

TCFD

This section outlines how M&S has complied with the requirements of UKLR 6.6.6R (8) by including climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures. Our disclosure also complies with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

TCFD disclosures index

TCFD pillars	TCFD recommendation	Consistency status	Reference
Governance	A) Describe the board's oversight of climate-related risks and opportunities.	✓	➔ Read more on page 39-40.
	B) Describe management's role in assessing and managing climate-related risks and opportunities.	✓	➔ Read more on page 39-40.
Strategy	A) Describe the climate-related risks and opportunities the organisation has identified over the near, medium, and long term.	✓	➔ Read more on pages 41-46.
	B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	✓	➔ Read more on page 42-46.
	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	✓	➔ Read more on pages 46-48.
Risk management	A) Describe the organisation's processes for identifying and assessing climate-related risks.	✓	➔ Read more on page 41.
	B) Describe the organisation's processes for managing climate-related risks.	✓	➔ Read more on pages 52-53 in Risk Management.
	C) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	✓	➔ Read more on page 41.
Metrics and targets	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	✓	➔ Read more on page 48.
	B) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	✓	➔ Read more on pages 48-49.
	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✓	➔ Read more on page 50. ➔ Read more in our ESG Report.



Consistent



Partially consistent

Last year, M&S highlighted the focus areas for the 2024/25 year; progress against these is outlined below.

2024/25 action

Progress update

Re-submit our targets to the Science Based Target Initiative (SBTi)

Following updated guidance from the SBTi for businesses with FLAG emissions (stemming from Forestry, Land or Agriculture), we have updated our Scope 3 targets this year. The Scope 3 base year has also been updated to reflect better data. These updated targets are used throughout this disclosure.

Work towards plan for transition in line with TPT¹ guidance

An internal transition plan has been drafted in line with the TPT guidance. Key elements of this plan are included within this TCFD Report, particularly in Strategy B.

1 Transition Plan Taskforce: <https://transitiontaskforce.net/>

TCFD CONTINUED

Governance

Board's oversight of climate-related risks and opportunities (TCFD governance A)

The Board holds ultimate accountability for risk management and our ESG framework. This encompasses the climate-related risks and opportunities that affect our operations including physical and transitional climate risks. The Audit & Risk Committee is tasked with overseeing these risks, conducting biannual reviews of principal risks, including those associated with climate change and environmental stewardship.

Key elements of our risk management and ESG framework include:

- The Board establishes the risk appetite for essential business areas, incorporating ESG considerations.
- The Audit & Risk Committee receives biannual updates from the leadership team responsible for ESG oversight, including performance metrics that align with our risk appetite.
- The ESG Committee plays a crucial role in managing ESG matters. This Committee convenes at least quarterly and is responsible for:
 - Ensuring alignment between the Company's ESG purpose, business strategy and customer proposition.
 - Assessing the effectiveness of our ESG strategy and governance, including climate-related issues.
 - Monitoring progress against established targets through quarterly ESG reports.
 - Overseeing risk mitigation activities related to climate risks.
 - Supporting the overall risk management framework by reviewing ESG-related risks and providing recommendations to the Audit & Risk Committee.

All members of the ESG and Audit & Risk Committees are Non-Executive Directors, ensuring an independent perspective on our climate-related governance.

For a detailed overview of our risk management processes and governance please see pages 52 to 53. More information about the Audit & Risk Committee's responsibilities can be found in the governance structure on page 40.

Management's role in assessing and managing climate-related risks and opportunities (TCFD governance B)

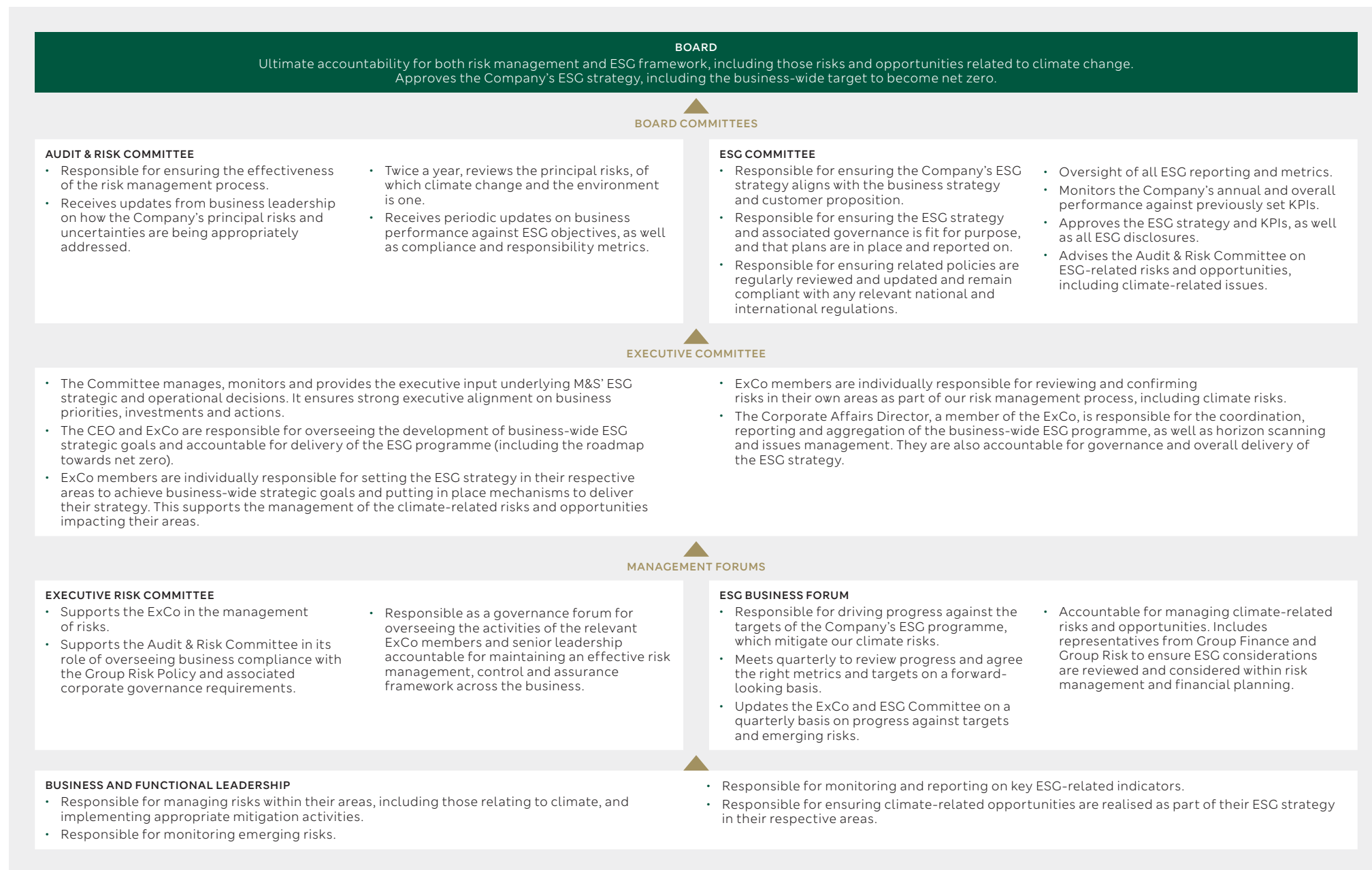
As detailed in our risk management process (see pages 52-53), climate risks, including emerging areas, are integrated into each business and functional risk review. Business units assess the capital expenditure needed for projects that address near term climate-related risks during the annual budgeting process.

- Executive Committee (ExCo) members are responsible for reviewing and confirming risks in their areas, as well as evaluating the Group's principal risks and uncertainties at the half year and year end. This ensures that significant risks are effectively monitored and managed throughout the year.
- The Executive Risk Committee, comprising a subset of ExCo members, has also been established to support with oversight of ongoing risk and control, identify potential emerging issues and monitor overall adherence to expected standards.
- The ESG Business Forum, chaired by the Corporate Affairs Director, includes business leaders accountable for ESG issues. The Forum manages climate-related risks and opportunities, driving progress against our ESG targets. Key updates on ESG trends, including climate change, are shared with the Forum by the Corporate Affairs team. The Forum meets quarterly, with summaries shared with both the ExCo and the ESG Committee (see governance structure on page 40 for details).



TCFD CONTINUED

Governance structure



Risk management

M&S' process for identifying, assessing and managing climate risk, and how this is integrated into overall risk management (TCFD risk management A, B and C)

The identification, assessment, and management of climate-related risks are integrated into our overall Group risk management process. Climate risks are evaluated using consistent criteria applied across all risks. A detailed description of our risk management framework can be found on pages 52 to 53.

In this process, each accountable business and function assesses the potential consequences of climate risks, referencing the TCFD Guidance Tables A1.1 and A1.2. Specifically, they:

- Analyse the impact of current and emerging climate-related issues on their strategies, both in the near-term and long-term.
- Leverage stakeholder insights to gauge the size and scope of climate risks in alignment with our Group risk assessment criteria.
- Prioritise risks based on materiality and time horizon.
- Evaluate the effectiveness of existing mitigating controls.
- Designate a risk owner for each identified risk.
- Engage relevant leadership teams for further insight and accountability.

The output of this is then reported onto a central system to collate each business function's core risks, mitigating controls and actions, which includes climate risks. The detail on specific climate risks is in Table 1 which can be found on pages 42 to 44.

At the Group level, the ESG Business Forum provides oversight by consolidating insights on various risks and promoting transparency regarding progress against our priorities.

Before our half year risk review, the Forum conducted a dedicated session focused on ESG risks. Following each meeting, the ExCo receives updates to ensure informed decision-making and alignment with our strategic objectives.

At the Board level, governance of this process is overseen by the ESG and Audit & Risk Committees. Climate change and the environment remain a principal risk for the business, as detailed on page 58.

Strategy

Identified climate-related risks and opportunities (TCFD strategy A)

We continue to monitor our climate-related risks and opportunities. We consider both physical and transition risks and opportunities and how we manage these over the near, medium and long term. The following definitions of these time horizons were used for the purposes of identifying and managing climate risks and opportunities. They were informed by the Paris Agreement, which influences global policy responses, the UNFCCC data on physical risks and our own Company's science-based targets.

Time horizons

● Near	<3 years	Aligned to our risk management and financial planning processes.
● Medium	3-10 years	Captures transition risks and opportunities, linked to both our near term science-based targets and the emerging risks included in our risk management disclosure.
● Long	10+ years	Captures physical risks and opportunities over the long-term. Linked to our long term net zero goals and the emerging risks included in our risk management disclosure.

The business determines the severity of a risk by considering two factors: the likelihood of the risk materialising in a given timeframe and the potential impact(s) such as financial, reputational, operational or regulatory. A combination of these two factors provides an overall risk severity score of either 'minor', 'moderate', 'major' or 'critical' which helps us to determine the materiality of a risk.

Processes used to determine which risks and opportunities could have a material financial impact on the organisation

As part of the risk management process, we biannually review climate risks and opportunities over the near, medium and long term to consider any key changes and additions, and ensure relevance.

Group risk assessment criteria

Almost certain	4				
Likely	3				
Possible	2				
Unlikely	1				
		1	2	3	4
		Minor	Moderate	Major	Critical

A summary of climate-related risks and opportunities in line with TCFD Guidance Table A1.1 and A1.2 can be found in Table 1. Given the relevancy to the organisation, M&S splits risks by sector, aligned to the P&L, rather than geography.














Q Quantified
I Immaterial
N No meaningful quantification
N Near term (<3 years)
M Medium term (3-10 years)
L Long term (>10 years)

Strategy continued

Impact of climate-related risks and opportunities on our businesses, strategy, and financial planning (TCFD strategy B)



In addition to summarising the risks and opportunities identified in Strategy A), Table 1 outlines the business response. Relevant targets and metrics are mapped to the impact areas to highlight how resilience is built into the business strategy.

Table 1: Business-wide risk and opportunity summary



Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
1 Current and new environmental compliance including legislation and tax Transition risk: Policy and legislation	Group wide/ Agriculture/ Food/Fashion, Home & Beauty/ Property/Fleet	N M L	Q Increase in operating costs to manage environmental compliance such as carbon tax. <i>Summary of relevant quantitative scenario analysis which looked at the impact across different sectors (Food, Fashion, Home & Beauty and Property) can be found in Strategy C).</i> Increase in capital expenditure required to address emissions areas in M&S owned assets such as refrigeration, energy consumption and diesel fleet. <i>Capital expenditure on LED lighting, store controls upgrades, voltage optimisation, fridge doors, electric vehicles and other areas are included within the Group's budget and three year plan which have been used to support impairment reviews found in page 159 of the financial statements.</i>	Group <ul style="list-style-type: none"> Working towards the 2029/30 science-based targets, which guides the business setting process for relevant ESG targets as part of the business transformation. Supply chain <ul style="list-style-type: none"> Built net zero as a consideration into the sourcing strategy for Food and Fashion, Home & Beauty. Identified the suppliers with the greatest impact on emissions in the supply chain as a key focus for engagement and measured impact through Higg Index and Manufacture 2030. Our operations <ul style="list-style-type: none"> Capital investment through proactive asset replacement which is integrated into the three-year financial plan to phase out our F-gas refrigeration systems. New store specifications include being 100% electric, with full LED lighting in Foodhalls. 	         	<ul style="list-style-type: none"> 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year. Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets.
2 Ability to keep pace with customer trends and behaviours as we see an increase in consumer preferences towards more sustainable product choices Transition risk: Market and reputation Opportunity: Products and services	Food/Fashion, Home & Beauty	N M	N Revenue opportunity from climate conscious customers who want to choose low-carbon products. Revenue loss if we don't keep pace with customer trends and develop suitable low-carbon product offerings. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our products <ul style="list-style-type: none"> Quarterly review of shoppers' sustainability preferences and perceptions through our Brand Reputation Tracker. Ongoing investment in innovation and new product and proposition development to ensure we develop suitable low-carbon products to maximise customer preferences. In Food, we continue to maintain at least 50% of food sales from fruit and vegetables, vegetarian and vegan products. In Fashion, Home & Beauty, we continue to focus on alternative raw materials and explore circular solutions for customers; however, this has been identified as a medium-term opportunity and therefore not currently built in revenue. 	  	<ul style="list-style-type: none"> 100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used). 100% of polyester used in FH&B products from more sustainable sources by 2025/26 (% of all polyester used). 100% of MMCF used in FH&B products from more sustainable sources by 2025/26 (% of all MMCF used).



² More information on specific programmes can be found in our ESG Report.



TCFD CONTINUED



Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
3 Availability of low carbon technological solutions and infrastructure to support low carbon activities for example low and zero carbon fleet options Transition risk: Technology	Group wide/ Property/Fleet	M	Q Increase in capital and operational expenditure required to source the necessary low-carbon technology and infrastructure to achieve our net zero goals. Potential impact of £30-40m if not mitigated.	Group <ul style="list-style-type: none"> Developing the roadmap to achieve science aligned 2029/30 target, and focusing on proactively managing the need for new low-carbon technological solutions and infrastructure to support our journey to net zero. Our operations <ul style="list-style-type: none"> Trialling a new Air Source Heat Pump in store to achieve full heat decarbonisation. Running c. 80 bio-compressed natural gas (bio-CNG) vehicles and 5 battery electric HGVs as part of our Food and Fashion, Home & Beauty fleet. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
4 Energy efficiency and resilience in our operations and supply chain Transition risk: Market Opportunity: Resource efficiency and energy source	Group wide/ Property/ Food/Fashion, Home & Beauty	M	Q Increased cost in our supply chain caused by rising energy costs if energy efficiency or greener solutions are put in place. Potential impact of £nil-£10m if not mitigated. Reduction in operational costs if energy consumption is effectively managed. Opportunity to reduce reliance of grid electricity by facilitating on-site renewable energy generation.	Supply chain <ul style="list-style-type: none"> Working with suppliers to reduce energy consumption and move to renewable energy. Examples include our participation in the Carbon Leadership Programme and our six key asks from Food suppliers. Our operations <ul style="list-style-type: none"> Continuing to integrate energy efficiency measures such as doors on fridges and trial solutions such as Jet Seal. This is an airflow management system designed to reduce cold air escape from fridge cases, to lower energy consumption. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
5 Failure to meet our public climate change commitments Transition risk: Reputation	Group wide	M L	N Reputational impact of failure to meet our net zero targets leads to lower sales and makes it harder to attract and retain customers and colleagues. <i>Whilst we have considered quantifying this risk, we're not disclosing a financial impact as there's no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group <ul style="list-style-type: none"> Net zero goal has been incorporated into the strategic pillars of our business transformation with a set of clear metrics for accountable business owners. Quarterly updates on our climate targets at our ESG Business Forum, which then feeds into updates to the ExCo and ESG Committee. See page 40 for more information on our governance structure. Continue supporting innovation with suppliers and partners on reducing emissions through the Plan A Accelerator Fund. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance – see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.



² More information on specific programmes can be found in our ESG Report.

 Zero deforestation
 Sustainable sourcing

 Low-impact farming
 Suppliers and business partners on net zero journey

 High-quality products
 Circular economy

 Reduce food waste
 Reduce and recycle packaging






 Zero emissions property
 Zero emissions transport

Q Quantified
I Immaterial
N No meaningful quantification

N Near term (<3 years)
M Medium term (3-10 years)
L Long term (>10 years)

Strategy continued

Table 1: Business-wide risk and opportunity summary continued

Risk/opportunity	Sector	Time horizon	Potential financial impact on the business	Business response ²	Priority areas	Targets
6 Reliance on third parties, local Government and broader infrastructure to achieve our mitigation actions Transition risk: Market Opportunity: Policy	Group wide	M L	N Increase capital and operational expenditure required to meet our net zero goals, e.g. increased cost in renewable energy procurement if grid decarbonisation is not delivered. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Group <ul style="list-style-type: none"> Collaborate closely with the industry to ensure we are working towards the same goals such as the Business Retail Consortium (BRC) and (Institute of Grocery Distribution (IGD). Proactively engage with Government to ensure that broader policy and infrastructure will support the retail industry on decarbonisation. 		
7 Failure to meet the requirements of our franchise partners based on the impact of climate change on our supply chain Transition risk: Reputation Physical risk: Acute and chronic	International	M	N Reputational impact due to failure to meet the requirements of our partners. Loss of revenue from not being able to provide necessary stock to partners. <i>Whilst we have considered quantifying this risk, we are not disclosing a financial impact as there is no clear methodology or set of assumptions that would lead to a meaningful financial quantification.</i>	Our operations <ul style="list-style-type: none"> Apply learnings from both the invasion in Ukraine and the Red Sea disruption as to how the business is able to adapt the supply chain to ensure we are able to meet partner requirements, irrespective of the cause of the disruption. 		<ul style="list-style-type: none"> Updated Scope 3 target based on SBTi guidance -see page 50 for specific targets. 55% reduction in absolute Scope 1 and 2 emissions by 2029/30 from 2016/17 base year.
8 Volatility in the supply of raw materials caused by the impact of climate change Physical risk: Acute and chronic	Agriculture/Food/Fashion, Home & Beauty	N M L	I Increase in sourcing costs based on supply chain disruption caused by increased likelihood of extreme weather. Summary of relevant quantitative scenario analysis can be found in Strategy C. Loss of revenue if we are not able to source specific products due to the impact of physical climate risks.	Our products <ul style="list-style-type: none"> Starting to track financial impact of climate change on fresh produce to identify hotspots and the impact on business. Strengthened our focus on supporting producers as they transition to net zero. Putting a greater emphasis on resilience in our standards and partnerships, such as Fairtrade. Increased focus on regenerative agriculture, through our Farming with Nature programme and work with Better Cotton. 	  	<ul style="list-style-type: none"> Maintain 100% Fairtrade certified tea and coffee (% of all M&S tea and coffee products). 100% of cotton used in FH&B products from more sustainable sources by 25/26 (% of all cotton used).
9 Managing infrastructure and operations (both owned and supply chain) in extreme weather Physical risk: Acute	Group wide/Property/Fleet	N M L	I Loss of revenue from increased likelihood of extreme weather events (e.g., flooding or extreme temperatures) leading to closures of shops, distribution centres and key transport hubs. Summary of relevant quantitative scenario analysis can be found in Strategy C.	Our operations <ul style="list-style-type: none"> To support with the management of extreme weather events in stores, distribution centres and key transport hubs such as Chittagong port, Bangladesh, we have robust business continuity procedures in place. 	 	

² More information on specific programmes can be found in our ESG Report.

TCFD CONTINUED

How climate-related issues serve as an input to our financial planning process

We continue to utilise the financial model for the business' carbon reduction initiatives that was developed in 2023/24. By doing so, spend associated with certain projects linked to climate-related risks and opportunities is incorporated into the 2025/26 budget and three-year financial planning process, both approved by the Board. We have done so by including the capital expenditure required to manage the impact of our climate-related risks in our operations and the profit impact from climate-linked products and services, for example, capital investment in the store estate to improve energy efficiency. This financial planning process forms the cash flow projections within our going concern and impairment assessments (see page 159 for more details).

Transition planning

This year, we have updated Scope 3 science-based targets in line with new guidance from the SBTi for businesses with FLAG emissions.

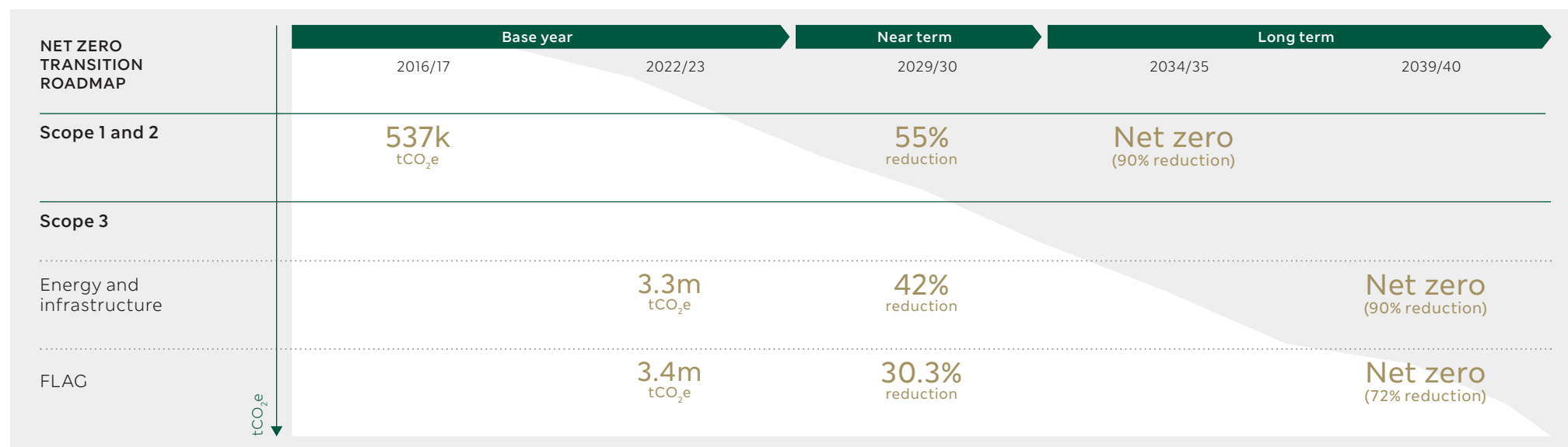
FLAG emissions refer to emissions related to Forests, Land, and Agriculture, while non-FLAG emissions (also called Energy and Industry emissions) encompass all other fossil-based emissions from a company. We are required to break down the Scope 3 target: a FLAG target for land-based emissions and a non-FLAG target for emissions from Energy and Industry sectors. Scope 1 and 2 targets remain the same.

Over the past few years we have sought to improve the accuracy and specificity of our Scope 3 emissions through better representation of our business model, industry specific data and increasing supplier level data. Therefore, in addition to updating targets in line with the FLAG guidance, we have also taken the opportunity to update the base year from 2016/17 to 2022/23 for these targets to reflect this change. We acknowledge that our new Scope 3 base year number has evolved from previously reported figures, primarily due to a transition in our reporting methodology moving from category level to product specific data in our Food business, and an expansion in the scope of our goods not for resale inventory.

Due to these changes, we will no longer be reporting against the 2025/26 1.9m tonne reduction target. The next reporting milestone for the business' total Group emissions will be against the updated near term 2029/30 targets.

Importantly, these updated targets do not change the overall ambition to transition to net zero by 2040 across our value chain, an ambition still underpinned by the business' Net Zero Transition Roadmap. The 2034/35 and 2039/40 long-term emissions reduction targets are aligned to climate science and the SBTi net-zero standard, and to achieve net zero any residual emissions will have to be permanently neutralised. Once the emission reductions outlined have been achieved, carbon removals will be used to neutralise these residual emissions. By focusing first on reducing emissions and then on removals, we're taking a comprehensive approach to reaching net zero.

➔ More information on our performance against our Net Zero Transition Roadmap can be found in our ESG Report.

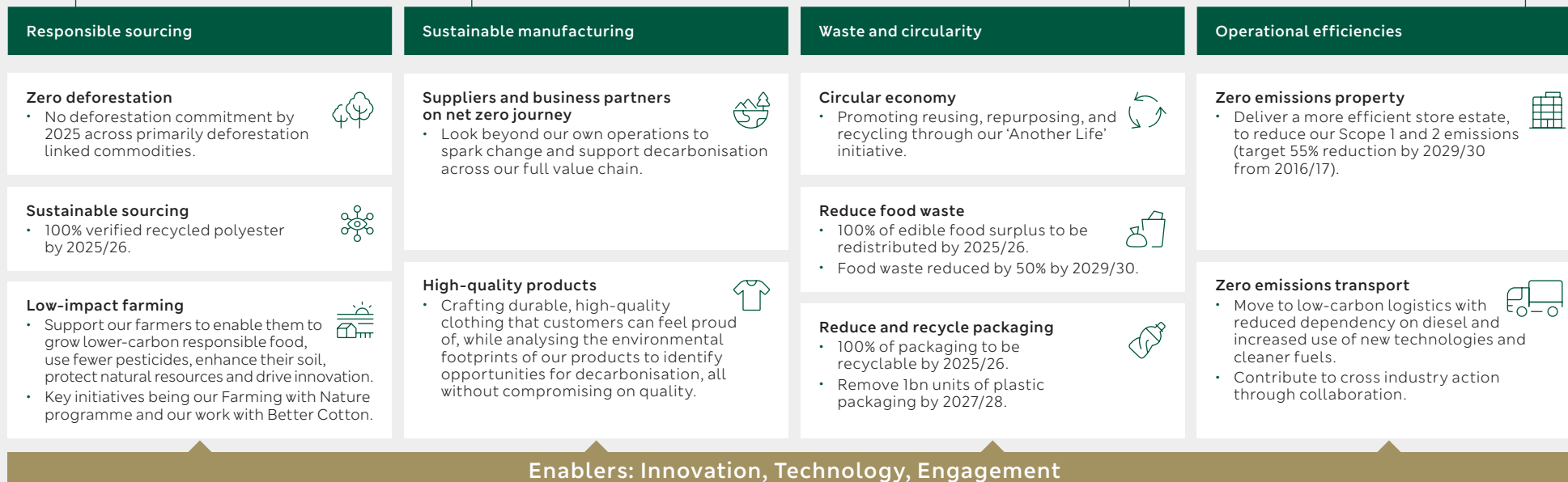


TCFD CONTINUED

10 IMMEDIATE PRIORITY AREAS FOR TRANSFORMATION

Our primary focus is on decarbonisation and in 2021 we identified 10 priority areas to enable our Net Zero Transition Roadmap. These continue to be our focus and, to help drive the change we have three enablers that support their delivery.

PRIORITY AREAS



The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C)

Quantitative scenario analysis

Quantitative scenario analysis is a valuable tool to help understand the potential impact of risks and opportunities identified by the business. As there have been no significant changes to both the business and climate risks and opportunities, we have updated scenario analysis on four areas of the business previously analysed: Property, Fleet, Protein and Cotton.

These areas were selected following a materiality assessment which considered the potential climate-related impact and the impact on financial performance to M&S, whilst ensuring fair and balanced reporting across the accountable businesses. The analysis looked at the impact of two plausible future states. We chose to use a low-carbon transition scenario (average global temperature increases of 1.5°C due to climate change by 2100) and a physical climate impact scenario (average global temperature increases of 4°C due to climate change by 2100). These scenarios were chosen to show the impact of both a high level of transition risk (1.5°C pathway), assuming the implementation of a carbon tax, and physical risk (4°C pathway), assuming low levels of Government intervention leading to more frequent and impactful weather events.

Consistent with previous years, the results of the scenario analysis are included in Table 2. The financial impact criteria has been aligned to the Group risk assessment criteria as follows:

Financial impact

Minor	<1% on sale and PBT
	1-3% impact on sales
Moderate	1-5% impact on PBT
	3-5% impact on sales
Major	5-10% impact on PBT
	>5% impact on sales
Critical	>10% impact on PBT

Table 2: Quantitative scenario analysis summary

Area	Scope	Risk/opportunity category (as identified in Table 1)	Risk modelled	Impact of climate risk on our organisation's financial performance in 2030, assuming no mitigation actions	Quantification of impact	Targets in place to manage these risks
Property	UK property estate (including Gist properties)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £20m to £30m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
		Managing infrastructure and operations (both owned and supply chain) in extreme weather.	Flood risk	Immaterial	D	N/A
Fleet	UK fleet (including Gist)	Current and new environmental compliance including legislation and tax.	Carbon tax on Scope 1 and 2 emissions	Potential operating profit impact of £15m to £25m	C	55% reduction in absolute Scope 1 and 2 emissions by 2030 from 2016/17 base year.
Protein	UK and Ireland sourced beef, lamb, pork, chicken and turkey products	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural emissions (to the farm gate)	Potential operating profit impact of £35m to £50m	B C	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets.
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A
Cotton	Globally sourced raw material used in our clothing	Current and new environmental compliance including legislation and tax.	Carbon tax on agricultural (seed to farm gate) and manufacturing (all steps in cotton production) emissions	Potential operating profit impact of £45m to £60m	B	Updated Scope 3 target based on SBTi FLAG guidance – see page 50 for specific targets. 100% of cotton used in Fashion, Home & Beauty (FH&B) products from more sustainable sources by 2025/26 (% of all cotton used).
		Volatility in the supply of raw materials caused by the impact of climate change.	Extreme weather events and chronic climate change impact on agricultural production	Immaterial	D	N/A

Strategy continued

The resilience of our strategy, taking into consideration different climate-related scenarios (TCFD strategy C) continued

Business resilience

The scenario analysis identified that the transition risk associated with the introduction of a carbon tax in 2030 remains a material risk, with a potential operating profit impact across Property, Fleet, Protein and Cotton of between £115m and £165m assuming no mitigation. This risk highlights the need for continued effort to work towards our 2029/30 emissions reduction targets, with a focus on emissions in our value chain, which make up 95% of total emissions.

Through the work to identify emission reduction initiatives across the business and the projected cost, we have an understanding of the financial impact of meeting the emissions reduction targets and have accounted for this in the three-year plan. Moreover, even if there were to be significant issues that meant we were unable to deliver on the mitigations, given the health of the balance sheet, we would be able to absorb the impact of the carbon tax calculated in Table 2.

To support the requirement for greater collaboration, research and development, the 'Plan A Accelerator Fund' provided funding to 10 projects in 2024/25, that have the potential to reduce emissions in our supply chain. These actions will play a role in strengthening the resilience of the organisation's strategy to the climate-related risks and opportunities identified in the near term. More information on the projects can be found in our ESG Report.

While the physical risks identified in the scenario analysis are quantified as immaterial, we are aware fresh produce supply is especially vulnerable to unpredictable weather patterns and extreme weather events. In the Food business work has continued to identify root causation, vulnerable hotspots and the impact on the business when we have to use contingency sourcing, to ensure we can identify if physical climate risk is an emerging material risk. This year, we have implemented a system update to better capture this data so that moving forward we can review trends in financial reporting.

Metrics and targets

Metrics used to assess climate-related risks and opportunities (TCFD metrics and targets A)

Within the 10 priority areas that enable our Net Zero Transition Roadmap, highlighted on page 46, are related targets and metrics. More details on performance against these targets can be found in our ESG Report. All related ESG metrics and targets linked to our climate-related risks and opportunities are also highlighted in our Strategy section in Table 1. While we consider other climate-related metrics and targets, our focus remains on our GHG emissions metrics, which feed into the near and long-term emissions reduction targets that are aligned to the UN ambition to limit global warming to 1.5°C.

An internal price of carbon per tonne has been calculated, based on in-flight emissions reduction initiatives. This gives an indication of the potential cost of future emissions reduction initiatives to achieve the targets. Looking ahead, a mechanism for embedding a carbon price into investment appraisal across the business will be explored.

The Remuneration Committee's view remains the same regarding the inclusion of ESG-related measures in the Performance Share Plan (PSP). As ESG and climate commitments are embedded in our business operations, they are already reflected in the achievement of our existing bank of PSP strategic measures, so the Committee agreed that inclusion of a separate ESG measure would not further our Plan A ambition. This will remain under consideration in future years.

Scope 1, 2 and 3 greenhouse gas emissions (TCFD metrics and targets B)

Scope 1 and 2

Scope 1 and 2 carbon emissions, reported in line with the Greenhouse Gas (GHG) Protocol, result mainly from operating our logistics fleet and powering stores, offices and warehouses. The table on page 49 outlines the 2024/25 Scope 1 and 2 emissions, reported in line with the Streamlined Energy and Carbon Reporting requirements. Across the business, we capture the data and calculate these emissions on technology platform Sphera, and this data has limited assurance by Deloitte. This year, we are reporting no change in our Scope 1 and 2 emissions. More information can be found in our ESG Report.

Scope 3

This year, we updated the business' carbon inventory as part of the resubmission of our science-based targets to the SBTi. The improved inventory continues to evolve with a greater amount of supplier-specific data within the most material Scope 3 category, Purchased goods and services. We have also moved to a different data reporting methodology for our Food footprint, focusing on product carbon footprints.

We have continued collaborations with the following industry partners to measure our product footprint and access more supplier data so we can have a better understanding of the emissions hotspots:

- **Higg Index** – a suite of tools that provides a standard measurement of supply chain sustainability across Fashion and Home.
- **Manufacture 2030** – a cross-industry platform for Tier 1 Food supplier partners, to share site-specific environmental data with grocery retail partners. This helps to reduce the reporting burden and prioritise where action should be taken to reduce emissions.
- **Mondra** – a data insights platform for calculating product carbon footprinting that uses M&S recipe information and secondary emissions data.

TCFD CONTINUED

Data from Mondra has fed into Food 2023/24 Scope 3 emissions. With Fashion, Home & Beauty, we have worked with third party, South Pole, to update the inventory for 2023/24, utilising data from the Higg Index.

The chart to the right discloses the updated 2023/24 Scope 3 emissions data, which has been calculated in line with the GHG Protocol. To report more accurate Scope 3 emissions and be able to bring in supplier-specific data, we continue to report a year in arrears.

This year, we are reporting an increase in Scope 3 emissions of 0.4m tCO₂e, compared to our Scope 3 2022/23 base year. This increase has come from volume growth in our Food business and an expansion in the scope of our goods not for resale inventory. Through our process of SBTi revalidation, we have accounted for growth in our plans to achieve our targets and are confident in the programmes we have in place. More information can be found on page 50 (TCFD Metrics and Targets C).

➔ More detail on this can be found in our ESG Report.

Streamlined Energy and Carbon Reporting

Energy consumption (GWh)

	2024/25	2023/24 [^]	% change
UK Operations	1,362	1,382	-1%
International Operations	78	78	0%
Group	1,440	1,460	-1%

[^] Performance for last year has been re-stated to reflect data accuracy improvements.

Energy efficiency initiatives

- Removed natural gas from our standardised specification replacing it with fully electric heating and have implemented this in four stores.
- Continued to introduce fridge doors which can provide an energy saving of up to 30%. These are now in place in 59 stores.
- Transitioning the logistics fleet to lower-emission alternatives. This year a further 85 lower-emission vehicles have been introduced – a combination of compressed natural gas (bio-CNG) and battery electric vehicles.
- Optimised the efficiency of the Fashion, Home & Beauty logistics fleet by increasing the number of double deck trailers operating in the network by a further 44, introducing aerodynamic air deflectors to new bio-CNG vehicles and moving containers inbound from port to distribution centres via rail.

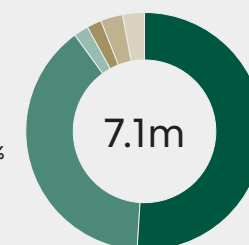
Greenhouse gas emissions (000 tonnes CO₂e)

	2024/25	2023/24 [^]	% change
Scope 1 emissions	210	206	2%
of which UK	207	203	2%
Scope 2 emissions (location based)	151	155	-3%
of which UK	116	120	-4%
Total location-based Scope 1 and 2 emissions	361	362	0%
of which UK	322	323	0%
GHG intensity per 1,000 sq ft of sales floor	19	18	4%
Scope 2 emissions (market based)	175	234	-25%
Total market-based Scope 1 and 2 emissions	385	440	-12%
of which UK	351	407	-14%

[^] Performance for last year has been re-stated to reflect data accuracy and methodology improvements.

SCOPE 3 EMISSIONS 2023/24 (tCO₂e)

- Purchased goods & services – FLAG (Category 1) **51%**
- Purchased goods & services – E&I (Category 1) **39%**
- Capital goods (Category 2) **2%**
- Fuel and energy related activities (Category 3) **2%**
- Upstream transportation and distribution (Category 4) **3%**
- Other categories **3%**



TCFD CONTINUED

Targets used to manage climate-related risks and opportunities (TCFD metrics and targets C)

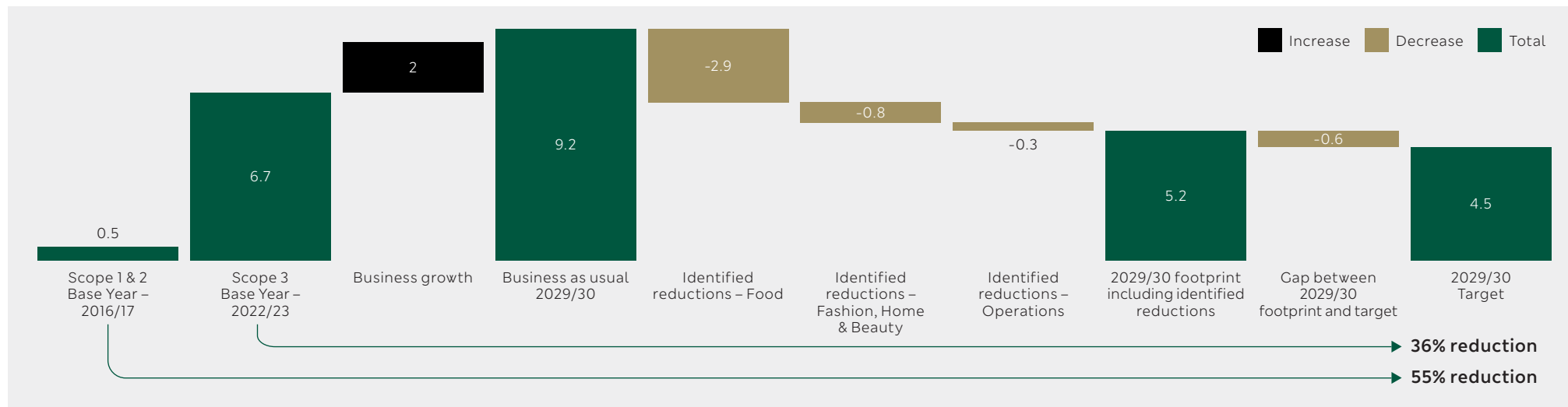
In 2022, the SBTi approved the business' near term science-based targets. However, since then the data and regulatory landscape has significantly evolved, including updated guidance for emissions linked to Forest, Land and Agriculture (FLAG). It has therefore been necessary for us to review and update these targets in accordance with the new guidance.

The Scope 3 emissions reduction targets are now updated to consider FLAG guidance, as well as an updated base year. This means we now have Scope 3 targets separated out to cover our FLAG and Energy and Industry (E&I) related GHG emissions. Scope 1 and 2 targets remain unchanged.

These near and long-term science-based emissions reduction targets have been approved with the SBTi. The SBTi has verified our net zero science-based target by 2040.

Emissions reduction pathway (mtCO₂e)

We have line of sight to 86% reduction. Our priority areas as outlined on page 46 inform our emissions reduction pathway to our 2029/30 target.



Overall net zero target

- M&S commits to reach net zero greenhouse gas emissions across the value chain by FY2040.

Near-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 55% by FY2030 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 42% by FY2030 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 30.3% by FY2030 from a FY2023 base year.**

Given the change of our base year to 2022/23, we have streamlined our near term targets, focusing on the approved near term targets (2029/30). As part of the revalidation process, we have updated the glidepath to meet these near term targets and have identified 86% of the reductions required. We will continue to identify work required to meet the gap.

- M&S commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

Long-term targets

- Energy & Industry: M&S commits to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2035 from a FY2017 base year.* M&S also commits to reduce absolute Scope 3 GHG emissions 90% by FY2040 from a FY2023 base year.*
- FLAG: M&S commits to reduce absolute Scope 3 FLAG GHG emissions 72% by FY2040 from a FY2023 base year.**

Our ESG Report outlines all of the targets used to manage our ESG performance, including those relevant to managing the business' climate-related risks and opportunities.

* The target boundary includes land-related emissions and removals from bioenergy feedstocks.

**The target includes FLAG emissions and removals.