

M&S greenhouse emissions and climate change performance 2019/20

M&S climate strategy

In June 2017, M&S published a Science Based Target initiative approved target of:

Marks & Spencer commits to reduce absolute scope 1 and 2 greenhouse gas emissions 80% by 2030 below 2007 levels and has a longer-term vision to achieve 90% absolute emissions reductions by 2035, below 2007 levels. Marks & Spencer also commits to reduce scope 3 emissions by 13.3 MtCO₂e between 2017 and 2030.

Classified as 'well under 2C' in 2019 by the Science Based Target Initiative.

Since 2014, M&S has maintained carbon neutral global operations and we plan to maintain this position up to at least 2024/25.

Costs and regulation

Marks & Spencer is classified by regulation as a large non-intensive user of carbon. Energy currently represents a cost equivalent to around 1% of turnover. Our main areas of climate change regulation are building regulations, the Climate Change Levy (a carbon tax payable on energy contracts), the Streamlined Energy and Carbon Reporting regulations and the Energy Savings Opportunity Scheme (ESOS). Our use of refrigeration gases is also regulated under the EU F-Gas Regulations.

Voluntary Collaborations

Marks & Spencer participates in a wide range of voluntary collaborations addressing climate change. These include pro-environmental lobbying through the The Aldersgate Group and in shared GHG reduction targets as part of the Consumer Goods Forum sustainability programme, British Retail Consortium's 'Better World, Better Retail', WRAP's Courtauld Commitment 2025 and Sustainable Clothing Action Plan.

Certifications

We became the first major retailer to gain certification to ISO50001 on energy management in 2013 and the first retailer to hold Carbon Trust Standards on carbon, water and waste in 2014. Carbon neutrality is certified using PAS2060: 2014.

M&S climate risks, opportunity & mitigations

Our approach to risk management and principle risks and uncertainties are detailed in our 2020 Annual Report. Climate change is not considered to be a principal risk but is regarded as contributory factor towards an overall risk of meeting stakeholder expectations (Corporate compliance and responsibility).

By definition, the more detailed climate-based issues are therefore currently considered as relatively low risk/ materiality:

Issue	Potential risk	Potential opportunity	Financial implications
Absence of strong international agreements	Increased direct and in-direct costs	None	Unknown
Taxation of carbon	Increased direct and in-direct costs Inconsistent application	Reducing carbon intensity also reduces exposure to this risk. There is also a competitive opportunity afforded by efficiency.	A shadow price of £29/tonne could increase direct costs by around £5m p.a.
Revisions to UK and EU energy and climate regulations	Increased direct and in-direct costs	None	Unknown
Product labelling regulations and standards	Increased direct and in-direct costs	Developing experience and expertise in product footprinting can mitigate this risk. In turn, this can generate opportunities in innovation.	Unknown
Change in mean (average) temperature	Increased direct costs (due to higher use of air-conditioning) Potential disruption and relocation of raw material supply chains	Reducing carbon intensity also reduces exposure to this risk. Actions with suppliers to mitigate risks may provide longer-term competitive advantages.	Unknown
Uncertainty of physical risks	Increased likelihood of harm to people, physical assets and disruption to business continuity.	Adaptation plans can mitigate risks and provide competitive opportunities.	Unknown (current operational losses through extreme weather events are low).
Reputation	M&S performance falls below the expectations of customers and opinion formers	Our Plan A commitments are designed to mitigate risks and realise opportunities.	Unknown
Changing consumer behaviour	Loss of turnover and profit	There is currently little evidence of impact in our core Food and Clothing sectors consumer markets.	Unknown
Increasing humanitarian demands	Requests or requirements for financial support for affected parts of our supply chains.	Our Global Community Programme addresses these impacts and provides longer-term competitive advantages.	Unknown

Performance 2019/20

Emissions are reported annually in our Plan A Performance update and Annual Report in June each year covering the previous financial year running April-March. These are calculated in accordance with the WRI/ WBCSD GHG Corporate Reporting and Accounting Standard (revised) using BEIS carbon conversion factors and IEA and Bitzer for additional factors. Data includes all activities where we have operational control and is drawn from our annual Plan A Report which is independently assured to a 'limited' level by DNV GL using their VeriSustain protocol.

We have also adopted the 2015 WRI/ WBCSD Scope 2 Guidance on procured renewable energy. This means that in addition to the gross/ Location-based figure required by legislation in the UK and most GHG benchmarks, we also calculate a Market-based figure allowing for deductions from the procurement of renewable electricity.

This lower Market-based figure is what some companies also present as being their emissions in voluntary reporting.

We then match these remaining market-based emissions with the procuring and retirement of high quality carbon offsets to achieve a position of zero net emissions (carbon neutral).

For our efficiency Index we use 'per area of sales floor' which reflects the Index used by our main trade association the British Retail Consortium and is also accepted by the Carbon Trust. Whilst indexes showing per £m have some advocates, we've found that they are too readily influenced by inflation/ deflation and changes of product mix. Per 'area of sales floor' has so far proven to be a robust measurement of progress and is the metric we use internally but maybe subject to review as the retail industry re-structures with a greater proportion of sales conducted online.

Key 2019/20 performance compared to 2006/07

Location-based	Inc/dec
Global Scope 1+ 2 GHG emissions	-47%
Global Scope 1+ 2 GHG emissions per sq ft	-55%

Market-based	Inc/dec
Global Scope 1+ 2 GHG emissions	-70%
Global Scope 1+ 2 GHG emissions per sq ft	-75%

UK and ROI Location-based (gross) emissions (original scope of Plan A when launched in 2007)

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Store & office gas heating	39	34	37	39	38	36
Store & office fridge & air con	129	59	56	54	41	47
Warehouse gas heating	9	7	6	6	5	5
Warehouse fridge & air con	6	2	2	1	3	2
Delivery transport fuel	62	78*	81*	80*	80*	81*
(Direct) Scope 1	245	180	183	180	167	172
Store & office electricity	334	274	247	208	163	138
Warehouse electricity	33	30	26	25	18	15
(In-direct) Scope 2	367	304	273	233	181	153
Total Scopes 1 & 2	612	484	456	413	348	325
Index /1000 sq ft of sales floor	45	28	26	23	20	18
Electricity T&D	31	25	25	22	15	12
Fuel use T&D (from 2011)		2	2	2	2	2
Business travel	15	21	14	13	14	14(est)
Waste	40	2	2	2	2	1
(Other) Scope 3	86	50	42	38	32	30
Total Scopes 1, 2 & 3	698	534	499	452	380	356
Index /1000 sq ft of sales floor	51	31	28	26	22	20

*Includes additional transport activities previously carried-out by suppliers.

UK Location-based (gross) emissions (individual UK emissions only measured from 2014/15)

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	218/19	2019/20
Store & office gas heating		32	35	36	38	34
Store & office fridge & air con		56	54	52	39	46
Warehouse gas heating		7	6	6	5	5
Warehouse fridge & air con		2	2	1	2	2
Delivery transport fuel		76	79	80	77	78
(Direct) Scope 1		173	177	173	158	166
Store & office electricity		265	237	200	154	131
Warehouse electricity		30	26	25	18	15
(In-direct) Scope 2		295	263	225	172	146
Total Scopes 1 & 2		468	440	397	330	312
Electricity T&D		24	24	21	15	12
Fuel use T&D (from 2011)		2	2	2	1	2
Business travel		21	14	13	14	14
Waste		2	2	2	2	1
(Other) Scope 3		49	41	37	32	30
Total Scopes 1, 2 & 3		517	481	435	362	342

ROI Location-based (gross) emissions (individual ROI emissions only measured from 2014/15)

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Store & office gas heating		2	2	2	3	2
Store & office fridge & air con		2	2	3	2	1
Warehouse gas heating		0	0	0	0	0
Warehouse fridge & air con		0	0	0	0	0
Delivery transport fuel		3	2	3	3	3
(Direct) Scope 1		7	6	8	8	6
Store & office electricity		10	10	8	9	8
Warehouse electricity		0	0	0	0	0
(In-direct) Scope 2		10	10	8	9	8
Total Scopes 1 & 2		17	17	16	17	14
Electricity T&D		1	1	1	1	0
Fuel use T&D (from 2011)		0	0	0	0	0
Business travel		0	0	0	0	0
Waste		0	0	0	0	0
(Other) Scope 3		1	1	1	1	0
Total Scopes 1, 2 & 3		18	18	17	18	14

Other International Location-based (gross) emissions

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Store & office gas heating	0	0	0	0	0	0
Store & office fridge & air con	1	2	2	1	1	1
Warehouse gas heating	0	0	0	0	0	0
Warehouse fridge & air con	0	0	0	0	0	0
Delivery transport fuel	0	0	0	0	0	0
(Direct) Scope 1	1	2	2	1	1	1
Store & office electricity	26	22	20	15	12	12
Warehouse electricity	1	2	0	0	0	0
(In-direct) Scope 2	28	24	20	15	12	12
Total Scopes 1 & 2	29	26	22	16	13	13
Index /1000 sq ft of sales floor	12	10	9	12	10	9
Electricity T&D	3	2	2	2	1	1
Fuel use T&D (from 2011)	0	0	0	0	0	0
Business travel	3	3	3	1	1	1
Waste	0	0	0	0	0	0
(Other) Scope 3	6	5	5	3	3	2
Total Scopes 1, 2 & 3	35	31	27	19	15	37
Index /1000 sq ft of sales floor	14	13	11	14	12	11

GHG emissions for 2006/07 to 2012/13 are estimated based on 2013/14. 2019/20 are estimated based on 2018/19.

M&S global Location-based (gross) emissions

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Store & office gas heating	39	34	37	39	38	36
Store & office fridge & air con	130	61	58	55	42	48
Warehouse gas heating	9	7	6	6	5	5
Warehouse fridge & air con	6	2	2	1	3	2
Delivery transport fuel	62	78	82	80	80	81
(Direct) Scope 1	246	182	185	181	167	173
Store & office electricity	360	296	267	223	175	150
Warehouse electricity	34	32	26	25	18	16
(In-direct) Scope 2	394	328	293	248	193	165
Total Scopes 1 & 2	639	510	479	430	360	338
Index /1000 sq ft of sales floor	40	26	24	23	19	18
Electricity T&D	34	27	27	23	17	14
Fuel use T&D (from 2011)	0	2	2	2	2	2
Business travel	18	24	17	14	15	1
Waste	40	2	2	2	2	1
(Other) Scope 3	92	55	48	41	35	33
Total Scopes 1, 2 & 3	732	566	526	471	395	370
Index /1000 sq ft of sales floor	46	29	26	25	21	19

M&S global Market-based emissions

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Store & office gas heating	39	28	26	14	29	36
Store & office fridge & air con	130	61	58	55	42	48
Warehouse gas heating	9	7	6	6	5	5
Warehouse fridge & air con	6	2	2	1	3	2
Delivery transport fuel	62	78	82	80	80	81
(Direct) Scope 1	246	176	173	157	158	173
Store & office electricity	360	22	0	0	0	11
Warehouse electricity	34	13	0	0	0	11
(In-direct) Scope 2	394	35	0	0	0	22
Total Scopes 1 & 2	639	211	173	157	158	195
Index /1000 sq ft of sales floor	40	11	9	8	8	10
Electricity T&D	34	27	27	23	17	14
Fuel use T&D (from 2011)	0	2	2	2	2	2
Business travel	18	24	17	14	15	15
Waste	40	2	2	2	2	1
(Other) Scope 3	92	55	48	41	35	33
Total Scopes 1, 2 & 3	732	266	221	198	193	228
Index /1000 sq ft of sales floor	46	14	11	10	10	12

M&S global net emissions

000 tonnes CO2e	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Market-based scopes 1 and 2	639	211	173	157	158	195
Carbon offsets	0	211	173	157	158	195
Net/ marketplace emissions	732	0	0	0	0	0

Other M&S scope 3 emissions

The additional scope 3 emissions below have been 'modelled' using a range of different techniques. As such they provide a scale and identification of 'hotspots' which we are now addressing. However, these figures are not sufficiently accurate to monitor incremental improvements.

Source	Activity	Estimated GHG emissions
M&S Food products	Supply chain	2.7m tCO2e
M&S Clothing products	Supply chain	2.0m tCO2e
M&S Home products		0.4mtCO2e
Procurement of capital goods	Embodied carbon in stores, equipment and consumables/	0.2m tCO2e
Upstream transportation	Supply chain distribution	0.2m tCO2e
M&S Food products	Customer use	0.1m tCO2e
M&S Clothing products	Customer use	0.5m tCO2e
Customer travel	Customer travel and deliveries of M&S products	0.1m t CO2e
Employee commuting	Employee commuting	0.01m CO2e
M&S franchise partners	UK and overseas franchised stores and M&S operated store outside of operational control	0.15m tCO2e
M&S footprint (scope 3)	Total estimated M&S carbon footprint (all activities)	£6m t CO2e

M&S energy & fuel consumption

UK and Republic of Ireland (matching the scope of our Plan A commitments)

	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Electricity in GWh	822	665	666	666	637	597
Gas in GWh	257	220	236	234	219	222
Energy in GWh	1079	885	902	900	856	819
GWh/ sq ft of salesfloor	79	52	51	51	49	53
Transport fuel diesel in m litres	23	30*	31*	30*	30*	31*

*Includes additional transport activities previously carried-out by suppliers.

Other international locations

	2006/07	2015/16	2015/16	2017/18	2018/19	2019/20
Electricity in GWh		40	35	26	19	19
Gas in GWh		0	0	0	0	0
Energy in GWh		40	35	26	19	19
GWh/ sq ft of salesfloor		23	22	21	21	21
Transport fuel diesel in m litres		0	0	0	0	0

Global

	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Electricity in GWh		705	701	693	656	616
Gas in GWh		220	236	234	219	222
Energy in GWh		925	937	927	875	819
GWh/ sq ft of salesfloor		34	34	35	34	32
Transport fuel diesel in m litres	23	30*	30*	30*	30*	31*

*Includes additional transport activities previously carried-out by suppliers.

M&S energy efficiency

UK and Republic of Ireland (after weather adjustments for stores)

	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Stores in kWh/ sq ft	67.9	41.7	42.3	40.8	41.2	37.8
Offices in kWh/ sq ft	49.4	33.5	31.8	43.8	42.4	46.6
Clothing w/hses in kWh/ sq ft	24.5	15.6	14.6	15.5	12.6	12.6
Food w/hses in kWh/ sq ft	33	20.0	19.0	18.0	18.8	18.8
All in kwh/sq ft	57.4	34.9	35.1	34.4	34.1	31.8

Other international locations

	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Stores in kWh/ sq ft		27.5	25.5	24.3	20.9	20.9 (est)
Clothing w/hses in kWh/ sq ft		6.9	2.1	2.7	^	

^ fell out of scope in 2018/19

M&S renewable energy sourcing

UK and Republic of Ireland (matching the scope of our Plan A commitments)

Electricity	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Total electricity in GWh	822	665	666	666	637	597
'Green' in GWh	23	640	666	666	637	556
% 'green'	2	96	100	100	100	93

Gas	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Total gas in GWh	257	220	236	234	219	222
Bio-methane in GWh	0	34	64	133	50	0
% 'green'	0	15	27	57	23	0

Global

Electricity	2006/07	2015/16	2016/17	2017/18	2018/19	2019/20
Total electricity in GWh		705	701	693	656	616
'Green' in GWh		640	701	693	656	530
% 'green'		91	100	100	100	86

M&S procurement of high-quality carbon offsets for 2019/20

The offsets below were purchased and retired for the purposes of voluntary offsetting.

Name of project	Project type	Verification standard	Tonnes of CO2e
Rimba Raya biodiversity reserve	REDD+	VCS (Verified Carbon Standard)/ Gold Standard	8,511
Ankara landfill gas to energy	Renewable energy	VCS (Verified Carbon Standard)	55,200
Shanxi Cookstoves, China	Cookstoves	VCS (Verified Carbon Standard)	55,200
Harapanahallai wind power, India	Energy industries	VCS (Verified Carbon Standard)	55,200
Darajit III geothermal	Energy industries	CDM/ VCS (Verified Carbon Standard)	20,956
TOTAL			195,067