

13<sup>th</sup> January 2016

## **Marks & Spencer submission on the 5<sup>th</sup> carbon budget 2028-2032**

### **Executive Summary**

1. Marks & Spencer (M&S) is a leading retailer selling a wide range of food, clothing, footwear and home products from over 850 UK stores and a further 500 worldwide. We have an extensive online retail business too and also provide our customers with Energy and Financial Services.
2. We believe that climate change represents a significant risk to business and the stakeholders who depend on it. That is why we launched our ground-breaking Plan A sustainable business plan in January 2007, with 100 commitments focused on transforming the way M&S operates and sources its products in order to reduce substantially the environmental and social footprint of our business and supply chain.
3. Since the launch of Plan A, our operational Greenhouse Gas (GHG) emissions are down 19% on a 2006/07 baseline, but we still have responsibility for a global footprint of around 8 million tonnes, much of it associated with our supply chains and the customer use/disposal of our products.
4. We believe that reducing further our GHG emissions and making our business more climate resilient will provide us with a competitive advantage. We are responding to growing customer, shareholder and employee expectations of business leadership on climate. We are making our operations (stores and logistics) and supply chains more resilient to extreme weather events (particularly flooding and drought). We are also anticipating new regulatory and fiscal systems for managing GHG emissions globally and that these will take form a complex 'patchwork quilt' of different approaches between countries and regions. Finally we expect new low carbon marketplace opportunities to emerge as traditional, fossil based, approaches to mobility, domestic energy and food production are disrupted.
5. We believe the marketplace can offer much of the dynamism, solutions and investment needed to create a world leading UK low carbon economy, one offering growth, jobs and exports but for this to happen we need a long term, stable and ambitious UK policy framework.
6. In addition, we believe business has an important role to play on an international stage demonstrating that a low carbon future is necessary, desirable and possible. We recently participated in the Paris Climate conference (COP21) working in collaboration with key global business organisations such as the Consumer Good Forum, World Economic Forum (WEF) and We Mean Business. The 2015 Paris Climate Agreement provides a strong global framework for progress on reducing emissions, but to support future planning and investment, the UK government needs to continue to 'signpost' it's commitment to decarbonising the UK economy and ensure that these new global aspirations are reflected in domestic policy.

## **What is your view on the Committee on Climate Change's advice on the fifth carbon budget?**

7. We support the advice offered by the Committee on Climate Change. The 2008 Climate Change Act provided global leadership by setting an 80% reduction target by 2050. We believe that in the context of the 2015 Paris Climate Agreement, adopting the fifth budget 57% reduction goal by 2018-32 is important to provide consistency, encourage growth and demonstrate continued UK leadership.

## **Should the Government set the fifth carbon budget in line with the Committee on Climate Change's advice?**

8. Yes, we believe that the UK Government should adopt the advice offered by the Committee on Climate Change. Having accepted the Committee's advice on all four previous budgets, we believe that post Paris 2015, it is now critical that government policy continues to support a process of decarbonising the UK economy.

## **What challenges will the Government face in meeting the fifth carbon budget?**

9. We believe it is important that the UK Government makes full and innovative use of market-place mechanisms to achieve a decarbonised economy. This should include low cost incentives to encourage energy efficiency and the generation and procurement of renewable energy. For example, we were disappointed by the application of the Climate Change Levy (a carbon tax) to all forms of on-site generated and procured renewable energy from August 2015.
10. We also believe that the abandoned 2012 UK proposal for dual reporting (net and gross) of procured renewable energy represents a missed opportunity. This would have been in line with global WRI/WBCSD GHG Procured energy scope 2 guidance which would have encouraged market-led demand and ultimately a business paid premium/investment into renewable energy generation. It also placed UK GHG reporting guidance out of line with global best practice.
11. We would also like to see UK GHG conversion factors as used in legislation and mandatory carbon reporting fixed for each term of the legislated carbon budget periods, replacing the current process of publishing new amended figures every year. This would have the benefit of reducing Government and industry costs (from annual publication) and provide a more accurate year-on-year picture of progress. For example, in 2015, M&S' UK GHG electricity emissions increased despite reduced consumption. This was due to an 11% 'blip increase' in UK grid electricity carbon factors which is then forecast to reduce over 2016 and 2017. Such short term annual fluctuations make it difficult for business and investors to appraise progress on reducing GHG emissions.
12. Finally we would recommend that UK Government Departments work together with business and other stakeholders to create a more strategic approach to de-carbonising individual sectors of the economy. By identifying the optimum interventions (regulation, taxation, R&D, skills, customer labelling etc) for a particular sector and creating cross sector partnerships to deliver change we can accelerate the delivery of UK leadership in a rapidly growing global marketplace for low carbon products and services.

Please contact us if you would like further information or clarification on any of the points contained in this submission.

Yours faithfully

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