

# REVOLVING CREDIT FACILITY

## PERFORMANCE UPDATE 2025

### 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 2022 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 2025, as well as detail on the reporting methodologies. Performance against each of the targets for the financial year ending 29 March 2025 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 2025 ESG Report and relevant pages of the M&S corporate website on soy, plastic, polyester and our wider Net Zero goal.

### 2025 PERFORMANCE UPDATE

SUSTAINABILITY KPI		FINANCIAL YEAR ENDING 1 APRIL 2024	
		TARGET	PERFORMANCE
<b>KPI 1*</b>	% Metric tonnes of soy sourced from physically certified deforestation and conversion free supply chains of total soy used in animal feed	80%	<b>91%</b>
<b>KPI 2</b>	% Metric tonnes of the polyester in clothing and home products coming from verified recycled sources of the total polyester in clothing and home products	90%	<b>92%</b>
<b>KPI 3</b>	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	22,000	<b>24,077</b>
<b>KPI 4</b>	Cumulative number of plastic pieces (million units) removed from packaging portfolio since the start of the financial year ended 2 April 2022	275	<b>363.3</b>

# 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.

## CONTENTS

<b>KPI 1: % Metric tonnes of soy sourced from physically certified deforestation and conversion free supply chains of total soy used in animal feed in 2024 calendar year</b>	<b>4</b>
Time period of reporting	4
Purpose of the Sustainability KPI	4
Definitions	4
Scope	5
Methodology	6
Data collection	6
Data analysis	6
Management of data limitations	6
Calculation	6
KPI1 Governance	6
Glossary: KPI1	6
<b>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 2025.</b>	<b>7</b>
Purpose of KPI2	7
Definitions	7
Time period of reporting	7
Scope	7
Methodology	8
Data collection	8
Data analysis	8
Management of data limitations	8
Calculation	8
KPI2 Governance	8
<b>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</b>	<b>9</b>
Purpose of Sustainability KPI3	9
Definitions	9
Time period of reporting	10
Scope	10
Methodology	10
Calculation	10
Data collection	10
Data analysis	10
Calculation of location-based greenhouse gas emissions (tonnes CO2e)	10



Management of data limitations	11
Re-statement of emissions	11
KPI3 Governance	11
<b>KPI4: Cumulative number of plastic pieces (million units) removed from packaging portfolio since the start of the financial year ended 2 April 2022.</b>	<b>12</b>
Purpose of KPI4	12
Time period of reporting	12
Definitions	12
Scope	13
Methodology	13
Data collection	13
Data analysis	13
Data Validation	13
Calculation	13
KPI4 Governance	13



## KPI 1: % METRIC TONNES OF SOY SOURCED FROM PHYSICALLY CERTIFIED DEFORESTATION AND CONVERSION FREE SUPPLY CHAINS OF TOTAL SOY USED IN ANIMAL FEED IN 2024 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 2024.

### 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 UK Soy Manifesto and the FEFAC benchmark tool and criteria ‘FEFAC’-benchmarked standard to the 2021 Soy Sourcing Guidelines including criteria 34 on conversion of natural habitats using a pre-2020 cut-off date for deforestation and land conversion using an Area Mass Balance, Regional Credits, Mass Balance, or Segregated chain of custody system, in addition to organic soy sourced outside of South America and trader or feed supplier origin declarations from low-risk areas. Any soy volumes from supply chains that do not meet these standards are not considered to be physically certified deforestation and conversion free.
Conversion Free Soy	No soy is produced in converted natural eco-systems (natural forest, native grasslands, wetlands, swamps, peatlands, savannas, steep slopes and riparian areas) after a specific cut-off date no later than 2020
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. Currently defined at country level as USA, Canada, EU. Can be further developed to subnational level subject to further assurance e.g., areas outside the Gran Chaco within Argentina.
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> <ol style="list-style-type: none"> <li>whole animal protein M&amp;S Food products and</li> <li>animal protein product used as an ingredient within M&amp;S Food products which are sourced from M&amp;S Select Farms and supplied through M&amp;S 'A' List Suppliers (see glossary for definition), whether directly to M&amp;S or indirectly via a direct supplier to M&amp;S.</li> </ol> <p>This scope corresponds to the industry standard categories outlined in the <a href="#">Consumer Goods Forum Soy Measurement Ladder</a> as Tier 2, Tier 3 eggs', Tier 4a and Tier 4b. eggs' (see below for further information).</p>	<p>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&amp;S food products (e.g., soya milk or soy sauce). This is referred to by the <a href="#">Consumer Goods Forum Soy Measurement Ladder</a> as Tier 1.</p> <ol style="list-style-type: none"> <li>Dairy products (referred to by the Consumer Goods Forum Soy Measurement Ladder as Tier 3 dairy' and Tier 4b dairy').</li> <li>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.</li> </ol>

## Methodology

### Data collection

M&S works with a third party specialist, 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.

Before the data received from 3Keel is finalised, and the percentage of Soy classified is physically certified and deforestation free is calculated, a review of the data is carried out by the Sustainable Commodities Manager independently of 3Keel.

### 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 2024, 31% of reported soy volumes were estimated using these conversion factors. The estimate is calculated as follows:

$$\text{Total animal protein material weight} \times \text{Soy conversion factor} = \text{Soy footprint}$$

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:

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

## KPI1 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

M&S 'A' List Suppliers	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.
M&S Select Farm	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.

## 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 2025.

### 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 more than a third 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.

### 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

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 fashion 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. 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 clothing (industry average references provided by the Sustainable Clothing Action Plan - SCAP). Product composition data is used to determine the products which fall within the scope of this metric.

In response to a cyber incident this year, an additional manual verification process was implemented to ensure the accuracy of material attributions. This process involved identifying products where "recycled polyester" appeared in the "Primary Material" description but was not reflected in the product's attribute data and reattributing the data accordingly.

### Management of data limitations

Data on product composition only accounts for the primary fabric, which 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.

For the purposes of calculating the KPI, where a product contains recycled polyester, it is considered that 100% of the Polyester within the product is recycled.

To account for natural fluctuations in product weight, a 10% tolerance is applied when comparing the actual weight to the supplier-provided weight. If the discrepancy exceeds this threshold, the updated weight is recorded in the warehouse management system and used in calculating the polyester metric.

Since the metric is derived from weight data recorded in the Warehouse Management System (WMS), only products received and weighed at the M&S Castle Donington distribution centre are included.

### Calculation

**Tonnage of polyester that has come from verified recycled sources**

**Total tonnage of polyester**

**X 100**

## KPI2 Governance

The M&S Clothing & Home Head of Materials and Sustainability is accountable for the reporting of KPI2, with the calculation overseen by the Product Manager for Clothing & Home Sourcing and Sustainability for accuracy and completeness. This involves checking to confirm that products included in the metric do include polyester and that polyester has been correctly attributed as recycled.





## 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 location-based 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 owned and operated by other third parties where M&S is the sole occupant and holds operational control. For operational sites that are leased emissions from the site are measured from the lease start date up to the lease end date. 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 operating policies at the operation. In practice this means M&S Employees having the ability to introduce measures that can impact energy consumption and/or carbon emissions such as introducing fridge doors or converting to LED lighting.
Reduced	The difference between the in scope normalised annual emissions (CO2e) of the reporting year and of the baseline year (FY22).
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 of 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 location based greenhouse gas emissions.	Scope 3 greenhouse gas emissions.

## Methodology

KPI 3 is reported in alignment with the GHG Protocol in all aspects apart from 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 CO<sub>2</sub>e)**

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 CO<sub>2</sub>e).

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 CO<sub>2</sub>e) 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 DESNZ 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 rolled out to most sites between FY23 and FY24), and since estimates only represent 8% of energy consumption, 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. The emissions sources this relates to are:

- Refrigerant Leakage
- Heating Fuel Oils
- Liquefied Petroleum Gas
- Generated Electricity (Diesel)
- Biomass (Wood Pellets)

### **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. The threshold for restating performance is 5%. 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, re-calculated 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.

## **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 (1 billion pieces of plastic packaging units by end 27/28 which is inclusive of Ocado sales channels and Fashion, Home and Beauty). For more information on M&S's approach to packaging, see our dedicated page on our corporate website [here](#).

### Time period 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.

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.

### Data Validation

Plastic removal projects are independently verified by the packaging project managers. The owner of a packaging removal project submits details of the project to the packaging project manager who then verifies that the packaging change has taken place as described by checking the products instore and captures before and after images of the product showing the packaging change. Where it has not been possible to capture images of the product the team rely on confirmation from packaging project removal owners as evidence of a change.

The total dataset is then reviewed either by a finance colleague or separate packaging project manager on a monthly basis to ensure that project details, sales data and waste information are included correctly and that the calculation has been run accurately.

### Calculation

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.