Marks and Spencer Group Plc.

Qualifying Explanatory Statement in support of PAS 2060:2014 self-certification

May 2017

Introduction

This document forms the Qualifying Explanatory Statement to demonstrate Marks and Spencer Group Plc. (M&S) has achieved carbon neutrality under the guidelines of PAS 2060:2014 and is committed to achieving carbon neutrality under the guidelines of PAS 2060:2014.

PAS 2060 Information Requirement	**Information as it relates to M&S**
Entity making PAS 2060 declaration:	Marks and Spencer Group Plc.
Subject of PAS 2060 declaration:	The stores, offices, warehouses and delivery fleets operated by Marks & Spencer in the UK, Republic of Ireland and internationally[1].
Description of Subject:	Marks and Spencer is one of the UK's leading retailers, selling high quality, great value clothing and home products as well as outstanding quality food. M&S has nearly 83,000 employees worldwide and over 1,300 stores.
Rationale for selection of the subject:	The scope and subject of this PAS2060 includes all emissions based on the operational control principle defined in the WBCSD / WRI GHG Protocol – Corporate Standard.
What type of conformity assessment has been/is to be undertaken?	Self-certification
Baseline date for PAS2060 programme	1st April 2011 – 31st March 2012
Achievement Period	1st April 2016 – 31st March 2017
Commitment Period	1st April 2017 – 31st March 2020

This Qualifying Explanatory Statement contains information pertaining to the subject's carbon neutrality. Any and all information herein is believed to be correct at the time of publishing. Should any information come to light that would affect the validity of the statements herein, this document will be updated to accurately reflect the current status of any carbon neutral statement made by M&S

Declaration of achievement of carbon neutrality

PAS 2060 Information Requirement	**Information as it relates to M&S**
State the period during which the entity is demonstrating achievement of carbon neutrality of the subject.	1st April 2016 – 31st March 2017
Gross carbon footprint of the subject for 1st April 2014- 31st March 2015:	Application period: Total: **526,348**tCO2e
Which method, as defined by PAS 2060, has been followed to achieve carbon neutrality?	Method 1 Demonstrating carbon neutrality
How have the reductions in GHG emissions during this period been achieved?	Internal reduction, procurement of renewable electricity and bio-methane gas in accordance with the WRI/ WBCSD Scope 2 Guidance published in 2014 and offsets.
Location of the GHG emissions report supporting this claim.	Appendix A of this document
Location of the details describing internal reductions achieved during the period.	Appendix B of this document
Location of the details describing procurement of renewable electricity and bio-methane gas achieved during the period.	Appendix C of this document
Location of the details describing the carbon offsets.	Appendix D of this document

Name of senior representative	Signature of senior representative
Mike Barry, Director Sustainable Business	
Date: **30th April 2017**	

Appendix A – Carbon Footprint Assessment

Greenhouse Gas Emissions –

CO_2e Scope and Definition		1[st] April 2015-31[st] March 2016
		Total tCO2e
1	Direct GHG emissions from vehicles/premises under control of Marks and Spencer Group Plc.	185,342
2	GHG emissions arising from the consumption of electricity on premises under control of Marks and Spencer Group Plc.	293,235
3	Other indirect GHG emissions	47,771
	Gross/ Location- based Total	**526,348**
	Credits resulting from the procurement of renewable electricity/ unstruments and bio-methane gas and the re-supply of electricity generated by M&S into the national grid.	**305,203**
	Net/ Market-based Total	**221,445**

Standard and methodology used

M&S categorises its Greenhouse Gas (GHG) Emissions as Scope 1, 2 or 3 as referred to in the WBCSD-WRI Greenhouse Gas Protocol (revised edition, dated March 2004) emissions in carbon dioxide equivalent (CO_2e) for Scopes 1 and 2 and selected Scope 3 are calculated using the conversion factors listed in the latest Guidelines to DEFRA/DECC's Greenhouse Gas Conversion Factors for Company Reporting (published in June 2014). Procured renewable electricity and gas is accounted in accordance with the WBCSD-WRI Scope 2 Guidance on procured renewable energy (2014).

Data Quality/Confidence

Data from GHG emissions sources contributing over 90% of the group footprint was obtained via direct metering or derived from fuel consumption, with appropriate National or International emissions factors applied. This allows for a high confidence in the data.

Where direct metering or fuel consumption figures were not available (e.g. business travel provided by third parties), GHG emissions were calculated from secondary metrics, such as distance travelled, with appropriate National or International factors applied.

Appendix B – Carbon Footprint Management Plan

Historical Emission Reduction Progress for the Previous Period

Emission reduction activity to date is summarised below:

Marks and Spencer Group Plc. have undertaken various activities as part of the "Plan A" initiative. The "Plan A" initiative including targets relating to Climate Change and will act to reduce our Greenhouse Gas emissions over time. For a detailed breakdown of our actions, please see the document titled "Plan A Report 2016", which is publicly available on our website.

However, some of our significant achievements relating to our Carbon Footprint are detailed below

- Since 2006/07, we've reduced annual emissions by over 200,000tCO_2e – an improvement of 28% overall.
- We've achieved a 39% improvement in UK and ROI store, office and warehouse energy efficiency since 2006/07, after an adjustment for weather
- Fuel efficiency of delivery fleets has been improved by 33% compared to 2006/07
- UK and ROI Store refrigeration and air conditioning emissions have been reduced by 67% per sq ft since 2006/07.
- We become the first major retailer to be certified to the ISO 50001 Energy Management standard in 2013 (renewed in 2015).
- In 2014, we become the first retailer to be certified to the Carbon Trust's Triple Standard on Carbon, Water and Waste.

On-going Emissions Reduction Plan – For the PAS 2060 Commitment Period

The on-going plan to reduce emissions over the commitment is summarised below:

Marks and Spencer Group Plc.'s on-going activity is detailed in the document titled "Plan A Report 2016", which is publicly available on our website.

We currently have on-going targets to:

- Reduce GHG emissions by 50% in relative terms by 2020 against 2006/07.
- Improve energy efficiency in our stores, offices and warehouses by 50% by 2020.
- Phase-out HFCs by 2030 and reduce emissions by 80% by 2020.
- All M&S products to have a Plan A quality (some of which will be low carbon) by 2020.

For more information on these specific objectives, please refer to "Plan A Report 2017".

Conformance to the Carbon Footprint Management Plan

The following measures will be followed to assess performance against the plan.

Marks and Spencer Group Plc. has implemented the following measures to assess our on-going performance against this plan:

- Our Plan A Committee meets every three months.
- The Committee ensures that environmental issues are integrated consistently into everyday activities and also reviews progress against our Plan A targets, which includes objectives relating to the management of our Carbon Footprint.

For more details regarding the governance of our commitments, please see our publicly available document "Plan A Report 2017".

Appendix C – Carbon Offset Strategy

The following information covers the offset strategy for the period of carbon neutrality.

Quantity of GHG emissions to be offset: 221,145 tCO2e	
Carbon offset strategy	○ M&S hold a portfolio of Carbon Instruments in excess of the Group's predicted footprint for the period. ○ The CarbonNeutral Company manage this portfolio on behalf of M&S. ○ On a quarterly basis M&S advise The CarbonNeutral Company on the volume of carbon instruments that need to be retired to cover the operational emissions for that period. ○ Carbon Instruments relating to the application period 1st April 2016-31st March 2017 have already been retired (details below).

Carbon Instrument details for:

Application period 4 of carbon neutrality 1st April 2016 – 31st March 2017

○ In total 221,145 carbon credits relating to the period were offset. ○ 100% of these carbon credits were verified to the Voluntary Carbon Standard and were retired in NYSE Blue VCS Registry, which can be found here: http://vcsregistry.apx.com/registry-reports.htm

Appendix D – Scope 3 Emissions

In preparing our organizational GHG inventory for the purpose of carbon neutrality Marks and Spencer Group Plc. adopted a traditional organisational boundary that includes all scope 1, 2 and a number of scope 3 emission sources. The scope 3 emissions included are those that M&S has the greatest level of control over, such as emissions arising from business travel and waste from operations.

PAS 2060 recommends including all scope 3 emission sources that are technically feasible and cost effective to quantify. For the purpose of clarity the following table categorises all scope 3 greenhouse gas emissions in alignment with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, which is deemed to be current best practice when reporting scope 3 emissions. Where a Scope 3 emission source has not been included in our subject boundary, the reasoning is provided.

Upstream Scope 3 emissions

Scope 3 Category	**Category Description**	**Included / Excluded *(with reasoning)***
1. Purchased goods and services	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Scope 3 Categories 2 – 8.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *Marks and Spencer Group Plc. purchase over 35,000 product lines from a large number of suppliers each reporting year and it would not be cost effective to quantify emissions for all products.*
2. Capital goods	Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *GHG emissions data pertaining to the extraction/production/transportation of our capital goods are not generally available*
3. Fuel- and energy-related activities (not included in scope 1 or 2)	Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in scope 1 or 2.	Included - Transmission and Distribution losses of electricity purchased or acquired Excluded - Extraction, production and transportation of fuels and energy purchased or acquired *While it may be technically feasible, it is not cost effective to quantify such emissions:*
4. Upstream transportation and distribution	Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company). Transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:-* ▪ *Marks and Spencer Group Plc. purchase over 35,000 product lines from a large number of suppliers each reporting year and it would not be cost effective to quantify emissions for all products.*
5. Waste generated in operations	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company).	Included
6. Business travel	Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company).	Included
7. Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company).	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *Marks and Spencer Group Plc. has limited control over the mode of employee commuting* ▪ *Difficulty of accurately assessing for many thousands of employees*
8. Upstream leased assets	Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions.*

Downstream Scope 3 emissions

Scope 3 Category	Category Description	Included / Excluded (with reason)
9. Downstream transportation and distribution	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company).	Excluded *This category is not applicable* ▪ *Almost all products and services sold by Marks and Spencer Group Plc. are sold direct in store.* ▪ *Marks and Spencer Group Plc. owned storage facilities are included in scope 1 and scope 2 emissions sources* ▪ *Marks and Spencer Group Plc. owned transport is included in scope 1 emissions*
10. Processing of sold products	Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers).	Excluded *This category is not applicable:* ▪ *Almost all products and services sold by Marks and Spencer Group Plc. are finished products that do not require further processing.*
11. Use of sold products	End use of goods and services sold by the reporting company in the reporting year.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *The majority of products and services sold by Marks and Spencer Group Plc. have no direct in use emissions.* ▪ *In-use GHG emissions data of our sold products are not generally available.* ▪ *Marks and Spencer Group Plc. has limited control over the in-use emissions of our sold products.*
12. End-of-life treatment of sold products	Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *Marks and Spencer Group Plc. has limited control over the disposal of our sold products.* ▪ *It is not cost effective to gather robust information regarding the disposal of our sold products.*
13. Downstream leased assets	Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions*
14. Franchises	Operation of franchises in the reporting year, not included in scope 1 and scope 2 – reported by franchisor.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:* ▪ *Marks and Spencer Group Plc. has a small number of franchise stores* ▪ *Without operational control of these stores it is not cost effective to accurately quantify such franchise stores emissions*
15. Investments	Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions:*