gross

10. Regulation 4

We support proposals that permit the use of a number of different methodologies as long as these are clearly stated. The regulations should define acceptable methodologies.

However, we would re-iterate that the methodology chosen will de-facto define the organisational boundaries of emissions reported.

DEFRA should not attempt to re-invent or re-write these internationally developed and accepted standards.

11. Regulation 5

The choice of methodology/ standard used will define the organisational boundaries and scope of emissions reported. Therefore we do not believe that data from the CRCEE is of an acceptable scope. This because it follows a unique UK-only calculation which is inconsistent with international standards and only includes energy used in building which in the retail industry only accounts for around 60% of reported emissions.

12. Regulation 6

We support the proposal for a carbon intensity ratio to be defined by the company. However, to allow comparison sectors should be encouraged to adopt common approaches. For example, the British Retail Consortiums A Better Retailing Climate has adopted CO₂e / (or metre) sq ft of sales floor.

13. Regulation 7

We support proposals for the reporting period to cover a clearly defined 12 month period set against a clearly defined baseline.

However, we believe that to provide adequate context and point of reference the 12 month period should be consistent with the Annual Report.