

MARKS AND SPENCER

SUSTAINABILITY LINKED REVOLVING CREDIT FACILITY 2024 PERFORMANCE UPDATE

BACKGROUND

M&S has access to a Revolving Credit Facility (RCF) which was agreed in December 2021 and updated in November 2022. Under the terms of the RCF, the applicable interest rate may be adjusted each year (downward or upward) depending on whether all, some or none of the targets in place across the four agreed Sustainability KPIs are met. Targets have been set for each financial year from the year ending March 2024 up to the year ending March 2026. This performance update includes the annual targets for the four Sustainability KPIs linked to the RCF and performance against each for 2024, as well as detail on the reporting methodologies. Performance against each of the targets for the financial year ending 1 April 2024 has been subject to assurance by Deloitte in accordance with ISAE 3000, and their assurance opinion is published on the M&S Corporate website alongside this performance update [here](#).

For information on M&S's wider ESG strategy, and detail on initiatives, additional targets and context to performance on the topics addressed in this update, please refer to the [M&S 2024 ESG Report](#) and relevant pages of the M&S corporate website on [soy](#), [plastic](#), [polyester](#) and our wider [Net Zero](#) goal.

2024 PERFORMANCE UPDATE

Sustainability KPI		Financial year ending 1 April 2024	
		Target	Performance
KPI 1*	% Metric tonnes of soy sourced from physically certified deforestation and conversion free supply chains of total soy used in animal feed	60%	71%
KPI 2	% Metric tonnes of the polyester in clothing and home products coming from verified recycled sources of the total polyester in clothing and home products	70%	69.7%
KPI 3	Cumulative annual metric tonnes of CO2e Scope 1 and 2 emissions reduced from the property estate calculated against a baseline of the financial year ended 2 April 2022	12,000	26,968
KPI 4	Cumulative number of plastic pieces (million units) removed from packaging portfolio since the start of the financial year ended 2 April 2022	200	252.2

BASIS OF REPORTING

This document gives details on how the four Sustainability KPIs linked to the M&S Revolving Credit Facility are measured, including relevant information on scope, definitions and calculation methodology.

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KPI 1: % METRIC TONNES OF SOY SOURCED FROM PHYSICALLY CERTIFIED DEFORESTATION AND CONVERSION FREE SUPPLY CHAINS OF TOTAL SOY USED IN ANIMAL FEED IN 2023 CALENDAR YEAR

TIME PERIOD OF REPORTING

Reporting is annual and based on the calendar year (January – December), in line with industry standard for reporting on soy. Performance relates to soy volumes sourced from January to December 2023.

PURPOSE OF THE SUSTAINABILITY KPI

Sustainability KPI 1 has been selected as an appropriate measure of progress to align with the timelines and aims of the Revolving Credit Facility agreement. Separately, M&S tracks progress against other targets related to more sustainable sourcing of soy. For more information on M&S's approach to sourcing soy, see our dedicated page on our corporate website here.

As outlined in the UK Soy Manifesto (the Manifesto), “deforestation and land use change driven by agricultural expansion account for 23% of the world’s greenhouse gas emissions, and commodities such as soy, alongside beef, palm oil and timber, are key global drivers.” The Manifesto notes in addition that “protecting forests is also critical to halt the loss of global biodiversity and to protect the rights and livelihoods of indigenous communities and forest peoples.” This is why M&S, as a signatory to the Manifesto since November 2021, has committed to ensure that 100% of soy used in animal feed for its products is sourced from physically certified deforestation and conversion-free supply chains by 2025/26.

Physical certification that supply has come from land that has not been deforested or converted has been chosen as the appropriate benchmark against which to assess progress as it is widely considered in the industry to be a credible mechanism for evidencing that the soy supplied has been produced in ways that do not contribute to the environmental damage noted above.

DEFINITIONS

Terms	Definition
Physically certified deforestation and conversion free supply chains	Evidence is required of supply claimed to meet a claim of physical certification. M&S has aligned our acceptance of standards with the European Feed Manufacturers' Federation (FEFAC) benchmarked standard including criteria 34 on conversion of natural habitats using a pre-2020 cut-off date. This includes Area Mass Balance, Mass Balance, Regional Credits, or Segregated chain of custody systems which are aligned with the UK Soy Manifesto as supporting the transition to verified deforestation and conversion free soy. In addition we also accept organic soy and soy sourced from a low risk origin. Any soy volumes from supply chains that do not meet these standards are not considered to be physically certified deforestation and conversion free.

Area Mass Balance	A hybrid 'certificate' and 'mass balance' model. This is where a company knows that it is sourcing material from a region (e.g. North East Brazil), but it doesn't know which producers are supplying it. As it is known where the general production system occurs within a given supply chain, these are considered more connected to the physical supply chain even though a chain of custody is not present.
Mass Balance	Refers to the mixing of both certified and uncertified product. The volume of certified product entering the operation e.g. a commodity traders warehouse is controlled, and an equivalent amount can then be sold as certified. The physical mixing of certified and uncertified product occurs because it is not possible to keep the material separated during the operational movement of it through the supply chain. The amount of certified material going into the system may ultimately be claimed by suppliers as certified, even if the specific soy used by those suppliers may in fact be certified or uncertified, but only up to that amount.
Segregated	Refers to soy from multiple certified sources that is kept separate from that of uncertified sources throughout the supply chain, and that output quantified should correspond to the input quantities.
Regional Credits	Effectively operate in the same way as Area Mass Balance, but is a direct certificate purchase from a company to a producer bypassing the trading partner that may be importing soy to the M&S supply chain. For every certified tonne of soya produced, the certified producer is granted one credit. Regional credits support a specified region or country and can therefore be tied to a producing area, just as Area Mass Balance.
Low risk origin	The area of production is considered to be at low risk of deforestation and conversion.
Organic (excluding from South American)	Certification of farming practices that conform to organic standards. All organic production and claims, from farm to fork, must be segregated from non-organic products. This includes animal feed used in livestock production. Organic is considered as low risk from a deforestation perspective.

SCOPE

This KPI is focused on soy used in animal feed, as over 99% of the soy M&S uses across its business is used for this. Any soy used in products (direct soy), e.g. tofu or soy milk, is out of scope. In defining different product categories in scope, we refer to the tiers of the [Consumer Goods Forum Soy Measurement Ladder](#).

All soy used in animal feed is in-scope, except that used for dairy animals. M&S has a pool of dedicated milk producers and has excluded soy from the diet of dairy cows. Where milk is used as an ingredient, e.g. cheeses and milk sauces, a supplier 'A' List (see glossary for definition) is not in place due to the low risk of product quality standard issues and the complexity of this supply chain.

As M&S primarily sells own-brand products, only M&S own-brand Food products sold in the UK & Republic of Ireland (ROI), or sold in its International business but supplied from its UK operations are included in scope.

	In Scope	Out of Scope
Applicable business areas	M&S Food products sold in the UK & Republic of Ireland (ROI), and also those sold in the M&S International business where supplied from the UK.	3rd party branded food products M&S Clothing & Home M&S Retail & Property Protein locally sourced Internationally for M&S International business
Applicable product categories	<p>Soy used within animal feed (indirect soy) for,</p> <p>A. Whole animal protein M&S Food products and</p> <p>B. Animal protein product used as an ingredient within M&S Food products which are sourced from M&S Select Farms and supplied through M&S 'A' List Suppliers (see glossary for definition), whether directly to M&S or indirectly via a direct supplier to M&S.</p> <p>This scope corresponds to the industry standard categories outlined in the Consumer Goods Forum Soy Measurement Ladder as Tier 2, Tier 3 eggs, Tier 4a and Tier 4b. eggs' (see below for further information).</p>	<ol style="list-style-type: none"> 1. Directly purchased soy and its derivatives, i.e., soy sold as a product (e.g. soya beans) or used directly as an ingredient within M&S food products (e.g., soya milk or soy sauce). This is referred to by the Consumer Goods Forum Soy Measurement Ladder as Tier 1. 2. Dairy products (referred to by the Consumer Goods Forum Soy Measurement Ladder as Tier 3 dairy' and Tier 4b dairy'). 3. Sundry indirect soy and soy derivatives (eg. Lecithin in chocolate, soy oil in margarine, soy by-products, soy used to rear cows for gelatine, stocks, leather etc.),referred to by the Consumer Goods Forum Soy Measurement Ladder as Tier 5.

METHODOLOGY

Data collection

M&S works with third party specialists, 3keel, which performs data collection and analysis to calculate KPI1. 3keel collects data and information, including on soy usage volumes (as self-declared by suppliers), origin and evidence of certification from in-scope product suppliers via a dedicated online portal, using a supplier list provided by M&S. A small number of suppliers (14%) did not respond to data requests, however it was confirmed separately that these suppliers do not use in-direct soy or were not in scope for this metric (e.g. dairy suppliers), and so this has had no impact on the result.

Data analysis

To classify soy as being from physically certified deforestation and conversion-free supply chains, volumes reported by suppliers must be accompanied by appropriate evidence, for example certificates of supply, feed specifications and accompanying invoices, feedmill or trader commitments, or written confirmation from the soy supplier extending the chain of custody to state that any certified materials have been exclusively allocated. All evidence is reviewed by 3keel once submitted by suppliers.

Management of data limitations

Since suppliers to M&S do not directly purchase soy, some are not able to access or provide data on exact volumes of soy used, or related information such as its origin or evidence of certification

(i.e. they cannot provide primary data). Where suppliers cannot provide primary data on soy usage, secondary data (for example volumes of animal product or ingredients used) is requested and used to estimate soy volumes, which are derived based on industry standard conversion factors. These conversion factors are based on available data, such as sampling data representative of the supplier production system, or the average soy per tonne of product declared for a similar product – preferably in the same production area or geography. Selected conversion factors published by Hoste, the Round Table on Responsible Soy Association (RTRS) and the Retail Soy Group (RSG) are applied for this calculation.

In 2023, 35% of reported soy volumes were estimated using these conversion factors. The estimate is calculated as follows:

Total animal protein material weight x Soy conversion factor = Soy footprint

Information on/evidence of certified supply may also not be provided by suppliers. Where no information on the soy certification is provided, this is not projected - instead the volumes are generally considered to be uncertified, although efforts are made to establish whether separate evidence exists for suppliers’ volumes having come from a supply chain model deemed to correspond to physically certified deforestation and conversion-free supply chains (in which case those volumes may be classified as such).

Calculation

KPI 1 is calculated using data for products in-scope, following the equation:

$$\frac{\text{Tonnage of soy used in animal feed sourced from physically certified supply chains}}{\text{Tonal tonnage of soy used in animal feed (excluding dairy)}} \times 100$$

KPI GOVERNANCE

The M&S Food Head of Technology – Sustainability is accountable for the reporting of KPI1, with annual reporting also being signed off by the M&S Head of Agriculture.

GLOSSARY: KPI1

<p>M&S ‘A’ List Suppliers</p>	<p>An M&S Audited List of suppliers for raw materials that, through risk assessment, we believe pose significant risk to our customers or brand which warrants direct intervention. Our direct suppliers are only permitted to source these raw materials or subsequent ingredients from an M&S ‘A’ List supplier. (Species/materials relevant to this metric include Eggs; Poultry; Beef; Lamb; Pork; Venison; Farmed Fish). ‘A’ List suppliers are covered under M&S audit protocol, a program of independent audits for all Direct, Copackers and ‘A’ List Raw Material food suppliers to Marks & Spencer (M&S) to ensure manufacturers and packers operate to the M&S Food Safety & Quality and Brand Integrity Manufacturing Standards.</p>
<p>M&S Select Farm</p>	<p>All producers must meet M&S Select Farm Sourcing Standards to be accepted into our supply chain for meat, fish, eggs, dairy and produce. The criteria include specifications on all areas of sustainability including animal welfare, people welfare, environment, and efficiency.</p>

KPI2: % METRIC TONNES OF THE POLYESTER IN CLOTHING AND HOME PRODUCTS COMING FROM VERIFIED RECYCLED SOURCES OF THE TOTAL POLYESTER IN CLOTHING AND HOME PRODUCTS IN THE YEAR ENDED 1 APRIL 2024

PURPOSE OF KPI2

After cotton (which in M&S clothing is already 100% responsibly sourced), polyester is the second most used fibre for M&S Clothing & Home products. The production of raw materials represents a considerable proportion of scope 3 emissions from the M&S Clothing and Home business and converting virgin polyester to verified recycled polyester is an important part of the M&S Net Zero Roadmap.

The Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) are used as evidence of verified recycled polyester for reporting of this metric. These standards have been developed by [Textile Exchange](#), an industry NGO leading on sustainability programmes, industry collaboration and standards developments, focusing on tier 4 of the textile supply chain (production and extraction of the raw materials). Textile Exchange's standards are developed through collaboration with industry representatives and third-party experts, and are reviewed through an open consultation before being published. GRS and RCS are the two standards applicable for recycled content. There is no alternative third party standard currently available that uses a full chain of custody compliance process, a robust definition of the targeted materials and is applicable at scale. The M&S policy on recycled polyester also recognises Repreve, which is a branded recycled fibre, but all of the fibres produced by Unify are also available with the GRS certification. The approval of use of new standards is led by the M&S Clothing and Home Raw Material Sustainability team. Third party certification is not subject to formal verification by the internal M&S team so the external standards are relied upon fully for the calculation of the KPI.

DEFINITIONS

Terms	Definition
Global Recycled Standard (GRS)	The Global Recycled Standard (GRS) is a Textile Exchange product standard that verifies recycled content's chain of custody alongside social, and chemical requirements all along the value chain of the products.
Recycled Claim Standard (RCS)	The Recycled Claim Standard (RCS) is a Textile Exchange standard that verifies recycled content's chain of custody all along the value chain of the products.

TIME PERIOD OF REPORTING

Metric is reported annually, in line with M&S financial year.

SCOPE

The majority of polyester is used in clothing, which is included in-scope. Currently, data is not reportable for a small portion of polyester used e.g. for clothing trims and some home items such as filling used in cushions and duvets. We continue to improve reporting on polyester in these departments and plan to report these in future, but currently, these are out of scope.

	In Scope	Out of Scope
Applicable business areas	M&S Clothing & Home (UK & Republic of Ireland (ROI) and International)	M&S Food
Applicable product categories	M&S own-branded clothing and home products, (clothing, home textiles)	Clothing trims and components, including filling and padding. Accessories (including, for example, jewellery, bags, wallets, homeware, furniture) Footwear Beauty Third party branded products

METHODOLOGY

Data collection

Data on unit volume of in-scope products received is taken from M&S financial reporting systems. Data on product composition (i.e. the blend of materials comprising the primary fabric of each product) and the percentage of a particular raw material used for each product (e.g. recycled polyester), as well as supporting evidence (i.e. GRS or RCS certificates from the garment supplier and a transaction certificate) is reported using M&S product specification system.

Data analysis

Product weights are derived from data from one of our warehouse management systems (WMS) where product weights are supplied by weighing products in the warehouse upon receipt or by supplier-submitted weights. These weights are at size level and based on actual M&S product weight. Data on filling weight (e.g. used in cushions or duvets) comes from Textile 2030 weight data. Wastage factors are applied to all products, representing the marginal loss of material taking place during all the transformation stages in the supply chain. Each total weight at product level is multiplied by 1.2 for homeware products and by 1.53 for apparel (industry average references provided by the Sustainable Clothing Action Plan - SCAP). To establish the volume of polyester that has come from verified recycled sources, product material composition data is used to take a subset from the total.

Management of data limitations

Data on product composition only accounts for the primary fabric, which is typically accounts for the majority of the garment composition, and in many instances the entire product, but the calculation does not currently take account of trims, lining and filling materials.

As product weights do not account for the marginal loss of material during transformation stages within the supply chain, wastage factors are applied, each total weight at product level is multiplied

by 1.2 for homeware products and by 1.53 for apparel.

Product and packaging weights are initially based on information provided by M&S suppliers. If there is a variance of 10% or greater when weighed on receipt at the M&S distribution centre, then the data is updated accordingly.

As part of our product weighing process, we account for the packaging weight to ensure accurate product metrics. We calculate an average packaging weight by department and product type, which is subtracted from the gross product weight to obtain the true product weight. This average is derived from historical product data exported from the PLM system, covering products within the same hierarchy.

The data is not always reliable or easy to obtain. To address this challenge, we use an average to smooth out any anomalies in the data. If a weight cannot be determined, we apply a default average weight of 5%. This percentage has been calculated based on an assessment of the average packaging weight, as documented in our records.

Given the limitations of our current data collection and the potential for improvement, we will continue to update this data on an annual basis. This approach ensures that our calculations remain as accurate as possible in the absence of a more sophisticated tracking and reporting method for packaging weights.

As the calculation for this metric relies on weight data collected at our E-commerce distribution centre at Castle Donington, any products that are not received through or weighed at Castle Donington are excluded from the data. This year this includes 21 products shipped from Turkey.

2.3% of intake volume (based on number of units, rather than weight) across all in-scope categories is excluded from reporting due to data gaps on either product composition or weight. Currently, data on filling materials, such as those used in cushions or duvets, is not available in M&S product specification systems. To address this gap, we rely on the Textile 2030 weight file to determine the product composition of filling and cover weights for these items. The percentage composition of the covers from this file is used to derive and estimate the cover weights of these products for inclusion in our reports.

Calculation

$$\frac{\textit{Tonnage of polyester that has come from verified recycled sources}}{\textit{Total tonnage of polyester}} \times 100$$

KPI2 GOVERNANCE

The M&S Clothing & Home Head of Materials and Sustainability is accountable for the reporting of KPI2, with the calculation being checked for accuracy and completeness by the Product Manager for Clothing & Home Sourcing and Sustainability.

KPI3: CUMULATIVE ANNUAL METRIC TONNES OF CO2E SCOPE 1 AND 2 EMISSIONS REDUCED FROM THE PROPERTY ESTATE CALCULATED AGAINST A BASELINE OF THE FINANCIAL YEAR ENDED 2 APRIL 2022

PURPOSE OF SUSTAINABILITY KPI3

Marks and Spencer has committed to achieve Net Zero across its entire value chain by 2040. A near term target has been set and approved by SBTi, with a commitment to reduce absolute scope 1&2 emissions by 55% by 2029/30 from a 2016/17 base year. The M&S UK and Irish (ROI) property estate carbon reduction projects are considered key drivers to accomplish these Scope 1+2 reduction targets, with emissions from these properties accounting for the majority of M&S scope 1+2 greenhouse gas emissions.

DEFINITIONS

Terms	Definition
The Property Estate	Refers to properties where Marks and Spencer Plc has operational control in the UK and the Republic of Ireland (ROI) only. For example, M&S operated stores and warehouses, or warehouses operated by other third parties where M&S is the sole occupant and holds operational control. For in scope sites that are leased, emissions from the site are measured from the lease start date up to the lease end date (rather than dates at which stores may be open or closed to the public). If a site is sub-let, emissions from that site are not accounted for during the period it is leased by another party, since it is deemed to be outside of M&S' operational control for that period, in line with the boundary as set in the GHG protocol.
Operational control	This is an approach to defining reporting boundaries when reporting on emissions, defined by the GHG Protocol. It is deemed that a property is within operational control if Marks and Spencer Plc or one of its subsidiaries (e.g. Gist) has the full authority to introduce and implement its operating policies at the operation, for example control over energy procurement.
Reduced	The difference between the in scope normalised annual emissions (CO2e) of the reporting year and of the baseline year (FY22). Emissions calculated for the reporting year are normalised for grid decarbonisation, so changes to the carbon intensity of the grid will not contribute to reported reductions.
Reductions through emissions saving schemes	The purpose of this requirement is to ensure that only reductions that can be deemed to stem from M&S's actions (such as energy efficiency initiatives or reductions in refrigerant leakage), as opposed to emissions reductions achieved from decarbonisation of the national electricity grids. Renewable energy contracts are not considered to be an emissions saving scheme, and so the metric is calculated using location-based emissions, not market-based emissions.

Normalised for grid decarbonisation	Emissions factors used to calculate emissions in the reporting year are fixed to those that were used in the baseline year, so reductions in carbon intensity of national grids does not contribute to the reported reduction of greenhouse gas emissions. Reported reductions are deduced to result from emissions saving schemes.
Cumulative	Annual reductions are cumulative, meaning that if emissions reduction in a reporting year exceeds the target for that year, excess emissions reduced above the reporting year's target will contribute to the target of the following reporting year. Likewise if emissions in one year does not reach the target, the implication is that the subsequent year's performance will need to exceed in year target to meet the cumulative outcome. This is captured in practice as part of the calculation method, by deducting normalised performance in the reporting year from performance of the base year.
Scope 1 greenhouse gas emissions	Direct GHG emissions for owned or controlled sources, for example emissions from combustion in boilers.
Scope 2 greenhouse gas emissions	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat, or cooling.
Location-based methodology	Emissions are calculated using emission factors representing average emissions from energy generation occurring within a defined geographic area and a defined time period.

TIME PERIOD FOR REPORTING

Reporting is annual and based on the Marks and Spencer financial year.

SCOPE

	In Scope	Out of Scope
Applicable business areas	The M&S property estate in the UK and the Republic of Ireland (ROI) only. Inclusive of stores, offices and logistics operations (warehouses) where M&S is the sole occupant.	International operations outside of the UK and the Republic of Ireland (ROI). Gist warehouses where M&S is not the sole occupant (outside of operational control of M&S Plc). Franchise and JV operations. The M&S fleet.
Other boundaries	All sources of scope 1 and 2 greenhouse gas emissions.	Scope 3 greenhouse gas emissions.

METHODOLOGY

KPI 3 is reported in alignment with the GHG Protocol in all aspects apart from in regards to the application of emissions factors that are fixed to those relevant to the base year, which is done here to discount any impact of decarbonisation of national electricity grids from reported emissions reductions. More detail on this is given below.

The M&S financial year April 2021 – March 2022 has been selected as the base year, due to data availability and to align with the timelines of the RCF agreement that KPI3 is linked to.

Calculation

To calculate KPI 3, the gross Scope 1 and Scope 2 GHG emissions generated at in-scope property sites in the reporting year, normalised for grid decarbonisation, is calculated and deducted from the equivalent gross Scope 1 and Scope 2 GHG emissions generated at in-scope property sites in the base year, i.e. the financial year ending in April 2022. The GHG Protocol asserts that usually, scope 1 and scope 2 emissions are reported separately, but to show total reduction in greenhouse gas emissions from the M&S property estate, a single figure for gross scope 1&2 greenhouse gas emissions is used for the reporting and base years.

Data collection

Starting in the first reporting year (FY23), data on annual usage volumes of scope 1&2 emissions sources (i.e. energy usage, including fuel and electricity, and refrigerant leakage) are collected and reported by third parties or M&S colleagues, before being reviewed and signed off by M&S management in relevant areas of the business, using a digital reporting system. For the base year (FY22), data was collected from responsible third parties (e.g. utilities provider) over email, and retrospectively added to the digital reporting system following its implementation in FY23. The digital reporting system has delivered efficiencies and improved transparency in data collection and supported verification of data completeness.

Data Analysis

Calculation of location-based greenhouse gas emissions (tonnes CO₂e)

In accordance with the GHG Protocol, location-based emissions factors are applied to emissions source (energy use and refrigerant leakage) volumes to calculate location-based greenhouse gas emissions (tonnes CO₂e).

In-year scope 1&2 emissions are normalised for grid decarbonisation, so reductions in carbon intensity of the national grid do not contribute to reported emissions reductions. Normalised location-based emissions (tonnes CO₂e) are calculated by applying fixed emissions factors (i.e. the same factors as applied in the base year). Emissions factors applied are those most recently available at the time of reporting the base year and include 2021 BEIS emissions factors, IEA emission factors for 2019 (as published in 2021), which are used to calculate emissions from purchased electricity in the Republic of Ireland (ROI), as well as Bitzer Report emissions factors for refrigerant types not published by BEIS. This procedure is not aligned to the principles of the GHG protocol, but allows reported emissions reductions to discount any impact of decarbonisation of national electricity grids.

Management of data limitations

Estimated data is used in two scenarios; i) when energy consumption volume data is based on invoices which are not received from utility companies in time to meet annual reporting deadlines, and ii), when electricity or gas meters are out of order and no data is received for a site for a particular month or months within the reporting year. Estimates of monthly data made within the year are replaced with actual data if it is received in time for annual reporting timelines. In the base year (FY22), where meter readings or billing data was not available, gaps in electricity usage data were estimated by applying the average electricity usage (kwh) per square foot to the area of the store for which data was missing. Where data on gas usage was missing, if data for the same period of the previous year was available, those figures were rolled forwards, but if that data was not available, the average gas usage (kwh) per square foot was applied to the area of the store

for which data was missing. The method for completing estimations to gap fill missing data was updated in FY23, since the process is now completed by the M&S energy data provider. If metered or billing data is not available, estimates are applied based on monthly energy budgets set at site level by M&S, or where that is not available the average energy use per square foot of floor space is applied. M&S seeks to continuously improve on availability of actual data (with automated meters being rolled out to most sites in FY23), and since estimates only represent an immaterial quantity of CO2e emissions, this slight change of approach does not have a significant impact.

Where M&S are not able to measure the consumption of fuel in real time, emissions are reported at the point the fuel is purchased (e.g. heating fuel oils). This ensures that all emissions are included in reporting but can result in a misalignment between when emissions are reported vs. when fuel is consumed and emissions produced.

Re-statement of emissions

In accordance with the GHG Protocol, base year emissions shall be recalculated when significant changes in company structure or inventory methodology occur, to ensure changes in emissions over time are consistently tracked. Accordingly, equivalent Scope 1 and Scope 2 GHG emissions generated at in-scope property sites in the base year are reviewed annually, and if necessary, recalculated with adjustments to data made in line with the GHG Protocol and the [M&S base year re-calculation policy](#), to account for any GHG emissions from sites that have come into or out of the reporting boundary due to, for example, acquisition or sale of assets by M&S PLC.

The baseline for FY22 has been re-stated this year to account for the removal of GIST warehouses from the KPI calculation. This decision was taken as it was decided that operational control for energy consumption does not lie with Marks & Spencer plc. This has resulted in a reduction to the FY22 base year emissions of 1473 tCO2e.

KPI3 GOVERNANCE

The M&S Retail and Property Head of Sustainability and Technical Specification is accountable for the reporting of KPI3, with the calculation being checked for accuracy and completeness by the ESG Reporting Officer.

KPI4: CUMULATIVE NUMBER OF PLASTIC PIECES (MILLION UNITS) REMOVED FROM PACKAGING PORTFOLIO SINCE THE START OF THE FINANCIAL YEAR ENDED 2 APRIL 2022.

PURPOSE OF KPI4

Our customers tell us that reducing plastic packaging is the number one environmental issue they care about and want M&S to take action on. Sustainability KPI4 is in line with the waste hierarchy, which prioritises the principal solutions of “reduce, re-use, recycle”, with reduction being defined as the best action that can be taken to tackle plastic waste. Sustainability KPI4 has been selected as an appropriate measure of progress to align with the timelines and aims of the Revolving Credit Facility agreement. Separately, M&S tracks progress against a broader target also related to the reduction of plastic packaging, but with a separate timescale and scope. For more information on M&S’s approach to packaging, see our dedicated page on our corporate website [here](#).

TIMELINE OF REPORTING

Cumulative totals are reported annually, in line with the M&S financial year.

DEFINITIONS

Terms	Definition
Cumulative	Quantity of removals is reported from the start of the financial year ending in April 2022, with plastic removal from any single project being counted for only 12 months.
Removed	Instances where an existing product line or single use plastic item has been re-designed so that a unit of plastic packaging has been removed entirely or has been replaced by an alternative packaging material that the OPRL (on-pack recycling logo) Scheme, defines can be recycled via a non-plastic waste stream. Does not include new product development.
Individual disposable unit	An individual packaging component e.g. a ready meal may have 3 packaging units; a card sleeve, a plastic tray and a plastic film. The assumption in relation to all packaging components for M&S Food products is that they will not be reused, as so are classed as disposable (as per the definition of the Sustainability KPI). Only units made of plastic that are removed can be counted towards the cumulative removals for this Sustainability KPI.
Packaging portfolio	Includes primary, secondary and tertiary (transit) packaging, as well as single use disposable items.
Plastic primary packaging	Plastic packaging that is in contact with a product. For example both the plastic tray and plastic film of a ready meal.

Plastic secondary packaging	Plastic packaging used for display purposes or to hold multiple items together to be sold as a single product. For example, plastic trays used to display products on a shelf, or plastic wrap used to hold multi-pack items together.
Plastic tertiary (transit) packaging	Plastic packaging used for transportation of products, typically disposed of in stores before products are displayed to customers. For example, bubble wrap used to protect products being transported to stores that is removed and disposed before products are displayed to customers. Plastic packaging used in delivering products to customers who have purchased products online are also considered as tertiary (transit) packaging.
Single use plastic disposables	Goods not for re-sale items, typically given to customers free of charge, that are made of plastic and intended to be used once and then disposed. For example, stirrers, sachets or produce and bakery bags.

SCOPE

	In Scope	Out of Scope
Organisation boundaries	M&S Foods. M&S UK & Irish (ROI) owned business and Franchise operations.	M&S Clothing & Home, M&S Retail & Property, M&S Services. Products sold in International locations, outside of the UK and the Republic of Ireland (ROI). M&S products sold via Ocado.
Other metric specific boundaries	M&S own-brand product packaging, Primary, secondary and tertiary (transit) plastic packaging, Single use plastic disposables.	Packaging from non-M&S branded products sold by M&S, Goods not for re-sale intended for business use (i.e. not given to customers), Non-plastic packaging materials.

METHODOLOGY

Data collection

Individual plastic packaging removal projects (i.e. a project to remove one or more units of plastic packaging per product, for a specific product or product line) are identified and relevant data and information, including data on product codes, number of pieces of plastic per product being removed and the packaging re-design launch date, captured using internal reporting forms.

Data analysis

The total quantity of plastic unit removals is calculated monthly using sales or order data as relevant, and, where available and accessible to reporting teams, waste data. Removals are reported from the fiscal month that a project becomes live (i.e. when the relevant product has been re-launched with the re-designed or removed packaging), and for the 12 months following only, regardless of whether a product for which plastic packaging has been removed is sold beyond this time. When products with reformatted packaging are launched in stores, small quantities of existing stock with the previous packaging design may continue to sell through past this date, however, due to average shelf life of products being relatively short (within a week), there is limited risk that this could significantly impact the reported metric. Where the launch date is mid-month, volume is counted from the beginning of the following month. The Packaging Project Manager collates before and after imagery of each product included in the KPI as evidence of the number of pieces plastic removed per each project. For projects launched before 2023, which are included in the cumulative number of pieces of plastic removed, supplier and internal stakeholder confirmations were used as evidence to confirm the number of pieces of plastic removed per project.

To measure quantity of total plastic units removed, the reported number of pieces of plastic removed per product is multiplied by total product quantity (including quantity of products sold, disposed of or donated) for the period. The best available data is used to calculate the quantity of products, including, sales data or order data if items are not sold but given away free (e.g. condiment sachets), as well as waste data, where it is available, to represent the volume of products that are delivered to store but not sold or given to customers, and are donated to good causes or disposed of e.g. due to product damage.

Calculations

Total plastic units removed for each financial year is calculated as:

$$\sum \text{Units of plastic packaging removed per product} \times \text{Total product quantity for 12 months since project launch}$$

KPI4 GOVERNANCE

The M&S Foods Head of Sustainability is accountable for the reporting of KPI4, with the calculation being checked for accuracy by the Packaging Project Manager.