M&S -FOOD-

MILK THAT MATTERS EVEN MORE

At M&S, we back British farming and always have done. For decades, we've partnered with British farmers to deliver exceptional quality food while championing the highest standards of animal welfare and care for the environment.

Through our <u>Plan A for Farming</u>, we're working in partnership with our M&S Select Farms to build a resilient, sustainable environment that gives our farming partners long term confidence and security, ensuring brilliant quality ingredients and food security for generations to come.

A key pillar of our Plan A for Farming is working with our Select Farms to develop industry leading standards. This includes our new and more holistic responsible sourcing standard for fresh non-organic milk. Overall, this standard for responsible sourcing of fresh milk exceeds that of the top 5 major UK supermarkets by grocery market share (based on Kantar data: Tesco, Sainsbury's, Asda, Aldi and Morrisons).



Our standards

Our standard builds on the M&S Milk Scheme, initially launched in 1999 as part of the M&S Select Farm programme and designed to support our milk farming partners by creating a dedicated and collaborative "pool" of progressive farms.

From its inception, the M&S Milk Scheme has symbolised innovation and sustainability within the dairy industry. Over more than 25 years, the initiative has demonstrated the power of close retailer–farmer collaboration, driving industry-leading animal welfare, transparent sourcing, and price stability while enabling M&S to trace every pint back to one of our farms, each of which is regularly audited to ensure they meet our industry-leading standards.

In November 2025 we commissioned global consultancy firm, FAI Farms, to complete a detailed review of our responsible sourcing standard for milk. Kelly Watson, Director of FAI Farms commented:

"The responsible sourcing standard for milk is a transparent and balanced integrated approach that ensures security, pay and support for M&S milk producers, alongside providing a focus on improving animal welfare and reducing environmental impact. M&S is leading through adopting a holistic approach to sourcing by supporting their Milk Scheme farmers to bring positive change across all of these areas."

What's included in our responsible sourcing standard for milk

Security	Our M&S Milk Scheme gives our milk farming partners long term confidence and security
Pay	Our Milk Pledge includes our commitment to ensure our farming partners are always paid a transparent and market-leading price for their milk
Support	Our People Standard supports our farming partners to create better workplaces and build stronger teams
Welfare	Our Animal Welfare Standards set rigorous requirements that exceed standard industry practice and legislation.
Environment	Our Environment & Nature Standard provides each farmer with bespoke guidance to promote environmentally friendly practices on their farm



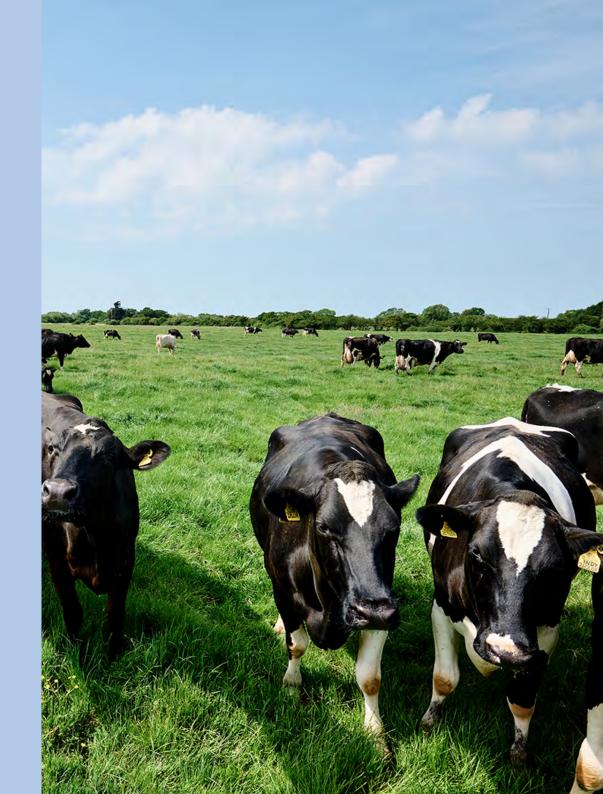
Security

We developed the principle of the M&S Milk Scheme in collaboration with the Select Farms who supplied our milk, resulting in a dedicated "pool" of milk farming partners.

For over 25 years the M&S Milk Scheme has given our farming partners long term confidence and security to invest in their farms so that they can achieve the highest standards of support for their staff, welfare for their cows and environmentally-friendly practices for their farmland, helping create an attractive and viable business for the next generation to continue.

John Downing, owner of Wintersell Farm in Sussex, who has been part of the M&S Milk Scheme for 26 years commented:

"The M&S Milk Pool has been a beacon of light in the dairy sector and has always delivered a real point of difference in our industry. It represents a very stable and mutually beneficial relationship that consistently delivers innovation in the marketplace for our retailer, and long-term confidence, security and stability for farmers. The stability of our relationship with M&S has given us the ability to reinvest and grow our dairy business far beyond our original expectations. With the support of M&S we have been able to plan a path to reach our ambitious business goals with confidence. We have continued to add new technologies and innovations which have helped us to deliver industry leading performance"



Pay

The M&S Milk Pledge is our commitment to always pay our milk farming partners fairly. The M&S Milk Pledge protects farming partners from short term price volatility and ensures transparent pricing.

The price paid to farming partners per litre of milk reflects both the costs of production and the cost of complying with our farm, people, welfare and environmental standards.

We review the price paid to farming partners at six-monthly intervals, based on independently verified cost indices and taking into account the price our customers pay us for milk to ensure we reflect retail market conditions.

A report prepared by <u>The Andersons Centre</u> in December 2025, concluded that our pricing model "has consistently provided a premium above the <u>British farmgate milk</u> <u>price</u>. In times of particular difficulty, as are now being faced by many British milk producers, the model provides certainty and stability with the price held at a premium to the rest of the market".



Support

We launched <u>Milk Pledge Plus</u> in 2020. Milk Pledge Plus introduced new standards (which we build on each year) and encompasses key issues of staff management, local community engagement and environmental impact, alongside the well-established focus on animal health and welfare and farm standards.

Our People Standard was developed in partnership with <u>REAL Success</u>, who specialise in people development in UK agricultural. Our People Standard expands on the <u>ETI Base Code</u> (the internationally recognised standard for labour practice) and is tailored to UK dairy farming partners.

The People Standard:

- Ensures every dairy farm is assessed by REAL Success annually against clear, measurable expectations of good employment and leadership practices
- Addresses key areas such as HR, Working Hours, Working Environment, Health and Safety, Succession Planning, Mental Wellbeing and Training & Development
- Cives our dairy farming partners free access to a suite of practical support services, which are designed to help them manage, motivate, and lead effectively.

Paul Harris, CEO of REAL Success commented:

"We are delighted to support M&S with the industry-leading People Standard, a groundbreaking initiative that truly integrates the link between animal welfare and people welfare on farms. Rather than just making this a statement, M&S is actively putting in place a robust support programme for their farmers. This programme ensures that key aspects - from HR fundamentals like working conditions and hours, to community engagement and the overall image of farming - are not only promoted but also carefully measured. With the unique dashboard developed by REAL Success, M&S can now track these standards effectively and offer high-quality consultancy services to their farmers. This approach helps make M&S dairy farmers true employers of choice in the industry."



Welfare

M&S has long been recognised as being a leader in farm animal welfare.

We were first awarded Tier 1 status in the Business Benchmark in Farm Animal Welfare ("BBFAW") in 2013 and retained that status until 2023 when the assessment was changed. In 2024, under the new assessment protocol, we were pleased to have received the highest score of any retailer, recognising our leadership in animal welfare. Read the <u>latest BBFAW report here</u>.

<u>Our approach to animal welfare standards</u> starts before an animal is born and continues throughout the whole of its life. You can <u>read our Farm Animal Welfare Policy</u> here.

For the last 25 years, we have been working collaboratively alongside our dairy farming partners, suppliers, industry experts, and NGOs to develop our industry-leading animal welfare standards. We publish an annual report which summarises our performance. Read our latest Animal Welfare Performance Summary here.

Our welfare standards for dairy cows demonstrate best practice and exceed both the industry norm and legislation.

We built our Welfare Standard for dairy cows in partnership with Herd Health Consultancy, who are part of Map of Ag and a team of veterinary specialists in cow health management. Our standards cover every stage of a cow's life. This includes a good diet, easy access to fresh water, adequate shelter and a comfortable resting area, sufficient space and quick treatment if a cow gets sick or injured. Herd Health Consultancy assess all dairy farms against our Welfare Standard on an annual basis.



Welfare

Our dedicated team of specialists work with each-and-every one of our dairy farms to keep improving welfare standards. We check how our farming partners are doing through regular visits and we support them to measure and improve animal health and welfare.

We also provide all our dairy farms with free access to an independent veterinary consultant, who works closely with farming partners and their own vets to drive health and welfare improvements by offering advice, expertise, and hands-on support. This tailored approach, combining expert insight with practical solutions, is invaluable for farming partners seeking to overcome challenges and seize opportunities for continuous improvement.

We collect a range of key welfare outcome measures and indicators. This offers a detailed overview of the conditions cows experience on our farms. We use this to monitor trends, highlight best practice and focus on areas of improvement with our suppliers, and we review this as part of our quarterly Governance process. This supports our team in driving a collaborative, continual improvement culture for animal welfare across our entire farm supply base.

From April 2026 all our dairy farms will be equipped with two new AI tools to enable automatic 365-day surveillance and measuring of cow welfare. CattleEye – which monitors and measures cow mobility and body condition, and Vet Vision

- which monitors cow behaviour, social interactions, and cow comfort.

Jenny Allan of Herd Health Consultancy commented:

"M&S has a longstanding focus on animal health and welfare which has been in place for more than 15 years. Their supportive and consultative approach has focussed on robustly measuring key performance indicators of animal welfare including; mobility, cow comfort, mastitis, mortality, antibiotic use and infectious disease prevalence. Going forward, the incorporation of AI technology to collect data on real-time continuous cow comfort on M&S farms will enable even higher levels of animal welfare monitoring to be reached."



Sustainability and low carbon farming

Agriculture and food production has a significant role to play in the health of our planet and the human population. We recognise the need to develop low impact farming systems that deliver in volume, are resilient to climate change, are less carbon intensive in their impact, create habitats that allow wildlife and nature to thrive and ultimately see land managed in a way that locks in carbon, so that agriculture is recognised as one of the solutions to deal with climate change as well as delivering on food security.

We are building on our long-standing M&S Select Farm programme to deal with the significant sustainability challenges that our farming partners and growers face, and we are committed to working in partnership with them to deliver solutions for the benefit of all. We are working with our Select Farm partners to better understand the current impact of different farming systems, the opportunities to introduce lower impact practices, to identify innovation opportunities and to adopt novel and new farming techniques that will address the known challenges, whilst ensuring that food security remains a key focus.

In particular, we recognise the impact of meat, egg and dairy production on the climate. For these farming systems, we are further advanced in our understanding of their impact, and we are supporting our farming partners to implement lower impact practices.



We are doing this through our Farm of the Future programme, a strategic partnership between M&S, The School of Sustainable Food and Farming at Harper Adams University, and key suppliers, that will identify, cost and implement on-farm activities that meet four key objectives:

- Deliver commercially sustainable farming systems;
- Decarbonise and demonstrate leadership on the road to achieving Net Zero by 2030;
- Maximise wildlife and habitat creation demonstrating an improvement in biodiversity; and
- Identify where wholesale system change, rather than evolution, is required and is commercially viable.

The multi-year programme will work with M&S Select Farms across the key sectors of beef and lamb, dairy, chicken, pork and egg. Through the partnership we will create a supportive network with access and mentoring from recognised practitioners in the field of agricultural sustainability, farm efficiency and animal welfare, with the learning shared across the M&S supply base and wider industry.

We are pursuing a strategy of accelerated reduction of the carbon in our meat, dairy and poultry products while meeting consumer demand for alternative proteins



What this means for our dairy farms

Our aim is to work with our dairy farming partners to marry soil health, water protection, habitat enhancement, nutrient use optimisation, and pesticide and emission reductions with efficient, productive milk enterprises.

Our dairy farming partners have:

- recycled 100% of non-natural waste on their farmland since 2020;
- been monitoring biodiversity on their farmland since 2021;
- reduced their carbon footprint by an average of 8% since 2022;
- reduced their use of fertiliser by an average of 12% since 2023; and
- had 100% renewable energy tariffs since 2024.

We built our Environment and Nature Standard in partnership with <u>Smart Land Management & Ecology</u> to support M&S to deliver a holistic, nature-focused strategy across all our milk farms. This approach will drive tangible change to farmland, covering four key areas (Biodiversity, Soil Health, Manure & Nutrient Management and Carbon & Renewables). Smart Land Management & Ecology assess all dairy farms against our Environment and Nature Standard on an annual basis.



Our Environment and Nature Standard uses <u>UK Hab</u> methodology to establish environmental baselines and to identify existing priority habitats across our farms. We provide our dairy farming partners with a free bespoke report based on habitat data, priority species records, and soil and water catchment information to identify tailored environmental priorities for each farm, supported by free personalised advice - particularly leveraging expertise in catchment and slurry management. Given the diversity of farms across the UK, this flexible, farm-specific approach is essential.

Our annual £1m Plan A Accelerator Fund helps suppliers and farming partners to trial cutting-edge, low-carbon technologies. In 2025 we were proud to make an award to farming partners Nick and Lucy to support them with the installation of low ammonia emission flooring to reduce carbon footprint, improve air quality and optimise cow health and welfare on their farm in the South-West. The project offers measurable impact, long-term sustainability gains, and learnings that we can share with our other farms

Simon Smart, CEO of Smart Land & Ecology Management commented:

"M&S is leading the way in responsibly produced milk by helping farmers look after their land, improve soil health, protect wildlife, and enhance the overall natural environment. Smart Land & Ecology Management are proud to be their partner on this, providing tailored advice and support to each farm in the M&S Milk Pool to drive real positive change. This commitment goes beyond industry standards and strengthens M&S's long-standing reputation for sustainable, high-quality milk."





We are committed to continually improving, evolving, and developing our approach to the responsible sourcing of milk, to ensure our standards remain at the forefront of quality, sustainability, and animal welfare. For example, in 2025 all our milk farms started to use our new M&S Select Farm app, which is an innovative tool that allows our independent assessors to upload results throughout their visit to each farm. This real time picture of the standards and performance on our farms supports our dedicated team with better quality data and greater visibility of trends. This increases agility in responding to issues, as well as improving governance

Through ongoing collaboration with farming partners, suppliers, and industry experts, we will continue to integrate the latest scientific research, technological advancements, and best practices. Our approach includes regular reviews, stakeholder engagement, and transparent benchmarking to drive innovation and respond to changing consumer expectations and environmental challenges. By doing so, we will uphold our promise of delivering responsibly sourced, high-quality milk while supporting a resilient and future-ready supply chain to support on-going growth within the milk category at M&S.