

ABOUT PLAN A

UNDERSTANDING THIS REPORT

This is our 13th annual report on our social and environmental performance. Published in June 2018, it covers our financial year from April 2017 to March 2018.

ABOUT M&S

Marks & Spencer (Marks and Spencer Group plc) is one of the UK's leading retailers. We offer our customers mainly own-brand high quality, great value food, clothing and home products. There are 1,463 M&S stores worldwide and we employ 81,000 people. Our values are: Inspiration, Innovation, Integrity and In touch; and our core purpose is 'Making every moment special'. Marks & Spencer is publicly listed on the London Stock Exchange and our principal trade associations are Eurocommerce, Confederation of British Industry and the British Retail Consortium. We are also a member of the World Economic Forum and Consumer Goods Forum.

STORES WORLDWIDE EMPLOYEES

1,463 81,000

AUDIENCE

Our Plan A Report is written primarily for an external audience with an interest in our social and environmental (non-financial) performance. It contains detailed data and easy-to-read summaries. It complements our main Annual Report, which provides greater contextual information about the ways in which we create sustainable value.

Our Annual Report is written primarily for an investor audience. The Annual Report refers readers who require further details about social and environmental performance to the Plan A Report. We share the information in our reports with employees and customers in a number of different formats.

REPORT STRUCTURE

The Plan A Report 2018 contains senior management commentaries on our progress and explains how Plan A is creating value and supporting our overall strategy – of Making M&S Special Again. In addition, it provides a systematic update against the 100 commitments in our Plan A 2025 sustainability strategy, under the three headings of Wellbeing, Community and Planet.

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

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

SCOPE

This report covers all M&S operated activities, which includes joint ventures where we have a majority ownership as well as retail operations in India which are a minority owned joint venture. It includes global data for greenhouse gas emissions, energy efficiency, gender diversity, employee Your Say survey results, work experience initiatives and community programmes. We are still developing our systems for operations outside of the UK and Republic of Ireland for waste, water, diversity (other than gender), employee turnover or health and safety. The report covers all M&S products, no matter where in the world they're sold, but not the small proportion of non-M&S products we also sell. The report does not contain operational information relating to our business

partners, for example, M&S Bank (operated by HSBC), M&S Energy (operated by SSE), or UK and international M&S stores operated under franchise.

DATA

During 2017/18, we completed the closure of M&S stores in 10 countries and announced the sale of our stores in Hong Kong to a franchise partner, as of 2018/19. Most of the data and statements in this report relate to the financial years 2017/18, 2016/17, and 2006/07 (our baseline year before the launch of Plan A). Where target completion years are stated as 2020 or 2025, these are taken as meaning 'by 31 March' in that year, unless otherwise stated. To ensure consistency, we've included some calendar year data where this is used for other purposes in this format. This data is marked with an asterisk*. Where we refer to events which occurred after the end of our 2017/18 financial year, we've quoted a date.

In line with UK legislation, our 2006/07 baseline greenhouse gas emission calculations are now fixed, except when we need to retrospectively correct errors or include previously missing data. Greenhouse gas emissions for 2017/18 have been calculated using BEIS 2017 Greenhouse Gas Reporting Guidance, (which includes a 15% lower carbon intensity rating for UK grid electricity that reduces our emissions by around 30,000 tonnes CO₂e compared to our 2016/17 figures) and Bitzer 19 for additional refrigeration gases. 2018 is the fifth year in which we've used a dual approach for reporting greenhouse gas emissions. Renewable electricity tariffs and biomethane have been calculated in accordance with the March 2015 WRI/WBCSD Scope 2 Guidance on procured renewable energy to show a market-based figure alongside the legally mandated location-based data.

ABOUT PLAN A

UNDERSTANDING THIS REPORT CONTINUED

CATEGORISING OUR PERFORMANCE

The Plan A Report 2018 is our first report on progress against the 100 commitments published as Plan A 2025 in June 2017. All commitments are shown as Not achieved, Not started, Behind plan, On plan or Achieved. As this is a new eight-year sustainability programme we do not believe that all 100 commitments need to be started immediately and instead they will be phased to build on the learning from other commitments. We will only show a commitment as moving from Not started to On plan when there is confidence that there is a clear pathway to the target being achieved. However, in many cases, detailed preliminary work will still have been carried-out on commitments shown as Not started.

CARBON NEUTRALITY

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 Institution's PAS2060 at 30 April 2018 for the period commencing April 2017 to 31 March 2018, with a commitment to maintain carbon neutrality at least up to 31 March 2025. This means that in addition to significantly reducing emissions and purchasing renewable electricity tariffs compliant with WR1/WBCSD Scope 2 Guidance on procured renewable energy, we have sourced a portfolio of high quality carbon credits, and a quantity equal to the remaining gross carbon emissions has been retired. You will find further supporting documentation at: marksandspencer.com/plana.

REPORT TECHNICAL STANDARDS

We've used our Plan A 2025 commitments to structure this report but also indicated how these support the United Nations Sustainable Development Goals launched in 2015. To provide a common Index we've also referenced the Global Reporting Initiative Sustainability Reporting Standards, launched in 2016. See page 43 for more details. As a signatory to the United Nations Global Compact, this report forms part of our Communication of Progress as indicated by the reference table on page 43.

LEGAL COMPLIANCE

We had no environmental or health and safety prosecutions in 2017/18 and no work-related fatalities.

KEY IMPACTS, MATERIALITY AND ASSURANCE

Many different 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 version of Plan A, known as Plan A 2025, was launched in June 2017 and was used to determine the materiality of issues covered in this report, see: marksandspencer.com/plana.

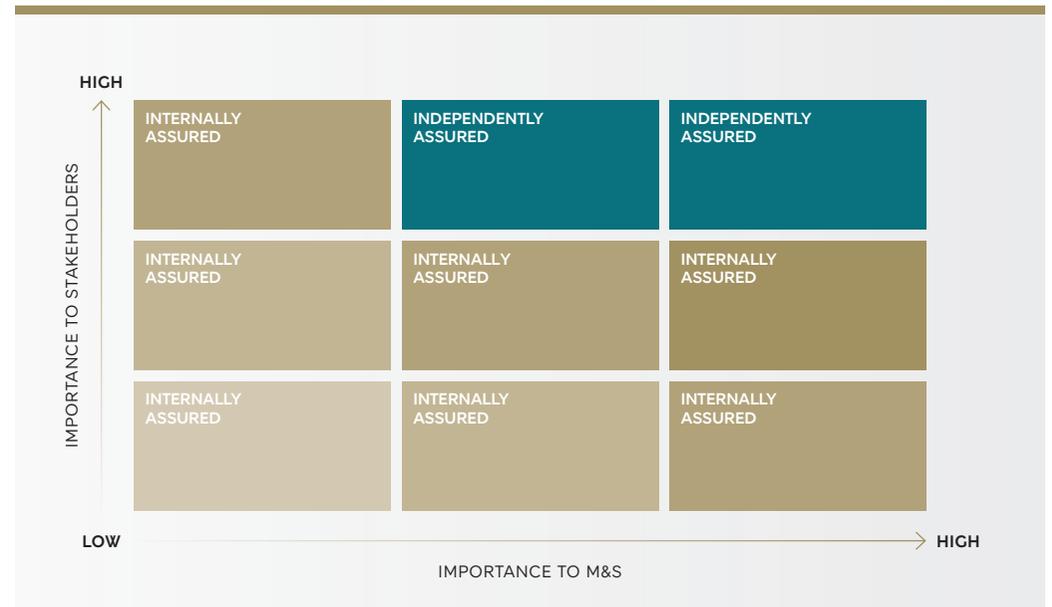
For this report, Plan A 2025 commitments were assessed for their materiality and urgency by M&S management, which ranked them in terms of their 'importance to stakeholders' and 'importance to M&S' on a 3 x 3 matrix. The positions on the matrix were then reviewed and amended as necessary, in accordance with direction from our independent assurance provider, DNV GL.

Forty commitments and five additional indicators were rated as being of 'high importance to stakeholders' and either 'high or medium importance to M&S' (see below). DNV GL has been commissioned to provide independent assurance on these commitments using its proprietary VeriSustain standard, which is aligned with the principles and concepts of GRI guidelines, AA1000 AS and ISAE 3000. These are, denoted by ** in the performance section of this report. See the assurance statement on page 44. All other commitments were reviewed and assured by the Marks & Spencer Internal Audit team.

M&S ANNUAL REPORTS

Our 2018 Annual Report contains a comprehensive review of our financial performance and governance. It's published online, along with this report. Both reports can be downloaded in PDF, large font and sound versions [here](#).

MATERIALITY – WHICH COMMITMENTS ARE MOST IMPORTANT?



Read more about Risk Management in our 2018 Annual Report

STAKEHOLDER RELATIONSHIPS

HOW WE ENGAGED THIS YEAR

OUR STAKEHOLDERS	HOW WE LISTEN	WHAT THEY'VE TOLD US	WHAT WE DID	
CUSTOMERS	<ul style="list-style-type: none"> – Monitoring sales of products – Participation in Plan A activities and campaigns – Contacts to our Retail Customer Services 	<ul style="list-style-type: none"> – Feedback through our Plan A email – Customer research panels – Social media – Sparks Card charity donations 	<p>Our customers are still keen to support local and national charities.</p> <p>From the end of 2017, our customers reflected national and international concerns about the use and disposal of plastic.</p>	<p>6.1 million Sparks Card customers have donated over £4m to date to their chosen charity.</p> <p>We were one of the founding signatories of the UK Plastics Pact and in addition to existing Plan A commitments announced further plans to reduce our usage of single-use plastic items.</p>
EMPLOYEES	<ul style="list-style-type: none"> – Plan A Champions – Business Involvement Groups – Feedback through our Plan A email and Yammer social media 	<ul style="list-style-type: none"> – Annual Your Say survey – Participation in Plan A activities and campaigns 	<p>Our employees also reflected wider social concerns about the use and disposal of plastic items.</p>	
SHAREHOLDERS	<ul style="list-style-type: none"> – Annual General Meeting – Meetings with institutional investors – Shareholder panels 	<ul style="list-style-type: none"> – Survey of institutional investors – Ethical investment surveys 	<p>On sustainability, there is a growing interest in global indices for different sets of issues. Operating under the World Benchmarking Alliance the largest group is developing benchmarks based on the UN Sustainable Development Goals.</p>	<p>We've participated in many of these benchmarks and consultation groups where they are relevant to M&S and don't duplicate existing activities.</p>
SUPPLIERS	<ul style="list-style-type: none"> – Supplier conferences – Tendering processes – Supplier Exchange website and network 	<ul style="list-style-type: none"> – Visits and meetings – Agricultural Shows 	<p>Our suppliers continue to work closely with us on Plan A, in particular our Global Community Programme and the development of sustainability scorecards.</p>	<p>All our milk pools became RSPCA certified for animal welfare.</p> <p>We've adopted the Higg Index for measuring and managing our supply chain water 'footprint'.</p>
GOVERNMENT AND REGULATORS	<ul style="list-style-type: none"> – Meetings – Dialogues with trade associations 	<ul style="list-style-type: none"> – Responses to consultations – Plan A stakeholder conference 	<p>Proposals for a 25 Year Environment Plan for the UK and deposit-return schemes for plastic drinks containers across the UK have been announced.</p>	<p>We have supported high environmental standards and recycling schemes that best meet the needs of our customers.</p>
NON-GOVERNMENTAL ORGANISATIONS	<ul style="list-style-type: none"> – Visits and meetings – Participation in benchmarking and surveys 	<ul style="list-style-type: none"> – Joint projects – Plan A stakeholder conference 	<p>Environmental NGOs have also been largely focused on the issue of plastic usage and its disposal.</p> <p>Social NGOs continue to be focused on Human Rights such as poverty and gender equality.</p>	<p>We have supported high environmental standards and continued our work on human rights in the supply chain.</p>

GOVERNANCE

HOW PLAN A WORKS

MANAGING PLAN A

In 2017, we introduced a revised governance structure. Integral to this structure was the creation of a new Plan A Committee. This new committee supports the Operating Committee by overseeing the implementation and reporting of our Plan A sustainability improvement programme.

The Plan A Committee meets every two months and its Chair updates the CEO and full Board at least once a year.

Our Director of Sustainable Business, Mike Barry, works together with a small team, comprising social, environmental and ethical specialists, to support all Plan A governance activities.

This team focuses on developing policies and solutions, building stakeholder relationships and managing risks.

PLAN A RISK PROFILE 2018

Details of our Principal Risks and Uncertainties are included in our 2018 Annual Report. This table summarises the key changes to our social and environmental risks during the past 12 months:

- Corporate Compliance and Responsibility – our ability to meet stakeholder expectations across a broad range of social, environmental and ethical concerns – is considered as a Principal Risk and Uncertainty.
- The use, recycling and disposal of single use plastic items and packaging became a high profile environmental concern towards the end of 2017.
- The reduction of food waste across the value chain as well as its re-distribution from stores continues to be a high-profile issue.
- Reducing the social impacts of M&S store re-locations and closures continues to be important to us.
- Human rights and modern slavery continues to be an important focus for corporate benchmarking and governments around the world.
- The UK's decision to leave the European Union, and the changes associated with this decision, have created significant social and environmental uncertainties, as well as wider product sourcing uncertainties.
- The Task Force on Climate-related Financial Disclosure published guidance reflecting the growing importance of shareholder visibility of these types of risk.

INTEGRATING PLAN A

As Director of Sustainable Business, Mike Barry, 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, Clothing & Home, Retail, Finance, Property, Logistics, International and HR functions. Plan A Champions co-ordinate action across our stores and offices.

Many of our employees, including Executive Directors, have Plan A performance targets.

MANAGING SOCIAL, ENVIRONMENTAL AND ETHICAL RISKS

The Board completes a Group Risk Profile every six months. Details of our approach to risk management and a list of our Principal Risks and Uncertainties are included in our 2018 Annual Report. With regards to Plan A, only 'Corporate Compliance and Responsibility' – our ability to meet stakeholder expectations across a broad range of social, environmental and ethical concerns – is considered as a Principal Risk and Uncertainty, although we continue to monitor the development of specific high-profile issues such as climate change, human rights and the use of plastic.

We have also adopted the Task Force on Climate Disclosure (TFCD)'s recommendations and our approved Science-Based Target for reducing greenhouse gas emissions meets the requirements of the most demanding 1.5°C scenario.

We developed our Plan A 2025 commitments to address key social and environmental risks. These have also been assessed against the materiality matrix published on page 36. All commitments are assured and the most important/urgent have been subject to external assurance. They are denoted by **.

CERTIFIED INTERNATIONAL SOCIAL, ENVIRONMENTAL AND ETHICAL STANDARDS

Like most other major retailers, we use our own, internally developed systems to keep pace in a fast-moving industry. These cover training, health & safety, environmental performance and quality. We've also followed a number of best practice standards in preparing 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.

HOW PLAN A WORKS CONTINUED

COMMITTEE STRUCTURE

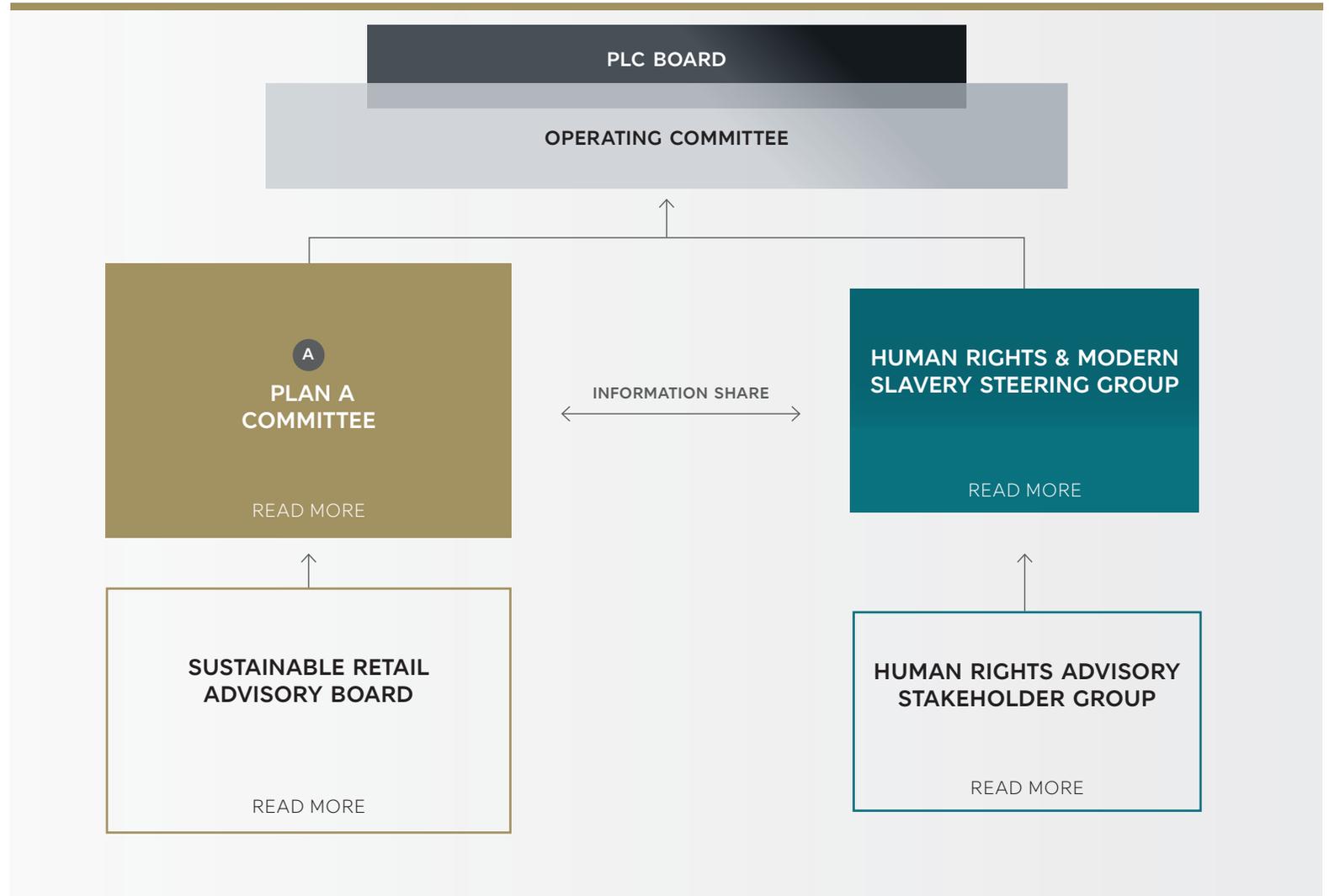
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

HOW WE MANAGE PLAN A



[+ Read more on human rights](#)

HOW PLAN A WORKS CONTINUED

COMMITTEE STRUCTURE

The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

HOW WE MANAGE PLAN A



[+ Read more](#) on human rights

HOW PLAN A WORKS CONTINUED

COMMITTEE STRUCTURE

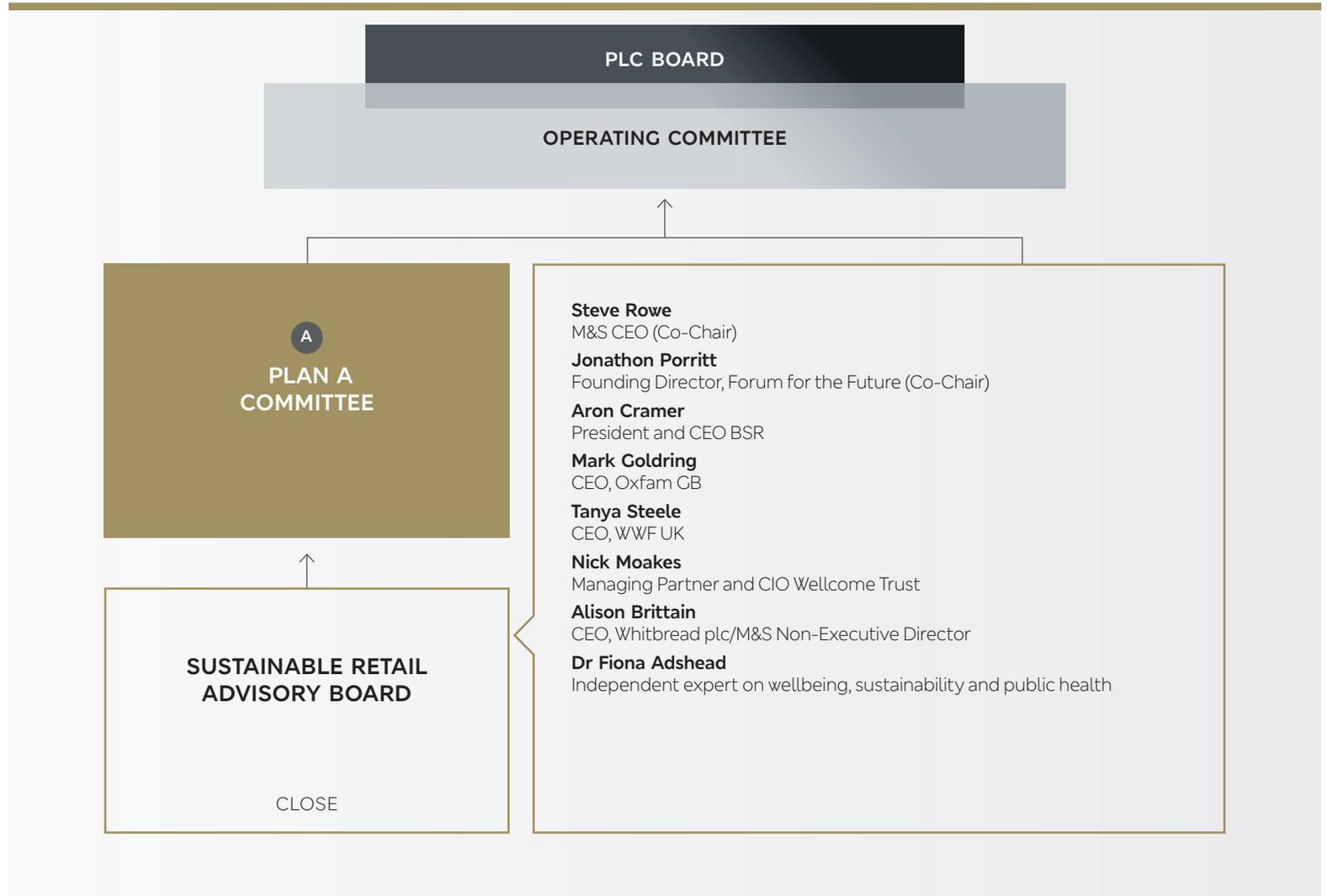
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

HOW WE MANAGE PLAN A



[+ Read more on human rights](#)

HOW PLAN A WORKS CONTINUED

COMMITTEE STRUCTURE

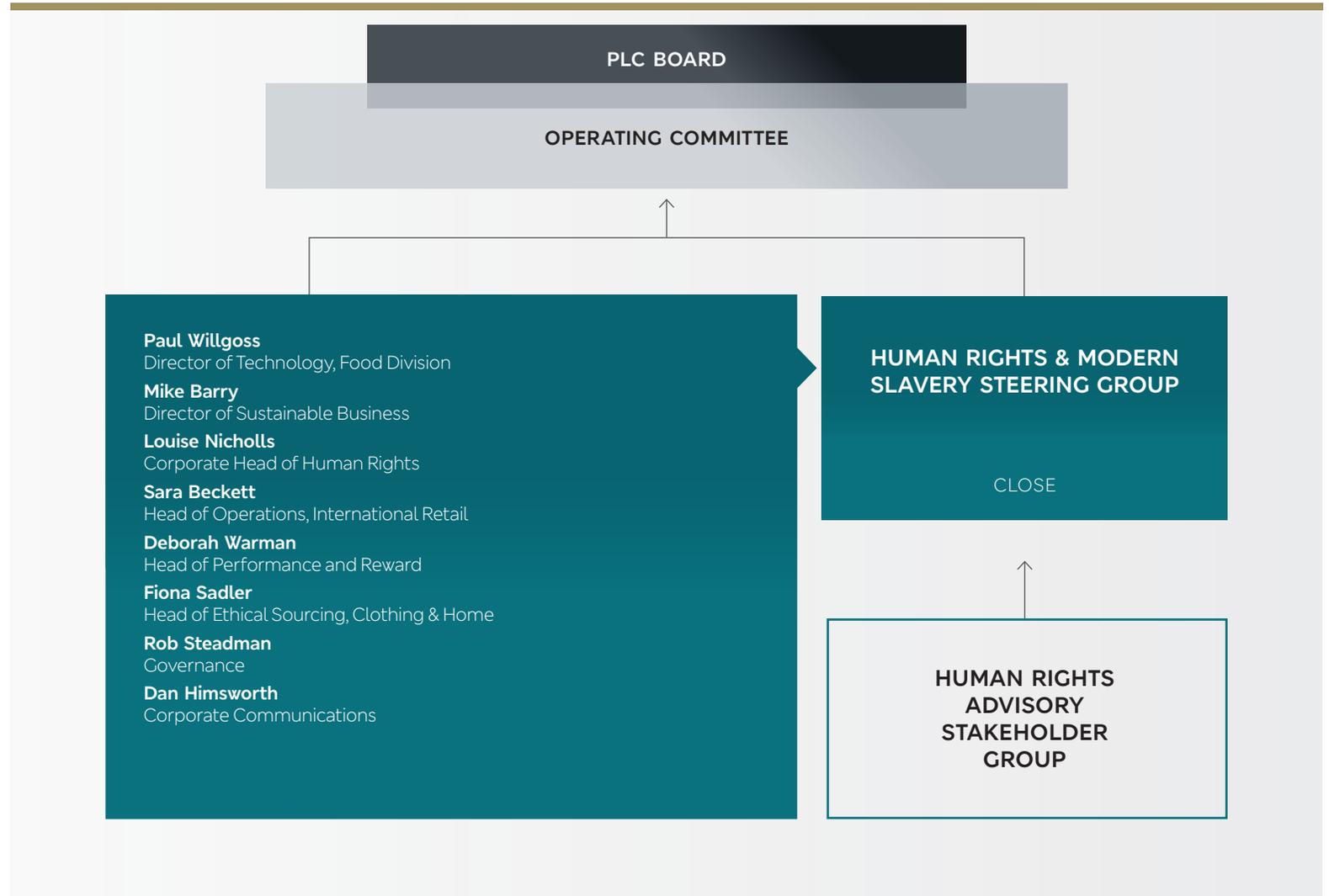
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

HOW WE MANAGE PLAN A



[+ Read more](#) on human rights

HOW PLAN A WORKS CONTINUED

COMMITTEE STRUCTURE

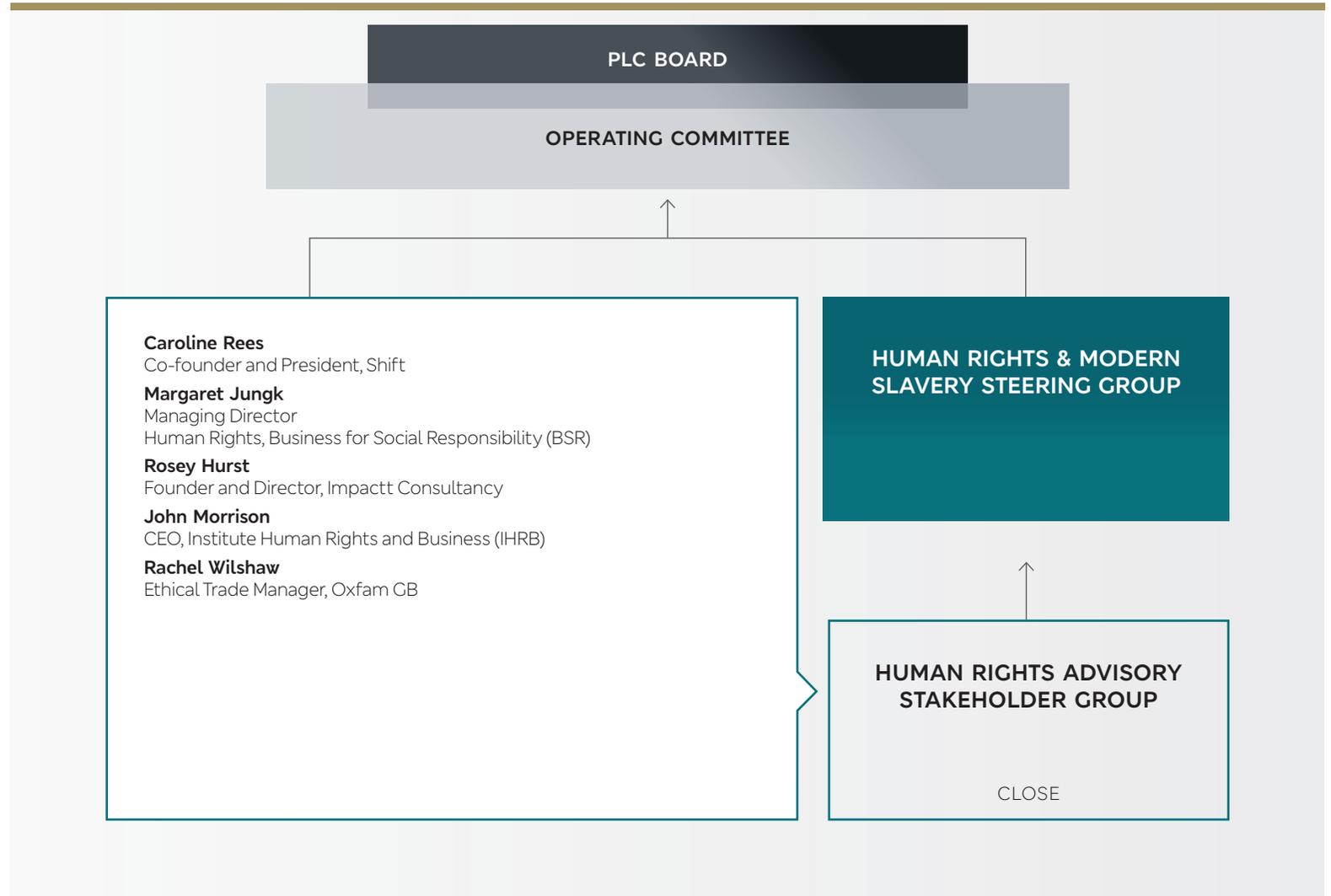
The Plan A Committee meets every two months and manages social and environmental performance on behalf of the Operating Committee. The Operating Committee reports to the PLC Board.

Alongside the Plan A Committee, we also operate a Human Rights and Modern Slavery Committee.

The Plan A Committee ensures external input through the Sustainable Retail Advisory Board; the Human Rights & Modern Slavery Committee does so through the Human Rights Advisory Stakeholder Group.

We also operate a network of operational working groups on issues such as human rights and climate change.

HOW WE MANAGE PLAN A



[+ Read more](#) on human rights

COMMENTARIES

HOW SOME OF OUR STAKEHOLDERS VIEW PLAN A

JONATHON PORRITT'S LETTER

THE PUBLIC PROMINENCE

We have to be thankful when critical sustainability issues that have been languishing in relative obscurity are suddenly lifted up into stark public prominence – for all sorts of different reasons. That’s what happened in 2017, when the build-up of plastic waste in our oceans at last crossed that threshold, and forced politicians and businesses to rethink years (if not decades!) of neglectful indifference.

I suspect that the horror story of plastic waste will stay right up there on the public visibility scale for a long time to come. Which means M&S will be expected to demonstrate the kind of leadership here as it has in so many other areas.

To be fair, M&S saw this coming back in 2015, when the targets for Plan A 2025 were first being discussed. Plans were afoot even as Blue Planet II was airing. But by their own acknowledgement, the gaps between anticipation, planning and decisive action are sometimes too drawn out inside M&S. The radar works well; acting on that intelligence definitely needs to be sharpened up.

Which is why our Sustainable Retail Advisory Board is focused as much on the foundations that enable a sustainability strategy like Plan A as on individual issues in the public domain. Take transparency, for instance. In survey after survey, a big majority of consumers profess to care deeply about transparency, but only a tiny minority ever put a company’s performance to the test.

So here’s a quick interactive challenge for you! Since we’re online, take a look at M&S’s **interactive ‘transparency map’** on their website and then **email me** to tell me what you think. We think it’s great, but it can still be improved.

It’s the same story on metrics. One of the reasons why Plan A is so respected is the extraordinary amount of data that is monitored, verified and then reported on. Most people who love M&S, and trust what it stands for, know very little about the finer details of all that – but if it wasn’t happening, that trust could ebb away overnight.

For instance, just flick back to page 27 and check out the data on M&S’s CO₂ emissions and carbon neutral operations. Most of that data will be so much gobbledegook to most people, but it demonstrates just how comprehensive and rigorous M&S has to be, year after year, across every facet of its operations, to maintain its leadership in this area.

So I guess this is a bit of a shout out for all those crunching the numbers behind the scenes, invisible to anyone outside of M&S (and often to many people inside M&S!), on whom the entire edifice of trust, accountability and transparency ultimately depends.

Handwritten signature of Jonathon Porritt.

JONATHON PORRITT
FOUNDING DIRECTOR, FORUM FOR THE FUTURE

HUMAN RIGHTS STAKEHOLDER ADVISORY GROUP

WE LIVE IN A TIME OF DISRUPTION

We are witnessing huge shifts in attitudes and realities across business and society, and institutions are working out how to survive and thrive in this new world. Companies like M&S face the challenge of maintaining trust in the post #MeToo environment, when radical transparency is becoming a reality, and competitive pressures are at unprecedented levels. Key to maintaining trust is the ongoing demonstration of dignity and respect in the way companies interact with employees, customers and the people who help develop and deliver their products and services.

M&S, with its historically high trust levels and its commitment to human rights, is well positioned, even in tough times, to connect and align with deeper issues in society and enhance its place in the market for decades to come.

But to preserve this trust, and the value it creates for the company, M&S must redouble its efforts to ensure that respect for human rights is central to how business gets done. We urge M&S to sharpen its focus to concentrate on activities which have a real positive impact on vulnerable people: such as those at risk of modern slavery, those in in-work poverty and those who are excluded from opportunity in the societies where they make and sell their products.

While M&S is performing very well in human rights benchmarks, its high scores tend to be derived from excellent policies and commitments, rather than demonstrable positive change. We urge M&S to review its human rights commitments, identify an impact target for each and publish progress, making sure to report on the different impacts on men and women. Further, we are concerned that performance against the human rights targets in this report is slower than anticipated with 12 out of 20 human rights commitments either Behind plan or Not started. We would counsel against complacency.

M&S is at a crossroads, it has the opportunity to preserve its historic trust advantage, or the option of taking the low road. We urge M&S to take the high road to demonstrate positive human rights impacts. Its contribution to sustainable development depends on it doing so. And in this era of disruption, where the intangibles of trust and reputation make up much of any brand’s financial valuation, offering human rights leadership in action as well as words will be essential.

AWARDS

INDEPENDENT RECOGNITION

2016

Corporate Knights:
Global 100 Most Sustainable Corporations in the World

The Ocean Awards:
UK Retailer Award (for Forever Fish)

SIGWATCH Most praised corporations worldwide:
Second rated company (highest rated retailer)

Ethisphere:
World's Most Responsible Companies

The Times:
Top 50 Employers for Women

Third Sector Business Charity Award:
Marketing initiative of the year (partnership with Breast Cancer Now)

Ethibel Sustainability Index:
Excellence Europe Constituent

The Hong Kong Council of Social Service Award:
Ten years + Caring Company

Go Green.org Award:
Hong Kong Green Organisation Award

Business in the Community Environment Index:
Platinum level

Better Society Awards:
Best carbon reduction/offsetting programme

Freight Transport Association:
Multimodal Award for contribution to environmental sustainability

Corporate Register Reporting Awards:
Best overall Global Sustainability Report (2015 Plan A Report)

Corporate Register Reporting Awards:
Best Global Sustainability Report for openness and honesty (2015 Plan A Report)

National Association of Convenience Stores Awards:
Winner, Insight International Convenience Retail Sustainability

WWF Palm Oil Buyers Scorecard:
9 out of 9

Corporate and Financial Awards:
Silver, Best Sustainability campaign (2016 Plan A Report)

Carbonclear reporting on carbon emissions:
Top Retail Performer (2nd overall)

Forest 500:
Leader (best retailer)

Business and Human Rights Resource Centre:
Best Modern Slavery Statement

Forest Footprint Disclosure Project:
Best General Retail Sector Performer

2017

Corporate Knights:
Global 100 Most Sustainable Corporations in the World

Ethisphere:
World's Most Responsible Companies

Inaugural Corporate Human Rights Benchmark:
Top Band, Best Retailer, second overall

The Times:
Top 50 Employers for Women

Business Benchmark on Farm Animal Welfare:
Top tier (Leadership)

Fashion Revolution Transparency Index:
Second overall

National CSR Awards:
Winner of Green Supply Chain in partnership with WWF-UK

Corporate Register Reporting Awards:
Best overall Global Sustainability Report (2016 Plan A Report)

Corporate Register Reporting Awards:
Best Global Sustainability Report for openness and honesty (2016 Plan A Report)

Carbonclear reporting on sustainability:
Top FTSE 100 Company, Top company overall

Business and Human Rights Resource Centre:
Best Modern Slavery Statement

United Nations Climate Solutions Awards:
Winner

Northern Ireland Responsible Business Awards, Business in the Community:
Employability champion

2018

Ethisphere:
World's Most Responsible Companies

Ulster Grocer Marketing Awards:
Joint-winners, Best CSR initiative/charity partnership

The Times:
Top 50 Employers for Women

Fashion Revolution Transparency Index:
Top tier

Corporate Register Reporting Awards:
Best overall Global Sustainability Report (2017 Plan A Report)

Corporate Register Reporting Awards:
Runner-up Global Sustainability Report for openness and honesty (2017 Plan A Report)