

YOUR M&S

How We Do Business Report 2012










THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2012

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FINANCIAL HIGHLIGHTS 2012

Group revenue	£9.9bn ↑2.0%
Underlying Group operating profit	£810.0m ↓1.8%
Underlying Group profit before tax	£705.9m ↓1.2%

PLAN A HIGHLIGHTS 2012

Net benefit generated by Plan A	£105m ↑50%
Energy savings across our operations	28% adj for weather against 2006/07
% of M&S products with Plan A qualities	31% (by volume)

Marks & Spencer is one of the UK's leading retailers with around 21 million customers visiting our stores every week.

We sell high quality, great value clothing and home products and outstanding quality food. We source products responsibly from over 2,000 suppliers around the world. Over 81,000 people work for M&S in the UK and worldwide. Our core values are Quality, Value, Service, Innovation and Trust.

Marks and Spencer Group plc is a public limited company listed on the London Stock Exchange.

Our principal trade associations are the Confederation of British Industry and the British Retail Consortium. We are also members of the World Economic Forum and Consumer Goods Forum. We are founding members of Business in the Community and participate in a wide range of social and environmental organisations.

Why not visit the Plan A website?

Our Plan A website contains a wide range of additional information about our social and environmental activities designed for our customers.

Details of policies and reports can be found in the How We Do Business section of our company website.



PlanA DOING THE RIGHT THING

VIEW the Plan A website.
marksandspencer.com/plana
marksandspencer.com/thecompany



Towards a vision of sustainable retail

After five years of Plan A we have made good progress. By achieving 138 of our sustainability commitments we have made Marks & Spencer more efficient and innovative whilst also benefiting society and the environment. Today, Plan A is integral to our strategy for future growth. We are pleased with our progress so far but not complacent; the biggest challenges still lie ahead.



“This report summarises our achievements during the first five years of Plan A, but more importantly it outlines our thinking about how to make M&S a sustainable, multi-channel international retailer.”

Marc Bolland
Chief Executive Officer

The journey so far

We launched Plan A in 2007 to address three global challenges: increasing pressure on our planet's finite resources, rising social inequality, and the need for healthier, more sustainable lifestyles in the developed world. Five years on, the evidence for change is even stronger. We can now also demonstrate a strong business case for sustainability, with £185m in net benefits from Plan A made available to be reinvested back into our business over the last five years. These financial benefits as well as the social and environmental progress we have achieved so far are based on the strides made in integrating sustainability into how we run our business. This integration provides a strong framework of governance and a strong sense of ownership across the business.

Customers and products

Driving business efficiency will continue to be important but over the next few years everyone involved in consumer products will have to respond to the growing demand for resources from a global population that reached seven billion last year and is projected to exceed eight billion sometime after 2020. This scale of change and the pressure that it will place on society and the environment will demand a very different approach to retailing in the future. In the first instance, we will ensure that by 2020, every M&S product has Plan A built into it, making sustainability a new norm.

New ways of doing business

Over the next few years, Marks & Spencer will grow from being primarily a UK, store-based retailer into a multi-channel international retailer. This transformation will require a seamless approach to sustainability across all areas of our business. We have already started the journey towards new sustainable business models with the launch of our 'shwopping' initiative, which encourages customers to return a used garment to us whenever they buy a new one; and by involving customers in marine conservation and carrier bag reuse through our Forever Fish campaign.

Implementing new business models will necessitate more resilient and transparent supply chains. To this end we are already working with suppliers on a series of best practice programmes and factory standards on sustainability.

Sustainable retail

I am very proud of what we've achieved. It has helped us to realise the full scale of the challenges that lie ahead. To help us, we've set up a Sustainable Retail Advisory Board so that we can better understand the changes we need to make to become a truly sustainable retailer in the future.

This report summarises our achievements during the first five years of Plan A, but more importantly it outlines our thinking about how to make M&S a sustainable, multi-channel international retailer.

Marc Bolland
Chief Executive Officer

Towards sustainable retail

Customer experience

2007

**Plan A
100 commitments
launched**

Eco stores open at Bournemouth, Glasgow Pollok and Galashiels

Launch of Think Climate Wash at 30°C

M&S tea and coffee becomes Fairtrade



2008

**17 Plan A
commitments
achieved**

M&S and Oxfam Clothes Exchange launched

5p Food carrier bag charge results in 80% reduction

5p



2009

**39 Plan A
commitments
achieved**

M&S's 125 anniversary Fundraising Challenge raises a total of £2.8m for local charities



2010

**Plan A extended to
180 commitments
and 62 were achieved**

Launch of Simply Fuller Longer food range

M&S Cafes partner Macmillan Cancer Support's World's Biggest Coffee Morning and helps raise

£400,000

One Day Wardrobe Clear-Outs launched with Oxfam



2011

**95 Plan A
commitments
achieved**

Forever Fish marine conservation programme launched

Carbon neutral chocolate and lingerie launched

Where we started

Behind the scenes

2007

Teardrop aerodynamic trailers launched

Plan A Champions in all stores

Supplier Exchange best practice programme launched



2008

£40m invested in Plan A

All artificial colours and flavouring removed from M&S food

Suppliers open four eco-factories

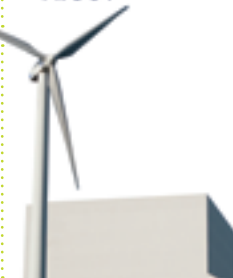


2009

Plan A breaks even

Certified to the Carbon Trust Standard for reducing CO₂ emissions

Over 30% reduction in waste from M&S stores, offices and warehouses



2010

Plan A generates £50m in net benefit

38,000 free home energy monitors distributed to employees

£50m Plan A Innovation Fund launched

10 Ethical Model Factories set-up by suppliers



2011

Plan A generates £70m in net benefit

1,200 delegates attend our Plan A supplier conference

26% reduction in non-glass packaging per item



Where we started

Since the launch of Plan A in 2007, we've been on a journey aiming to become the world's most sustainable retailer. We're proud of the progress we've made but we're not stopping here. The next decade will be even more exciting, as we accelerate the pace and scale of change to transform M&S into a truly sustainable business.

2012

Fifth anniversary of Plan A and 138 commitments achieved

Shopping clothes reuse and recycling programme launched

Sustainable Learning Store opens at Cheshire Oaks

2015

Fifth anniversary of Plan A 2010 commitments

At least 50% of M&S products have Plan A qualities

50%

2020

M&S is an international, multi-channel retailer

All M&S products have at least one Plan A quality

M&S customers can participate in a wide range of community and environmental programmes globally



Where we are now

Where we're going

2012

Plan A generates £105m in net benefit

M&S operated stores, office, warehouses and delivery fleets in the UK and Republic of Ireland become carbon neutral (from Jan)

M&S operations and construction send no waste to landfill (from Feb)

5,000th participant in the Marks & Start work experience programme

2015

Integrated reporting of financial, social and environmental performance

New ways of doing business developed with our partners

M&S suppliers meet new social and environmental standards

2020

Socially equitable and environmentally sustainable supply chains

Sustainable stores and delivery networks



Where we are now

Where we're going

What we've achieved and what comes next



“This has been a very good year of progress with 43 additional commitments achieved. But we know that we still have much to do as we work towards our 2015 targets.”

Richard Gillies
Director of Plan A,
CSR and Sustainable Business

We've made good progress this year. By the end of 2011/12 we'd achieved 138 of our commitments, including those covering carbon neutrality, improving energy efficiency, sending zero waste to landfill, reducing packaging, sourcing more materials sustainably and helping to improve the quality of life for thousands of people. We've also started to develop new sustainable business models and extend our reach around the world as we expand internationally.

If someone had offered me the progress we're reporting this year back in 2007, I'd have accepted it gladly. And if I'd been told that we would achieve 138 commitments and that the supporting business case for Plan A would generate £185m over the first five years, I think I may have been sceptical. Certainly, I'd have struggled to believe that Plan A would become integrated across the business to the extent that it has in just five years.

Our Plan A commitments

In 2007, we published our original 100 Plan A commitments, setting a 2012 deadline and grouping them under five pillars to achieve five broad objectives: become carbon neutral; send no waste to landfill; extend sustainable sourcing; set new standards in ethical trading and help customers and employees to live healthier lifestyles. In 2010, we added 80 new commitments, extending some of the original 100 and adding two new pillar headings: 'Involving customers' and 'How we do business', with a new 2015 deadline. We also declared our aspiration to become the world's most sustainable major retailer by 2015.

How we've monitored our progress

We've worked with our Internal Audit team and Ernst & Young to produce this report and over the past five years we've reviewed our progress every month and reported back to the Board and Audit Committee every six months. All Executive Directors and Directors have Plan A targets, which contribute towards their personal performance payments.

What we've achieved over five years

In just five years we've made good progress – achieving 138 of our 180 commitments, with 30 'on plan', six 'behind plan' and six 'not achieved'. As a result of these actions we've reduced environmental impacts, benefited communities at home and around the world and generated a total benefit of £185m from Plan A (including £105m this year) – available to be reinvested back into the business.

During 2011/12 we've achieved 43 new commitments, including becoming carbon neutral, sending no waste to landfill, 100% wild fish from the most sustainable sources available and bringing the 5,000th participant into our Marks & Start work experience programme. Since launching Plan A, we've received more than 100 sustainability awards, including the Queen's Award for Enterprise for Sustainable Development.

This progress would not have been possible without the involvement and support of our customers on a range of social and environmental campaigns, our colleagues' actions on community, energy efficiency and recycling and our suppliers' help in developing new standards. Also, the vital support of partners including Forum for the Future, Oxfam, WRAP, WWF, Business in the Community as well as many, many others.

Plan A pillar

Five years of Plan A benefits for M&S, society and the environment



Involve our customers

Discover more on page 12 →

5m

customers took part in Plan A activities



11m

garments donated to Oxfam

£20m

raised by customers and employees for charities



Make Plan A how we do business

Discover more on page 15 →

£185m

net benefit from Plan A available to be reinvested back into the business

38,000

energy monitors given to employees



5,000

people participated in our Marks & Start work experience programme



Climate change

Discover more on page 21 →

800,000t

CO₂e saved across M&S stores, offices, warehouses and delivery fleets



28%

improved energy efficiency per sq ft (after weather adjustment)

carbon neutral

for M&S operated stores, offices, warehouses and delivery fleets in the UK and Republic of Ireland from 1 January 2012



Waste

Discover more on page 26 →

zero

waste to landfill from M&S stores, offices, warehouses and construction (from Feb 2012)

1.7bn

fewer carrier bags



26%

average reduction in non-glass packaging per item



Natural resources

Discover more on page 30 →



18%

reduction in water use at M&S stores, offices and warehouses per sq ft



100%

of wild fish from the most sustainable sources

84%

sustainable wood sourcing



Fair partner

Discover more on page 34 →

550K

550,000 hours of training for suppliers

Milk Pledge Plus launched to reward farmers for high standards of animal health and welfare



1,100

people attended our Plan A Supplier Conference in 2012



Health and wellbeing

Discover more on page 37 →



Removal of artificial colours and flavourings from all M&S food and soft drinks (from 1 April 2008)



Top 2 UK healthy eating brands (Count on Us and Simply Fuller Longer)

Healthier milk with 6% less saturated fat (excluding organic, Jersey and Isle of Man)



Pillar 1

Involve our customers in Plan A



Progress on commitments

- 8 Achieved
- 4 On plan
- 1 Behind plan

Performance against our commitments on [page 12](#) →



Big Beach Clean-up
M&S employees and customers took part in 117 beach, canal and river clean-ups in May 2012

117



Our biggest impacts on the environment and society come through the products we sell and the way they're used – so we want to make it easier for our customers to live more sustainably by getting involved in Plan A.

What we've achieved this year

In June 2011, we launched a major Food campaign, Forever Fish, using the profits from sales of Food carrier bags to help customers and their families learn more about fish and supporting marine conservation activities. By 2014 we aim to show 400,000 primary school children just how important it is to protect the earth's fish species and invite all our 21 million customers and our employees to participate in over 100 beach, canal and river clean-ups every year. We also plan to invest more than £1m in WWF marine conservation projects.

Building on the success of the M&S and Oxfam Clothing Exchange, which incentivised consumers to donate three million unwanted items to Oxfam during the year we launched 'shwopping' in

Shwopping

In April 2012, we launched our 'shwopping' campaign to encourage customers to donate unwanted garments to Oxfam whenever they visit our stores.

April 2012 giving customers the opportunity to recycle any unwanted items of clothing when they visit our stores.

During the year, we also launched a community partnership with UNICEF linked to clothes hanger recycling. The partnership will see M&S donate at least £650,000 a year for three years. The money will be used to provide health care, clean drinking water and access to education for children and their communities in Mymensingh and Dhaka in Bangladesh. We involved our customers in a wide range of Plan A campaigns this year, including the national Big Butterfly Count (with more than 34,000 garden surveys submitted), Macmillan Cancer Support's World's Biggest Coffee Morning, the Prince of Wales's START sustainability project, Breakthrough Breast Cancer, Leukaemia & Lymphoma Research, Woodland Trust Christmas card recycling, the Prostate Cancer Charity and Shelter.



Breakthrough Breast Cancer

We helped to raise another £1.9m for Breakthrough Breast Cancer, reaching a total of £17m since we started in 2001

UNICEF

Reusing and recycling clothes hangers is helping to support Unicef projects in Bangladesh. 147 million hangers collected

147m



Community investment

We've invested £11.4m in community projects equivalent to 1.7% of pre-tax profits

1.7%

This is the first year that we've provided an update on our progress towards giving all M&S products a Plan A quality – for example, by meeting Fairtrade, sustainable raw materials, animal welfare or healthier food standards. Currently, 31% of M&S products have a Plan A quality (by volume). Ultimately, this will allow us to give our customers the simple re-assurance that every M&S product has Plan A built into it.

What we're aiming to achieve next year

We want to make it easier for our customers to live more sustainably and change the way they shop.

We'll be working to find new ways to involve them in Plan A and increase the proportion of M&S products with Plan A qualities.

Pillar 2

Make Plan A

how we do business



Progress on commitments

- 35 Achieved
- 4 On plan
- 1 Behind plan

Performance against our commitments on [page 15](#) →



Cheshire Oaks Sustainable Learning Store

Our largest Sustainable Learning Store will open at Cheshire Oaks later in 2012

Stratford City

In September 2011 we opened a new Sustainable Learning Store at Stratford City near the site of the London 2012 Olympic Games

Sustainability will only become 'the business that we do' if we integrate Plan A into our everyday activities and processes – including the way we engage employees, build our stores, work with our suppliers and develop new products.

What we've achieved this year

In September 2011, we opened a new Sustainable Learning Store at Stratford City near the site of the London 2012 Olympic Games. The store features sunpipes to maximise natural light, a living roof and hydrocarbon (non-HFC) refrigeration. Stratford City obtains 99% of its heating and cooling energy from a central combined cooling heat and power supply. No waste was sent to landfill during its construction and it has been awarded an 'Excellent' BREEAM rating. We'll be opening our largest Sustainable Learning Store to date at Cheshire Oaks later in 2012. We've conducted trials on alternative fuels with a small fleet of dual-fuel diesel and compressed natural gas delivery

vehicles, along with hydrogen fuel-cell powered forklift trucks. We completed our responsible buying training for all colleagues who deal directly with Food and General Merchandise suppliers and continued to link senior management bonuses to Plan A. Around 91% of employees took part in our 2012 annual Your Say survey (last year 95%) and we were again listed in the Times Top 50 employers for women.

We also worked with our suppliers on a wide range of Plan A projects, making good progress on our Farming for the Future best practices, Food Supplier Sustainability Framework and three Model Eco Dyehouses. However, we've fallen a little behind in our programme to improve energy efficiency at our top 100 clothing suppliers.

What we're aiming to achieve next year

We want to continue integrating Plan A processes into all aspects of our business and use these to make more informed decisions and improve performance.



Pillar 3

Climate change



Progress on commitments

- 26 Achieved
- 4 On plan
- 1 Not achieved
- 2 Behind plan

Performance against our commitments on [page 21](#) →

UK grown asparagus

Working with suppliers we've extended the UK growing season for asparagus, reducing the need for imports



Our planet is getting warmer – mainly because of an increase in greenhouse gases produced by human activity – with many damaging consequences. It's a global problem but one that we're helping to address.

What we've achieved this year

On 1 January 2012 all M&S operated stores, offices, warehouses and delivery fleets in the UK and Republic of Ireland became carbon neutral. We've reduced our annual carbon dioxide emissions by 158,000 tonnes since 2006/07, despite an 18% growth in salesfloor footage, and purchased high quality international carbon offsets to match the remaining emissions.

We improved energy efficiency across our stores, offices and warehouses by 28%/sq ft and put in place 'green' tariff electricity contracts for all the electricity we buy directly from April 2012. These contracts include 15% of electricity from

small-scale generators, including a new Archimedes screw water wheel installed on the Thames at the Mapledurham Estate.

We improved the fuel efficiency of our Food delivery and General Merchandise fleets by 28% and 30% respectively against 2006/07, but didn't pursue our commitment to use 50% bio-diesel due to sustainability concerns over the current generation of bio-diesels made from food crops. However, we conducted trials on a range of other fuels including electric, diesel/electric hybrids and compressed natural gas.

We widened our range of low carbon products, including projects to extend the UK asparagus season and improve energy efficiency in food manufacturing processes such as baking and cooking.

Our work with suppliers on Farming for the Future best practice, Food Supplier Sustainability Framework and on energy efficiency at our top 100 clothing suppliers also helped us to reduce emissions in our supply chains.

What we're aiming to achieve next year

Having met our 2012 Plan A commitments on energy and fuel efficiency we're now working towards more demanding 2015 targets.

We'll also focus more attention on our work with suppliers, whose operations account for the major part of our carbon footprint.



Photograph ©Mr. Corry Stirling of Mapledurham Watermill

Pillar 4

Waste



Progress on commitments

- 19 Achieved
- 6 On plan
- 1 Behind plan

Performance against our commitments on [page 26](#) →

5p Food carrier bag charge (with profits donated)

Since its launch in 2008, we've reduced usage by 78%



The UK throws away around 300 million tonnes of waste every year – most of it from construction and industry with 35 million tonnes from households. Packaging accounts for ten million tonnes of which seven million tonnes are recycled. If waste isn't recycled, much of it ends up in landfill sites where it gradually decomposes over many years.

What we've achieved this year

From February 2012 we achieved our commitment to send no waste to landfill from our stores, offices, warehouses and construction activities. We reduced total volumes of waste from our operations by 31% compared to 2008/09.

We also reduced food waste by 40% over the same period, with none sent to landfill and 89% processed to generate energy using anaerobic digestion.

We reused or recycled 147 million clothes hangers, with 50p in every

£1 used to fund UNICEF activities to alleviate poverty for children and their families in Bangladesh. We maintained reductions of non-glass packaging at an average of 26% per item against 2006/07 and continued our work with Somerset County Council's Waste Partnership, which collected an additional 12,500 tonnes of packaging materials for recycling.

We launched a collection and recycling scheme for mattresses and a similar trial with Oxfam and the British Heart Foundation for replaced furniture. The Marks & Spencer and Oxfam Clothes Exchange collected around three million items of unwanted clothing, raising £2m for Oxfam and increasing the number of customers visiting our stores. In April, we extended the scheme when we launched 'shwopping' – encouraging customers to donate used items of clothing to Oxfam whenever they visit our stores.



We plan to work with Oxfam to buy some of the recyclable materials 'shopped' to manufacture new garments.

Our work with suppliers on Farming for the Future best practices, the Food Supplier Sustainability Framework and clothing Eco Factories also helped us to reduce waste in our supply chains.

What we're aiming to achieve next year

Having ensured that we send no waste to landfill we'll now be focusing our attention on reducing the amount we generate. We also want to make it easier for customers to reuse or recycle and wherever possible to start 'closing the loop' by reusing materials to manufacture new products.

Pillar 5

Natural resources



Progress on commitments

- 19 Achieved
- 4 On plan
- 4 Not achieved
- 1 Behind plan

Performance against our commitments on [page 30](#) →

2011 RSPCA Good Business Awards
We received the Sustained Excellence Award from the RSPCA



Producing and harvesting raw materials can damage the environment, so it's important that we source them in ways that support their replenishment, safeguard natural habitats and ensure good animal welfare standards.

What we've achieved this year

Thanks to our partnership with WWF, we achieved our commitment to ensure that 100% of our wild fish comes from the most sustainable sources available. We also made good progress on sourcing sustainable farmed fish.

As of April 2012, 257 M&S food products were made using certified sustainable palm oil. We continue to buy GreenPalm certificates to match our total use of palm and palm kernel oil to encourage a transition to 100% sustainable palm oil.

We launched our Model Forest Programme for M&S food cardboard packaging which builds on Forest Stewardship Council certification. However, due to the poor availability of sustainable timber in sufficient quantity and quality, we did not meet our target to source 100% sustainable wood by 2012.

We believe this target, which covers products, packaging, marketing materials, construction and store fit-out is the most ambitious in the retail industry and we'll continue to work to achieve it.

Due to a fall in customer demand, we didn't meet our target to triple sales of organic food. However, we banned or developed plans to phase-out 38 potentially hazardous pesticides, with Pesticide Action Network UK rating us joint-top in their 2011 supermarket pesticide league table. In line with our existing policy on M&S Beauty and Homecare products we introduced an animal testing cut-off date for the cleaning products used in our stores. In partnership with the RSPCA we developed more detailed animal welfare policies for General Merchandise products. We also set up an independent food Animal Welfare Advisory Group (comprising experts from the RSPCA, University of Bristol and Scottish Agriculture College) to help us improve standards. Our efforts to convert all our whole fresh turkey, geese, duck and fresh pork products to free range were not entirely successful with duck, most fresh pork and some turkey switched to high welfare.

We also fell short of our target to improve water efficiency by 20% – achieving 18%/sq ft across our stores, offices and warehouses. However, we also carried out three major water projects with suppliers and other stakeholders.

What we're aiming to achieve next year

We plan to improve our water efficiency by 25% by 2015 and ensure a wider range of Food and General Merchandise raw materials meet robust sustainability standards. We'll also continue with our efforts to source 100% sustainable wood.



Sustainable fishing
100% of our wild fish comes from the most sustainable sources

100%

Pillar 6

Fair partner



Progress on commitments

15 Achieved
5 On plan
1 Not achieved

Performance against our commitments on [page 34](#) →

Fairtrade Kenyan tea

We launched a range of Fairtrade tea packed at source by smallholders in Kenya



We're only as strong as the communities in which we trade, so it makes good sense for us to be a fair partner – paying a fair price to suppliers, supporting local communities and ensuring good working conditions for everyone involved in our supply chains.

What we've achieved this year

During 2011/12 we increased our sales of Fairtrade food by 88% on 2006/07 and launched a range of Fairtrade tea and coffee, packed at source by smallholders in Kenya, allowing them to earn a larger share of the profits from our products. We believe this project, jointly funded with the UK Department for International Development, was the first of its kind anywhere in the world.

Despite good initial progress, we were less successful in meeting our commitment to source 10% Fairtrade cotton by 2012. This year, we sold around 4.5 million Fairtrade certified cotton garments, equivalent to only

1% of our total cotton use, due to a combination of poor availability of material and the complexities of cotton supply chains. Our 2015 commitment is to source 25% sustainable cotton, which will include Fairtrade, organic, recycled and Better Cotton Initiative (BCI) cotton by 2015 and 50% by 2020.

We extended our ethical assessments to cover our top 10 property suppliers and carrier bag, M&S uniform and mannequin suppliers. Working with the international Global Social Compliance Programme and other businesses we identified a range of other credible codes and monitoring schemes that will reduce administration for suppliers. We also worked with Oxfam and Business in the Community to develop new ways of measuring community health and prosperity in our supply chains. Since 2010, we have trained more than 121,000 people, mainly in our General Merchandise supply chains, on employee rights and responsibilities, health care, numeracy and literacy.

In the UK, we developed a new range of learning resources for schools and colleges in collaboration with the British Nutrition Foundation. These will be used to explain how the food industry works, to highlight sustainability issues and to inspire a new generation of food industry professionals.

What we're aiming to achieve next year

We'll continue to support good HR practices in our supply chains through our best practice programmes and factory standards. We'll also continue to develop our approach to a common single ethical code and enabling the payment of a fair living wage in clothing factories in developing countries.



Pillar 7

Health and wellbeing



Progress on commitments

16 Achieved
3 On plan

Performance against our commitments on [page 37](#) →

Health and wellbeing is strongly linked to diet and lifestyle and there's convincing evidence that many people living in the developed world are less active than they should be. In fact, based on current trends, 60% of the UK population could be obese by 2050.

What we've achieved this year

During the year we continued to expand the range of M&S Food products designed to help our customers live healthier and more sustainable lifestyles. All M&S milk (with the exception of organic, Jersey and Isle of Man) became healthier with less saturated fat due to improved dairy herd diets and we launched Beneforte broccoli containing increased levels of glucoraphanin, a plant nutrient which research suggests could be beneficial for health.

We also extended our range of 150 calorie or less Guilt Free Snacks and introduced a range of single portion meat products. Our Simply Fuller Longer and Count on Us ranges remain the UK's best selling healthier food brands.

We are signatories to the UK Government's Public Health Responsibility Deal on 17 areas relevant to our Plan A commitments. We have also committed to work towards the UK Government's 2012 salt targets, some of which we already meet – for example, those covering plain bread, sandwiches and pasta sauces. On products where reducing salt is more difficult we're working in collaboration with the British Retail Consortium and Food and Drink Federation to find possible solutions.

Super broccoli

Beneforte broccoli contains increased levels of glucoraphanin which research suggests may be beneficial for health



As of 23 April 2012, we removed all children's sweets and other confectionery with characters or designs likely to appeal to children from our belted till points in the UK and Republic of Ireland.

In January 2012 we included Get Active information on our website and social media channels as part of our annual healthier eating programme. We incentivised customers to purchase healthier food and M&S Activewear.

What we're aiming to achieve next year

We'll continue to develop new products that make it easier for our customers to manage their weight or just eat more healthily.

We'll also continue to look for ways of improving the way we provide nutritional information to our customers, for example, extending calorie information to all our eat-in or take-out food formats. Read more at:

health.marksandspencer.com

Healthier milk

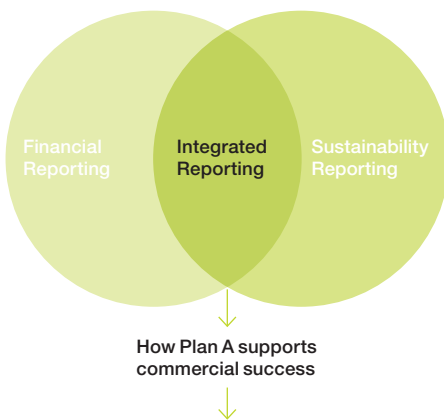
Improved dairy herd diets helped to reduce the saturated fat in M&S milk (excluding organic, Jersey and Isle of Man) by

6%

compared to UK standard milk



A framework for integrated reporting



Working towards sustainable retail

With our 2015 and 2020 commitments still outstanding and an aspiration to become the world's most sustainable retailer by 2015, we know we still have a long journey ahead of us.

To help us plan this journey, we've set up a Sustainable Retail Advisory Board, jointly chaired by our CEO Marc Bolland and Jonathon Porritt, Founder Director of Forum for the Future. The Advisory Board's brief is to help us define what becoming 'the world's most sustainable retailer' involves and how best to measure our progress. Having met three times already, the Advisory Board has urged us to focus our attention on collaborating with others, making our products more sustainable and involving our customers more effectively in Plan A. They've also discussed new business models, including those involving 'closed loop' resource use (which we believe our 'shwopping' programme can become in time) and the concept of the 'social business' championed by economist Muhammad Yunus.

The Advisory Board has also helped us develop a draft Plan A reporting 'model' that shows more clearly how Plan A activities support commercial success for shareholders, suppliers and employees, whilst providing quantified social and environmental benefits for other stakeholders. These measurements will form the basis of our approach to what is called 'integrated reporting'. Some of these measurements are based on information we already publish and others will require the development of new techniques. We welcome your views on these plans and other Plan A issues – see page 45 for how to get in touch.



Richard Gillies
Director of Plan A,
CSR and Sustainable Business

Integrated reporting KPIs

Customers

Sales of Plan A products and services; number of customers engaged in Plan A activities

Suppliers

% of suppliers meeting key sustainability benchmarks

Operations

Carbon, energy, fuel and water usage and amount of waste to landfill

Employees

Employee engagement score and employee retention

Products

% of sustainable fish, wood and other commodities

Shareholders

% of shares held for more than 24 months

Pillar 1: Involve our customers in Plan A

This section shows our detailed performance against our Pillar 1 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

Our biggest impacts on the environment and society come through the products we sell and the way they're used – so we want to make it easier for our customers to live more sustainably by getting involved in Plan A. This means that we have to form partnerships with others who can help to provide these opportunities to our customers.

What have we done?

We've involved our customers in a wide range of Plan A activities including 'shwopping' and Forever Fish.

We've also made it easier for our customers to choose sustainable products by building a Plan A quality into 31% of M&S products (by volume).

Summary of progress

1 Aim for all M&S products to have at least one Plan A quality by 2020 (50% by 2015) and help our customers identify and buy these products.

	Not achieved	Behind plan	On plan	Achieved
1.1 Develop Plan A products				●
1.2 Number of Plan A products			●	
1.3 Identifying Plan A products			●	
1.4 Meet your producer website			●	
1.5 Meet our farmers website			●	

2 Help our customers make a difference to the social and environmental causes that matter to them.

	Not achieved	Behind plan	On plan	Achieved
2.1 Annual store fundraising				●
2.2 Cause related donations				●
2.3 Marks & Start				●
2.4 International community campaigns				●
2.5 Breakthrough Breast Cancer				●

3 Help our customers live a more sustainable life.

	Not achieved	Behind plan	On plan	Achieved
3.1 My Plan A website		●		
3.2 Plan A marketing			●	
3.3 Your Green Idea				●

Highlights this year

3m
Garments donated by M&S customers to Oxfam

3,000
Schools took part in our School of Fish marine conservation campaign

£1.9m
Raised for Breakthrough Breast Cancer (£17m over 11 years)

34,000
Big Butterfly Count surveys submitted


Progress since 2007

2007/08
'Think Climate Wash at 30°C' campaign launched

2008/09
M&S and Oxfam Clothes Exchange launched

2009/10
M&S's 125 anniversary Fundraising Challenge raised a total of £2.8m for local charities

2010/11
M&S Cafes became official partners of Macmillan Cancer Support's World's Biggest Coffee Morning

1  Aim for all M&S products to have at least one Plan A quality by 2020 (50% by 2015) and help our customers identify and buy these products.

1.1 ****Develop Plan A products**
Previously achieved

1.2 ****Number of Plan A products**
On plan

Aim Have at least one Plan A quality in all M&S General Merchandise and Food products by 2020, with 50% of products having at least one Plan A quality by 2015.

Progress We believe that measuring how many M&S products have Plan A qualities will become increasingly important to our plans in the future. To do this, we've set up internal Plan A product review committees and also joined collaborative groups, including The Sustainability Consortium internationally and the UK based Product Sustainability Forum.

For M&S Food products we've identified over 40 Plan A qualities, including Fairtrade, animal welfare, sustainable raw materials and healthier food. On M&S General Merchandise products we've identified 15 Plan A qualities including Fairtrade, sustainable raw materials and energy efficiency.

As of April 2012, based on the volume of singles sold worldwide, 31% of M&S products had at least one Plan A quality.

During 2012/13 we plan to increase the number of M&S products with Plan A qualities and to discuss how these might evolve with a wide range of interested parties.



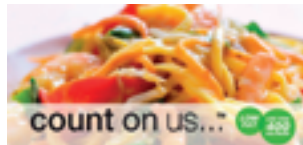
31% of M&S products (by volume) now have at least one Plan A quality

1.3 ****Identifying Plan A products**
On plan

Aim Develop mechanisms to help our customers identify products with Plan A qualities in store and online to encourage their purchase.

Progress We already provide a wide range of Plan A information about our products on packaging, in store and online.

We're still considering the best way to help customers identify products with Plan A qualities.



1.4 **Meet your producer website**
On plan


Aim Extend our 'Meet Your Producer' website linking products with producers, to include overseas suppliers, including wine suppliers, by 2015.

Progress We've added new information about M&S farmers and growers, including our Farming for the Future Awards which encouraged customers to vote for their favourite farming achievement. There's also information about best practice farming techniques for asparagus, sprouts and salmon.

1.5 **Meet our farmers website**
Previously achieved



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2  Help our customers make a difference to the social and environmental causes that matter to them.

2.1 Annual store fundraising
Achieved/ongoing

Aim Support and facilitate annual fundraising activities in our stores to support local charities.

Progress This year we've introduced a more flexible approach, encouraging employees to become involved with local charities throughout the year. Our employees helped to raise over £700,000 for local charities (last year £1m). This is in addition to support for national campaigns such as Breakthrough Breast Cancer, Macmillan Cancer Support's World's Biggest Coffee Morning, The Prostate Cancer Charity and others.



2.2 Cause-related marketing and stock donations
Previously achieved/ongoing

Aim Use a comprehensive programme of cause-related marketing to raise money for charity partners and donate unsold stock and surplus equipment where feasible and safe.

Progress Previously achieved. £3.2m of food, clothing and equipment was donated to a range of charities including Oxfam, Newlife and Shelter (last year £4m). We also ran a series of cause-related marketing campaigns, with a proportion of the sales of specific products totalling over £1.9m (last year £2.5m) donated to charities including Breakthrough Breast Cancer, The Prostate Cancer Charity and Shelter. These campaigns included our support for Macmillan Cancer Support's World's Biggest Coffee Morning through M&S Cafes which helped to raise £500,000 (last year £400,000).

2.3 **Marks & Start
Previously achieved/ongoing

Aim Continuing to help disadvantaged groups like the disabled and homeless get into jobs via work placements in our stores, offices and suppliers' factories.

Progress Previously achieved. This year, we've provided work experience for around 900 people from disadvantaged parts of the community. Since launching Marks & Start eight years ago, we've helped more than 5,000 people, with around 40% of those who completed placements going on to find employment. We plan to maintain Marks & Start at the same level in 2012/13.


Our suppliers in Bangladesh, Sri Lanka and India provided work experience for over 300 people with disabilities.

2.4 International community campaigns
Previously achieved

2.5 Breakthrough Breast Cancer
Previously achieved/ongoing

Aim Maintaining our campaigns with Breakthrough Breast Cancer.

Progress Previously achieved. We maintained our support for Breakthrough Breast Cancer this year, helping to raise a further £1.9m (last year £1.7m). This included £700,000 from employee participation in a Five Peaks Challenge, which also raised £400,000 for other cancer charities. Over 11 years, we've now helped to raise nearly £17m for Breakthrough Breast Cancer. We plan to continue this partnership in 2012/13.

3  Help our customers live a more sustainable life.

3.1 **My Plan A website
Behind plan

Aim Help one million customers to develop personal sustainability goals via a new My Plan A website by 2015 and three million by 2020.

Progress We already use our website and social media channels to provide customers with Plan A information. We've decided to re-word this commitment to more accurately reflect our plans:

Help one million customers to develop personal sustainability goals using a range of online channels by 2015 and three million by 2020.

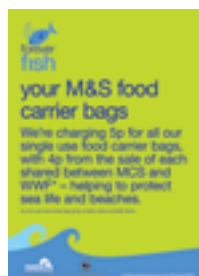
3.2 Plan A marketing
On plan

Aim Run a continuous programme of Plan A marketing communications, to encourage customers to take action.

Progress We've run Plan A communication campaigns throughout the year, including the Big Butterfly Count, with more than 34,000 garden surveys submitted; and our Forever Fish

campaign, through which 3,000 schools took part in the School of Fish educational programme. We participated in the Prince of Wales's START sustainability events and ran campaigns to help Breakthrough Breast Cancer, Macmillan Cancer Support, Leukaemia and Lymphonia Research, The Prostate Cancer Charity, Shelter and Woodland Trust Christmas card recycling.

In April 2012 we launched 'shwopping', encouraging customers to donate a used item of clothing to Oxfam. This was promoted by Joanna Lumley as our new worldwide ambassador of Plan A.



school-of-fish.co.uk

3.3 Your Green Idea
Previously achieved

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Pillar 2: Make Plan A how we do business

This section shows our detailed performance against our Pillar 2 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

Sustainability will only become 'the business that we do' if we integrate Plan A into our day-to-day activities and processes – including the way we engage employees, build our stores, work with our suppliers and develop new products.

What have we done?

We've started to integrate Plan A into every part of our business. This year we opened our latest Sustainable Learning Store at Stratford City, completed responsible buying training and continued to develop new social and environmental standards with suppliers.

Summary of progress

4 Engage our employees in Plan A.					5 Integrate Plan A into our systems and processes.					7 Engage our business partners in Plan A.				
	Not achieved	Behind plan	On plan	Achieved		Not achieved	Behind plan	On plan	Achieved		Not achieved	Behind plan	On plan	Achieved
4.1 Free energy monitors				●	5.1 Business case				●	7.1 Review Plan A with franchises				●
4.2 Free home insulation				●	5.2 Internal price of carbon				●	7.2 Field to Fork and TRAK				●
4.3 One day's paid volunteering				●	5.3 Linking Directors' pay to Plan A				●	7.3 Food supplier Plan A benchmarks				●
4.4 Customer Assistant performance				●	5.4 M&S pension fund				●	7.4 Energy efficiency at clothing top 100		●		
4.5 Feedback on communications				●	5.5 Business Foundation Programme				●	7.5 Sustainable farming				●
4.6 Feedback on engagement				●	6 Build Plan A into every aspect of our construction programme.					7.6 General Merchandise traceability				●
4.7 Feedback on intention to stay				●	6.1 Sustainable Learning Stores				●	7.7 Ethical trade benchmarks				●
4.8 Diversity data				●	6.2 M&S climate adaptation				●	7.8 Supplier Exchange – ethical trade				●
4.9 All store H&S reporting				●	6.3 Biodiversity audits				●	7.9 Franchise Plan A website				●
4.10 First aiders				●	6.4 Sustainability of new stores				●	8 Create a culture of innovation on sustainability.				
4.11 Responsible buying				●	6.5 Carbon Managers				●	8.1 Plan A Innovation Fund				●
4.12 Plan A Champions				●	6.6 Whole life costing for stores				●	8.2 Model Eco Dyehouses				●
4.13 Health information for employees				●	6.7 BREEAM				●	8.3 Dual fuel vehicles				●
					6.8 Green stores				●	8.4 Sustainable retail				●
										8.5 Plan A M&S Money products				●

Highlights this year

<h1>91%</h1> <p>Of employees took part in our annual Your Say survey</p>	<h1>35%</h1> <p>Of top 120 senior managers are women</p>	<h1>£105m</h1> <p>Net benefit from Plan A was available to reinvest back into the business</p>	<h1>1,100</h1> <p>Delegates attended our 2012 Plan A Supplier Conference</p>
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Progress since 2007

<p>2007/08 Eco-stores opened in Bournemouth, Galashiels and Glasgow Pollok</p>	<p>2008/09 241 fuel efficient teardrop trailers</p>	<p>2009/10 Four supplier eco-factories opened</p>	<p>2010/11 Home energy monitors distributed free to 38,000 employees</p>
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**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

4 Engage our employees in Plan A.

4.1 ****Free energy monitors**
Previously achieved

4.2 ****Free home insulation**
Previously achieved

4.3 ****One day paid volunteering**
Previously achieved/ongoing

Aim Provide one day's paid time off for all employees to participate in a Plan A initiative or charity event as part of an overall employee engagement programme.

Progress Previously achieved. We continued to offer one day's paid time off for all UK and Republic of Ireland employees to participate in a Plan A initiative or charity activity. In June, we published advice about the best way to set up a volunteering day and plan to continue investigating ways to increase employee participation from its current modest level.

4.4 ****Customer assistant performance**
Previously achieved/ongoing

Aim Achieve at least 90% of our Customer Assistants at the required levels of performance.

Progress Previously achieved. As of October 2011, 98% of our UK Customer Assistants were performing at or above their required levels of performance (last year: 98%).

4.5 ****Feedback on communications**
Previously achieved/ongoing

Aim Achieve a positive employee feedback score of at least 80% on M&S communications in our annual employee survey.

Progress Previously achieved. This year we achieved a positive feedback score of 82% for Communication in our 2012 annual employee Your Say survey (last year: 83%). The survey covers all M&S wholly owned operations across the world, plus our franchises in Russia and the Ukraine.

4.6 ****Feedback on engagement**
Previously achieved/ongoing

Aim Achieve a response rate of at least 85% in our annual employee survey with overall positive engagement and commitment scores, respectively, of at least 70%.

Progress Previously achieved. 91% of employees took part in our 2012 Your Say survey (last year: 95%). Our Positivity score was 75% (last year: 76%) and our Engagement score 76% (last year: 75%). The survey covers all M&S wholly owned operations across the world plus our franchises in Russia and the Ukraine.

4.7 **Feedback on intention to stay**
Previously achieved/ongoing

Aim Achieve a positive employee feedback score of at least 70% on 'intention to stay 12 months' in our annual employee survey.

Progress Previously achieved. We achieved a positive feedback score of 77% on 'intention to stay 12 months' in our 2012 annual employee Your Say survey (last year: 77%). The survey covers all M&S wholly owned operations across the world plus our franchises in Russia and the Ukraine.

4.8 **Diversity data**
Previously achieved/ongoing

Aim Report on an extended range of diversity measurements including senior management age, gender and ethnicity by 2010.

Progress Previously achieved. In 2011, we set up an internal Diversity Forum, which meets quarterly to identify future challenges, review priorities and develop measurements and targets. As a result we have a new target:

To drive and sustain a culture of equality and inclusion by taking action on issues identified through the Diversity Forum by 2015.

Gender % of total UK workforce

	2012	2011
Women employees	74%	76%
Women managers*	64%	65%
Women store managers	48%	48%
Women in senior management (top 120)	35%	32%

Ethnicity % of total UK workforce

	2012	2011
Employees from ethnic minority backgrounds	13%	12%
Managers from ethnic minority backgrounds*	12%	11%

* Management is defined as people with first line supervisory responsibilities or professional and technical specialists.

Age and experience % of total UK workforce

	2012	2011
Employees over 50 years of age	33%	33%
Employees over 61 years of age	10%	11%
Employees over 65 years of age	3%	3%
Employees with over 11 years' service	29%	27%

4.9 ****All store H&S reporting**
Previously achieved/ongoing

Aim All stores and offices to actively report on health & safety incidents through clear policies and increased training and awareness by 2010.

Progress Previously achieved. All stores and offices operated by M&S reported health & safety incident data this year. The total number of reported accidents for employees, customers, contractors and visitors in 2011/12 was 28,843 (last year: 27,427). When measured per million square feet we recorded 1,779 accidents, up 3% (last year 1,728 per million square feet). From these totals, 884 were recorded as RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) against 972 last year. This is equivalent to 55 RIDDOR incidents per million square feet of salesfloor, a decrease of 10% (last year: 61). We believe that this is at least partly due to refined definitions concerning what should be counted as a RIDDOR by the Health & Safety Executive (HSE). There were no work related fatalities this year. In September 2011 we received a £1m fine in relation to procedures for the removal of asbestos from our Reading store during 2006. Our procedures have been reviewed and amended since 2006 and we will continue to work with the HSE to maintain the highest standards.



**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

4.10 **First aiders**
Previously achieved/ongoing

Aim Maintain certification of over 5,000 first aiders in our stores and offices in the UK and Republic of Ireland for the benefit of both customers and employees.

Progress As of April 2012 we've maintained the number of certified first aiders in our stores and offices at over 5,000.



5,000 M&S first aiders

4.11 ****Responsible buying**
Achieved

Aim Training all relevant employees on responsible buying as part of their development by 2012.

Progress Having already provided this training for employees who work directly with Food suppliers, by April 2012 employees who work directly with General Merchandise suppliers had completed a basic responsible buying training module, with additional detailed training available on request.

4.12 **Plan A Champions**
Previously achieved

4.13 **Health information for employees**
Previously achieved



5 **Integrate Plan A into our systems and processes.**

5.1 ****Business case**
Achieved

Aim Develop and report on the financial business case for Plan A by 2011.

Progress Plan A activities contributed an additional net benefit of £105m during 2011/12 which was available to reinvest back into the business.

In June 2012 we published a short video featuring our Chief Finance Officer, Alan Stewart, in conversation with Jonathon Porritt, Founder Director of Forum for the Future along with a supporting paper on our approach and experiences of calculating the financial business case for Plan A. These can both be found at: marksandspencer.com/thecompany

£105m

2011/12

5.2 **Internal price of carbon**
Previously achieved

5.3 ****Linking Directors' pay to Plan A**
Previously achieved

5.4 **M&S pension fund**
Previously achieved

5.5 **Business Foundation Programme**
Achieved

Aim Integrate Plan A considerations by 2011 into all aspects of our Business Foundation Programme, which is reviewing and updating all key processes and systems across the business.

Progress The Business Foundation Programme is designed to improve IT systems across our business. We're developing software to help us manage key aspects of Plan A including traceability of raw materials (see commitments 7.6, 16.6 and 16.17), Plan A qualities (commitment 1.2), packaging (commitments 9.2 and 13.1) and international logistics (commitment 10.3).


Plan A impacts are considered in all new IT development projects.



Developing new systems
New software to help us manage the traceability of raw materials for wood, paper, food and clothing products are being developed



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6  Build Plan A into every aspect of our construction programme.

6.1 Sustainable Learning Stores
On plan

Aim Open two new Sustainable Learning Stores each year to support continuous improvement.

Progress Our first Sustainable Learning Store opened at Ecclesall Road in Sheffield in April 2011 and our second, at Stratford City near the site of the London 2012 Olympic Games, in September 2011. This store features sunpipes to use natural light for illumination, a living roof and hydrocarbon (non-HFC) refrigeration, with no waste sent to landfill during its construction. It has been rated as 'excellent' under the BRE Environmental Assessment Methodology (BREEAM).

We are assessing all these new features very closely and now include those that are successful in our standard specifications for the future.

Together with our joint-venture partners, we also opened our first Sustainable Learning Store in India this year. Situated in Bangalore, the store was designed to achieve a 'Silver' Leadership in Energy and Environmental Design (LEED) rating, a US-based environmental building standard.

Our third Sustainable Learning Store at Cheshire Oaks will open later in 2012.

6.2 M&S climate adaptation
Achieved

Aim Conduct a review of the likely impacts of climate change on our estate by 2011.

Progress Working with academics and suppliers we've reviewed the likely impacts of climate change on our most important 50 stores during the period up to 2050 when significant climatic changes are forecast. We will use the results of this report to review specifications for our stores in order to reduce the likelihood of possible disruption in the future.

6.3 Biodiversity audits
Previously achieved/ongoing

Aim Introduce biodiversity audits and action plans for major store building projects by 2011.

Progress During 2011/12 we also installed a green wall on our Norwich store and a green roof at our store in Shoreham.

6.4 Sustainability of new stores
Achieved

Aim Introduce a system for the continuous evaluation of the sustainability performance of our new stores and major developments, starting in 2011.

Progress We've introduced a Plan A Key Performance Indicator (KPI) approval scheme to assess energy efficiency, operational carbon emissions, water and waste at every stage of new and major store developments. The KPI scheme influences design and specification by taking into account the effects of architectural design, efficiency ratings and engineering installations such as heating, air conditioning and refrigeration. We've also introduced additional measurements that sit alongside the process of designing and building a store; these include biodiversity, sustainable raw materials and community impacts. Over time we want to fully integrate these measurements into our decision making.

6.5 Carbon managers
Previously achieved

6.6 Whole life costing for stores
Achieved

Aim Introduce a whole life costing model for building project financial evaluation by 2011.

Progress We've introduced two costing models: one treating the store as a whole; the other focused on individual components such as lighting and refrigeration. These provide information to help us make more informed decisions about the operational running costs of designs and specifications.



Sustainable Learning Stores
(Clockwise from top left) Ecclesall Road in Sheffield, Stratford City in London and Cheshire Oaks

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

6.7 BREEAM
Achieved/ongoing

Aim Targeting all new stores to achieve the BRE Environmental Assessment Methodology (BREEAM) 'Excellent' rating and all other development stores to be assessed against BREEAM rating system by 2012.

Progress This year, our two new Sustainable Learning Stores at Ecclesall Road in Sheffield and Stratford City in London were assessed as BREEAM 'Excellent'. We also achieved 'Excellent' ratings for the pre-design of our next Learning store at Cheshire Oaks and our new warehouse at Castle Donington. A further 10 store developments were also assessed, with three rated 'Very good' and seven 'Good'. In 2011, a revised and more demanding set of BREEAM standards were issued.

As the majority of our construction activities focus on updating existing stores rather than major building projects, we're reviewing other building accreditation standards for possible use in the future.

6.8 Green stores
Previously achieved

7 Engage our business partners in Plan A.

7.1 Review Plan A with franchisees
Previously achieved

These submissions have helped us to identify parts of the Framework that our suppliers find difficult, for example, running employee surveys and achieving zero waste to landfill. We're looking at how we can assist them by developing best practice guides and arranging site visits.

running Supplier Exchange best practice programmes, attending regional Agricultural Shows and publishing newsletters and conducting opinion surveys. We've supported these actions by rolling out our Field to Fork and TRAK traceability systems (see commitment 7.2).

7.2 **Field to Fork and TRAK
Achieved

Aim Make further improvements in the traceability and transparency of M&S food by completing the roll-out of our Field to Fork and TRAK traceability systems, for produce and meat raw materials respectively, by 2015.

During 2012/13 we aim to increase the number of completed submissions to provide a baseline for future performance.

We've decided to re-word the 2015 part of this commitment to more accurately reflect our plans. Our new wording is:

By 2015, working with independent consultants, through our M&S Farming for the Future programme, we will have engaged with farmers producing agricultural raw materials for M&S food.

Progress We've made further improvements in the traceability and transparency of M&S food by completing the roll-out of our Field to Fork and TRAK traceability systems ahead of schedule.

7.4 Energy efficiency at clothing top 100
Behind plan

Aim Require our top 100 clothing factories to install more efficient lighting, improved insulation and temperature controls, to reduce their energy usage by an estimated 10% by 2015.

7.6 **General Merchandise traceability
On plan

Aim Improving traceability for the principal raw materials used within our General Merchandise supply chain by 2015.

7.3 **Food supplier Plan A benchmarks
On plan

Aim Work with M&S food suppliers to implement a Gold/Silver/Bronze sustainability benchmarking standard to improve ethical and environmental performance. By 2015, 100% will be engaged and 25% by turnover will be at Gold level.

Progress Of our Top 100 clothing suppliers, 17 have now adopted energy best practices on lighting, insulation and temperature control as well as the requirements set out in our M&S Plan A Eco-factory standard. 12 other supplier locations have also adopted the standard. We have reviewed progress on this commitment and developed a revised plan.

Progress Starting with children's clothing, we're implementing a traceability system, linking M&S product orders through every stage of the manufacturing process right back to the origin of principal raw materials. Of 210 suppliers involved in manufacturing our children's clothing, 73 are now registered on this system.

Progress We've developed and distributed a Food Supplier Sustainability Framework covering labour standards, environmental performance and lean (or efficient) manufacturing. During 2011/12 we set up a Supplier Exchange best practice group on lean manufacturing to complement two existing groups on labour standards and environmental performance.

7.5 **Sustainable farming
Achieved/ongoing

Aim Engaging our producers of fresh meat, dairy, produce and flowers in the M&S Sustainable Agriculture Programme by 2012. By 2015 we will have also engaged farmers producing agricultural raw materials for M&S food in the programme.

In 2012/13 we plan to increase the number of suppliers registered as we place orders for new season products.

We received 200 (out of around 500) completed Food Supplier Sustainability Framework submissions, which we are currently collating.

7.7 Ethical trade benchmarks
Previously achieved

7.8 Supplier Exchange – ethical trade
Previously achieved

7.9 Franchise Plan A website
Previously achieved

Progress We've engaged our fresh meat, dairy, produce and flower producers in developing an overall sustainability framework, called Farming for the Future, by holding meetings,

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

8 Create a culture of innovation on sustainability.

8.1 Plan A Innovation Fund On plan

Aim Launch a Sustainability Innovation fund in 2010 with £50m funding to be spent over the next five years.

Progress We launched our Plan A Innovation Fund in 2010 to provide additional support for innovative sustainability projects. The Fund is administered by an Innovation Board, which is chaired by Richard Gillies Director of Plan A, CSR and Sustainable Business and includes Jonathon Porritt, Founder Director of Forum for the Future, M&S specialists and Professor David Hogg of Leeds University. This year, the Fund provided £9m to support large-scale projects and a further £1m for smaller projects such as low carbon food products (commitment 9.5) and the hydrogen-cell fork lift trials (commitment 8.3).



Hydrogen-cell forklift
Our trial of hydrogen fuel-cell powered forklift trucks was one of the many projects funded by the Plan A Innovation Fund

8.2 Model Eco Dyehouses Achieved

Aim Support the development of three Model Eco Dyehouses by 2012, identify best practices and roll out to our supply chain.

Progress In addition to the Model Eco Dyehouse we launched in China in 2010 we now have two additional projects in Turkey, both of which will help us develop our best practices specifications on energy, water, chemicals, waste, health & safety and productivity.

8.3 Dual fuel vehicles Achieved

Aim Conduct a large-scale trial of dual fuel (gas/diesel) in our transport fleet by 2012 and trial the use of hydrogen fuel cells for forklift trucks by 2012.

Progress In October 2011, we started a trial to assess five dual fuel diesel and compressed natural gas delivery vehicles at our Crewe food warehouse. The trial has already helped us develop a better understanding of the costs and scale required for future expansion of this fleet.

At our new warehouse in Bradford we started a trial of what we believe are the only hydrogen fuel-cell powered forklift trucks currently in use in the UK. This involves us generating our own hydrogen from water on-site. So far, the trial looks very promising, with re-fuelling taking just 90 seconds compared to the standard six hour battery charge.

8.4 Sustainable retail Achieved

Aim Work with external partners to identify the characteristics of a sustainable retail business by 2011.

Progress The Sustainable Retail Advisory Board co-chaired by our Chief Executive Officer Marc Bolland and Jonathon Porritt, Founder Director of Forum for the Future, met in October 2011 and April 2012. Both meetings generated ideas on engaging customers and ways to measure sustainable retail in the future. The Board concluded that sustainable retail should be assessed by a combination of key performance indicator measurements, perceptions of customers and other stakeholders and positions in key league tables. We're also participating in the International Integrated Reporting Council's Pilot Programme, which aims to publish best practice recommendations for better integration of social, environmental and financial performance.

8.5 Plan A M&S Money products Achieved

Aim Undertake research with M&S Money on the provision of sustainable financial products and services by 2012.

Progress We've completed a review of different types of sustainable financial products and services. We've also offered incentives to customers who opt for paperless billing and introduced 'green' benefits into our home insurance policies with all replacement large electric domestic appliances at least 'A-rated' and severe building damage repairs completed to the standard of Level 4 Code for Sustainable Homes.



Pillar 3: Climate change

This section shows our detailed performance against our Pillar 3 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

Our planet is getting warmer – mainly because of an increase in greenhouse gases produced by human activity – with many damaging consequences. It's a global problem but one that we're helping to address.

What have we done?

From 1 January 2012 all M&S operated stores, offices and warehouses in the UK and Republic of Ireland became carbon neutral. We've improved our energy and fuel efficiency and have started helping our customers and suppliers to reduce their CO₂ emissions too.

Summary of progress

9 Help our customers cut their carbon footprint.

	Not achieved	Behind plan	On plan	Achieved
9.1 Six low carbon projects				●
9.2 Environmentally efficient food packaging			●	
9.3 Energy efficient electrical products			●	
9.4 Carbon labelling				●
9.5 Low carbon products and services				●
9.6 WWF carbon footprint campaign				●
9.7 Wash at 30				●
9.8 Public transport and cycling				●

10 Reduce our operational carbon emissions by 35% and make our operations carbon neutral.

	Not achieved	Behind plan	On plan	Achieved
10.1 Energy use in data centres				●
10.2 Video conferencing				●
10.3 International logistics		●		
10.4 Carbon neutral operations				●
10.5 Energy efficiency				●
10.6 Fuel efficiency				●
10.7 Reduce business flights		●		
10.8 Green company car policy				●
10.9 Green electricity				●
10.10 On-site renewables	●			
10.11 Bio-diesel				●
10.12 New transport technologies				●
10.13 EURO engines				●
10.14 Carbon offsetting policy				●
10.15 Store refrigeration			●	

11 Help our suppliers cut their carbon emissions.

	Not achieved	Behind plan	On plan	Achieved
11.1 Supply chain climate adaptation				●
11.2 Food factory environmental standards			●	
11.3 Electricity from small scale generators				●
11.4 Supplier logistics				●
11.5 Food carbon footprint				●
11.6 Minimise food airfreight				●
11.7 Supplier Exchange – reducing CO ₂				●
11.8 Green factories				●
11.9 Agricultural carbon balance				●
11.10 Air freight labelling				●

Highlights this year

158,000
Tonnes of CO₂ saved against 2006/07

28%
Improvement in store, office and warehouse energy efficiency per sq ft against 2006/07 (after weather adjustment)

54%
Reduction in CO₂ emissions from refrigeration and air conditioning per sq ft against 2006/07

100%
Of our Food and General Merchandise delivery fleets are EURO IV and V standard engines

Progress since 2007


2007/08
Airfreight labelling introduced on M&S food

2008/09
Green tariff electricity contracts signed

2009/10
M&S Climate Change Quilt with customer messages was presented to UK Government in support of an international agreement on climate change

2010/11
Launch of carbon neutral chocolate and lingerie

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

9  Help our customers cut their carbon footprint.

9.1 **Six low carbon projects Achieved**

Aim Launch at least six projects by 2012 which provide a step change in reducing carbon emissions across key M&S food product ranges.

Progress We have launched a dozen projects which were developed to provide either a step change or meaningful reductions in carbon emissions from M&S food products, these included:

Working with suppliers to extend the UK growing season for asparagus (now April through to October), reducing the need for imports. Potential carbon savings from this project are still to be assessed. We also launched healthier milk which has 6% less saturated fat compared to UK standard milk due to improved dairy herd diets (excluding organic, Jersey and Isle of Man). This project removed palm oil from dairy herd feed but it has so far been difficult to measure a proven a carbon reduction as a result of this.



We've also started to reduce carbon emissions in food manufacture through the Lean Manufacturing element of our Food Sustainability Framework (see commitment 7.3). A project to reduce the energy required to cook chicken has been successful and will be extended to other products. Also successful was a project to use microwave cooking in place of traditional ovens for some cakes and Christmas puddings. Another project successfully reduced food waste in the manufacturing process.

We're now also working with the Carbon Trust and Environmental Engineering on an initiative to help assess which parts of the manufacturing process are responsible for the greatest amount of carbon emissions and identify ways of reducing these emissions.

We launched a range of carbon neutral chocolate that combined high quality carbon offsets with a significant improvement in factory carbon efficiency. These products have sold successfully. Unfortunately, trials to sell chilled filtered water in pouches and refills as an alternative to bottled water were not successful.

Whilst less significant in terms of the level of carbon emissions involved, we've also successfully introduced more recyclable milk packaging in our cafes and a compostable inner tray in our Swiss chocolates and mince pies.

92 ****Environmentally efficient food packaging On plan**

Aim Use the most environmentally efficient forms of packaging systems throughout the supply chain to help reduce the overall carbon footprint of packaging and products by 2015.

Progress We are participating in WRAP's (Waste and Resources Action Programme) Courtauld Commitment 2 voluntary agreement to improve the efficiency of food supply chains – taking action to reduce both waste and carbon impacts resulting from food and packaging. Using WRAP's carbon calculation methodology which takes into account weight, type of material, recycled content and how much is collected for recycling, we are making good progress in reducing the carbon footprint of our food packaging (for figures submitted in 2011).

We now use packaging design software that factors in a wide range of environmental considerations, including water and land use. This helps us to make the right packaging decisions when faced with complicated alternatives.

93 **Energy efficient electrical products On plan**

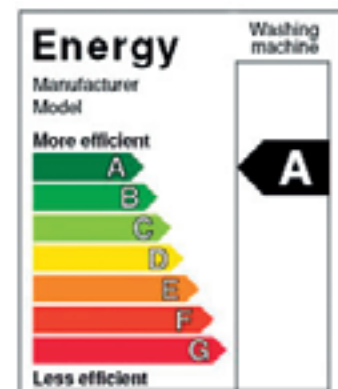
Aim Ensure that by 2015 at least 90% of our household electrical products meet a credible energy efficiency standard and improve the energy efficiency of the most energy intensive products by at least 25%.

Progress In 2011/12, 88% of our household electrical products met a credible energy efficiency standard if available (last year 86%).

The most energy intensive products sold by M&S, including 'white' goods such as cookers, fridges freezers, dishwashers, washing machine and tumble dryers and televisions are covered by EU Energy Efficiency labels. We only sell appliances with a rating of A or above. Those rated A* and above are at least 25% more efficient than A and accounted for 30% of the appliances we stocked (last year 8%). For less energy intensive products such as kettles and radios we use other credible standards such as the Energy Saving Trust's recommended scheme, EU Ecolabel and the international Energy Star.

In 2011/12, 13% of these products met a credible energy efficiency standard if available. This is much lower than last year (40%) due to changes in legislation but our new ranges will increase this figure again significantly.

We plan to launch new ranges of energy efficient household electrical products during 2012/13.



9.4 **Carbon labelling Previously achieved**


9.5 **Low carbon products and services Previously achieved**

9.6 **WWF carbon footprint campaign Previously achieved**

9.7 **Wash at 30 Previously achieved**

9.8 **Public transport and cycling Previously achieved**

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

10  Reduce our operational carbon emissions by 35% and make our operations carbon neutral.

10.1 Energy use in data centres
Previously achieved

10.2 Video conferencing
Achieved

Aim Review and improve M&S video conferencing facilities by 2011 to reduce unnecessary business travel.

Progress Following a successful trial of improved video conferencing equipment at our London Head Office and sourcing offices in Hong Kong, Turkey and India, we're now installing new high definition equipment in 10 UK and 10 international locations.

10.3 International logistics
Behind plan/ongoing

Aim To transport 50% of International General Merchandise products directly to their retail destinations in 2011/12 and 80% in 2013/14 rather than routing through the UK.

Progress In 2011/12 around 35% of General Merchandise (measured by volume) destined for our International business was transported directly. This is behind plan due to delays in the implementation of supporting IT systems.

10.4 **Carbon neutral operations
Achieved/ongoing

Aim To move all our UK and Republic of Ireland operations (stores, offices, warehouses, business travel and logistics) to be carbon neutral by 2012. Also an Annual Report KPI.

Progress Our 2011/12 gross CO₂e emissions were down by 22% or over 158,000 tonnes at 572,000 tonnes (2006/07: 730,000 tonnes). This reduction is mainly due to improved efficiencies in electricity use, reductions in the leakage of gases from refrigeration and improved levels of waste recycling. Responding to stakeholder feedback, our calculation of carbon emissions from waste this year are significantly different with the benefits resulting from recycling no longer included as a credit. This change is also reflected in 2006/07 data.

To achieve our commitment to be carbon neutral by 2012, we've purchased and retired carbon offsets for the period 1 January 2012 to 31 March

2012 based on a proportionate calculation of annual financial turnover and for three months in advance. A summary of our carbon offsetting policy is shown at commitment 10.14 and more details of the certification standards followed can be found on page 47.

Direct emissions from M&S operations (scope 1)

	2006/07 000 t CO ₂ e	2011/12 000 t CO ₂ e	% change 2006/07
Store and office refrigeration and air-conditioning gases	129	70	-46
Logistics transport and dedicated home deliveries	61	60	-2
Warehouse refrigeration gases	6	2	-66
Stores, office and warehouse on-site fuel usage	48	39	-19
Subtotal	244	171	-30

Indirect emissions from M&S energy usage (scope 2)

	2006/07 000 t CO ₂ e	2011/12 000 t CO ₂ e	% change 2006/07
Stores and office energy use	400	352	-12
Warehouse energy usage	39	35	-10
Subtotal	439	387	-12

Other indirect emissions (scope 3)

	2006/07 000 t CO ₂ e	2011/12 000 t CO ₂ e	% change 2006/07
Business travel	10	14	+40
Waste disposal	36	0	-
Subtotal	47	14	-70
Total Gross CO₂e emissions	730	572	-22
Total Gross CO₂e emissions tonnes/sq ft of sales floor	53	35	-34

Net emissions (after offsetting)

	2006/07 000 t CO ₂ e	2011/12 000 t CO ₂ e	% change 2006/07
Carbon offsets	0	131	-
Total Net CO₂e emissions	730	441	-40
Total Net CO₂e emissions/sq ft of sales floor	53	27	-49

Operational CO₂e emissions

Emissions are shown in compliance with DEFRA Greenhouse Gas Reporting Guidance published in September 2009 and have been calculated using revised carbon conversion factors published by DECC/ DEFRA in August 2011 and Bitzer Report 16 for additional refrigeration gases. This includes all the activities where we have operational control. In previous years, recycled waste was calculated as a carbon credit, this year it has been calculated at zero and amended for all previous years. It excludes all non-metered premises, shopping service contract supplies and Republic of Ireland and store personnel business travel. 2006/07 baseline emission for waste uses data from 2008/09 which was the first year we had calculated this figure.

10.5 **Energy efficiency
Achieved 2012 target/ongoing

Aim Reduce store, office and warehouse energy usage by 25%/sq ft by 2012 and by 35%/sq ft by 2015. Also an Annual Report KPI.

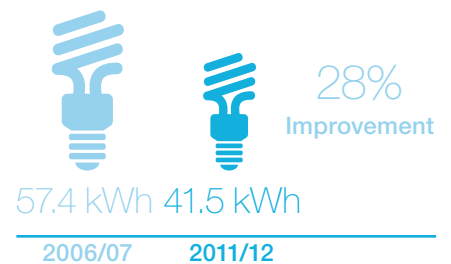
Progress Total energy efficiency across our stores, offices and warehouses has improved by 28% to 41.5 kWh/sq ft (2006/07: 57.4 kWh/sq ft). We believe that these improvements have been achieved by investment in new technology at stores and warehouses. For example, we now have over 40 Lower Energy Store best practice programmes in place, including projects to reduce lighting levels and extend the use of low-energy Light Emitting Diode (LED) bulbs.

Store energy efficiency improved by 28% to 49.1 kWh/sq ft against 2006/07 (67.9 kWh/sq ft). Gas usage included in this calculation has been adjusted using standard degree days to reflect changes in the number of cold days (50.5 kWh/sq ft before adjustment).

Energy efficiency in our warehouses improved by an average of 33% to 17.8 kWh/sq ft (2006/07: 26.4 kWh/sq ft).


Energy use in our offices was only down 3% at 48.1 kWh/sq ft (2006/07: 49.4 kWh/sq ft). We believe this is due to a change in use of some office facilities which were empty in 2006/07.

In 2011, we were re-certified to the Carbon Trust Standard for managing carbon emissions.



Energy efficiency Total store, office and warehouse energy usage in kWh/sq ft (after weather adjustment)

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

10  Reduce our operational carbon emissions by 35% and make our operations carbon neutral (continued).

10.6 ****Fuel efficiency**
Previously achieved 2012 target/ongoing

Aim Achieving a 20% improvement in fuel efficiency in our deliveries to stores by 2012 and 35% by 2015.

Progress Our fuel usage for General Merchandise store deliveries this year was 30% less per product delivered at 7 litres per 1000 singles (2006/07: 10 litres per 1000 singles). This figure has been adjusted to take into account fleet mergers and additional activities including the carriage of consumable items and waste. Fuel usage for Food deliveries was 1,838 litres per store per month, a reduction of 28% against 2006/07 (2006/07: 2,556 litres per store per month).

10.7 **Reduce business flights**
Behind plan

Aim Reduce business flights by an average of 20% per employee by 2013.

Progress Total flight numbers in 2011/12 averaged 0.39 flights per UK Full Time Equivalent (FTE) employee, a reduction of 7% on our first available baseline year of 2007/08 (0.42 flights per FTE).

10.8 **Green company car policy**
Previously achieved/ongoing

Aim Having introduced a 'green' company car policy we aim to continue to reduce CO₂ emissions towards 152g CO₂/km by 2012.

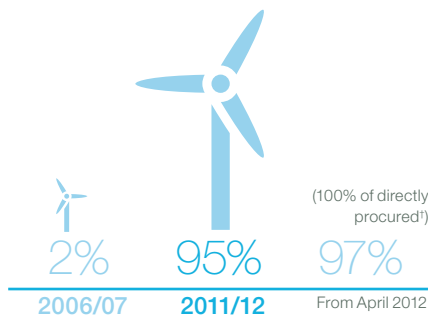
Progress Having met our original target, we've continued to reduce average emissions from our car fleet this year to 125g CO₂/km (2006/07: 171g CO₂/km).

10.9 ****Green electricity**
Achieved

Aim Maintaining our commitment to procure 100% 'green' electricity by 2012 and improve the percentage of small scale sources we use.

Progress We made this commitment in 2007, prior to changes in UK Government guidance on accounting for carbon in 'green' electricity tariffs which should now be calculated at 'grid average', removing any carbon reporting benefit to M&S. We achieved this commitment from April 2012 by

procuring 'green' electricity for all locations where we purchase directly. This accounts for around 97% of the electricity used in our store, office and warehouse operations. During 2011/12, 'green' tariff electricity accounting for an average of 95% of our consumption. We also maintained our support for small-scale producers of energy including a new Archimedes screw water wheel installed on the Thames at the Mapledurham Estate.



'Green' electricity % of electricity from renewable sources.
[†]Excludes Food warehouses which are owned by third parties who procure their own energy.

10.10 **Onsite renewables**
Achieved

Aim Installing and assessing on-site renewable energy generation in at least five stores by 2012.

Progress We've installed and assessed on-site renewable energy generation in more than five stores. As well as solar photovoltaic panels at Muswell Hill, solar thermal in Witney, Barton Square Manchester and Telford and a biomass boiler at Brooklands in Surrey.

We've also installed the world's largest solar wall of its type at our new warehouse in Castle Donington and a biomass boiler in our next Sustainable Learning Stores at Cheshire Oaks which opens later this year.

As a result of these trials we now install solar thermal panels to provide hot water in new stores wherever we can as these are relatively low cost. However, the other technologies we've assessed are not currently economic, with continued changes to Government policy in this area hindering progress. At present, our preferred policy is to work with developers to build in shared energy and thermal supplies such as the combined cooling heat and power facilities incorporated into the Westfield Stratford City shopping centre.

10.11 **Bio-diesel**
Not achieved

Aim Conducting trials and move towards the use of 50% bio-diesel in our lorries as sustainable sources become available by 2012.

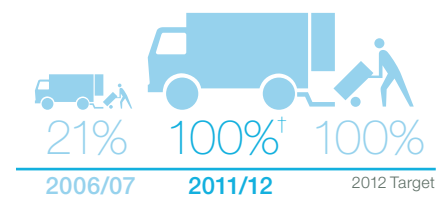
Progress We didn't pursue this commitment due to emerging concerns over the sustainability of many of the raw materials used to make crop-derived bio-diesel. However, we've continued to trial new vehicle technologies including electric, gas, hybrid and hydrogen fuel cells. Whilst we still believe that bio-diesel may play an important role in the future we've been advised that these newer fuels are still several years away from becoming commercially available.

10.12 **New transport technologies**
Previously achieved

10.13 ****EURO engines**
Achieved

Aim Progressively converting delivery fleets to cleaner EURO IV and V standard engines by 2012.

Progress By the end of March 2012, we'd upgraded 100%[†] of our core Food and General Merchandise delivery fleets to Euro IV or V specifications (2006/07: 21%). We plan to monitor future developments in vehicle specifications and set new targets when the right technologies become available.



Euro engines Converting delivery fleets by 2012.
[†]Excludes 'Lunch to Go' fleet of small delivery vans.

10.14 Carbon offsetting policy
Previously achieved/ongoing

Aim Having contributed towards the development of the Government's Quality Assurance Scheme we will continue to work with key stakeholders to develop our own policy on carbon offsetting by 2012.

Progress Although this commitment was previously achieved we have continued to review our carbon offsetting policy with key stakeholders. Carbon offsets were originally intended as an option for developed countries to invest in greenhouse gas reduction projects in developing countries. However, as not all developed countries signed-up to international targets a 'grey area' of offsetting activities in developed countries such as the USA has emerged.

Our policy is to only purchase high quality voluntary carbon offsets. These will be 'Gold Standard' or Verified Carbon Standard (VCS) offsets. We don't buy offsets from developed countries such as the USA and we will avoid certain types of projects where the

wider social benefits are disputed, for example, large scale hydro and landfill gas. We purchased our first carbon offsets to achieve carbon neutrality from 1 January 2012 to 31 March 2012 and for three months in advance. For more information, see: www.v-c-s.org www.cdmgoldstandard.org

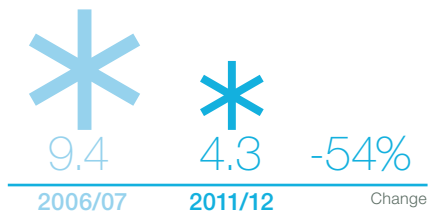
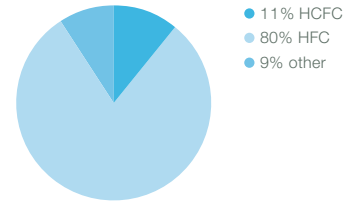
10.15 **Store refrigeration
On plan

Aim Reducing store refrigeration gas carbon emissions by 50% by 2015. Using CO₂ systems in all new store refrigeration installations from 2010, replace HCFCs by 2014 and HFCs by 2030.

Progress Our emissions from refrigeration and air-conditioning gases in 2011/12 were 70,000 tonnes CO₂e, down by 46% against 129,000 tonnes CO₂e in 2006/07. Allowing for increases in store footage, emissions were down 54% at 4.3 tonnes CO₂e/1000 sq ft (2006/07: 9.4 tonnes CO₂e/1000 sq ft). This has achieved our reduction target and is the result of improved maintenance and the installation of less

damaging R407a HFC gases. 49 of our stores now use CO₂ refrigeration systems, whilst 387 use less damaging HFCs (R407a) as an interim measure until we complete the roll out of CO₂ systems.

Refrigeration and air-conditioning gases in use in M&S stores



Store refrigeration and air-conditioning emissions in tonnes CO₂e /1,000 sq ft

11 Help our suppliers cut their carbon emissions.

11.1 Supply chain climate adaptation
Achieved

Aim Conduct a climate change risk assessment across all key parts of the M&S supply chain and where required, develop mitigation, resilience and adaptation plans by 2011.

Progress Working with climate specialists we've reviewed the potential impacts of climate change on our Food and General Merchandise supply chains over the period 2020-2030, during which period significant climatic changes are forecast. The main impacts identified were potential changes in growth rate and geographical distribution of raw materials, including cotton, forest products, fish, livestock and agriculture. The review also confirmed that the potential impacts of climate change must be considered alongside other environmental, social and economic factors. We're now using this information to develop global maps highlighting the different categories of impacts which must be taken into account in our sourcing decisions.

11.2 Food factory environmental standards
On plan

Aim Work with M&S food suppliers to ensure that all factories have an environmental action plan, so that by 2015, 25% of M&S food (by turnover) will be produced by factories that have improved energy efficiency by at least 20%.

Progress We've helped to develop and publish best practice guides with the Carbon Trust on environmental management systems and managing greenhouse gas emissions as part of our Framework, described at 7.3.



11.3 Electricity from small scale generators
Previously achieved

11.4 Supplier logistics
Previously achieved

11.5 Food carbon footprint
Previously achieved

11.6 Minimise food airfreight
Previously achieved

11.7 Supplier Exchange – reducing CO₂
Previously achieved

11.8 Green factories
Previously achieved

11.9 Agricultural carbon balance
Previously achieved

11.10 Air freight labelling
Previously achieved

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

Pillar 4: Waste

This section shows our detailed performance against our Pillar 4 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

The UK throws away around 300 million tonnes of waste every year – most of it from construction and industry with 35 million tonnes from households. Packaging accounts for 10 million tonnes of which 7 million tonnes are recycled. If waste isn't recycled, much of it ends up on landfill sites where it gradually decomposes over many years.

What have we done?

In February 2012 we achieved our target to send no waste to landfill from M&S stores, offices, warehouses or construction activities. We've reduced our use of non-glass packaging and our carrier bags use against 2006/07.

Summary of progress

12 Create partnerships to help our customers reuse or recycle all our products and packaging.

	Not achieved	Behind plan	On plan	Achieved
12.1 Clothes hanger reuse			●	
12.2 Customer clothes recycling			●	
12.3 Packaging recycling partnerships			●	
12.4 Reduce home delivery packaging			●	
12.5 Simplify packaging materials			●	
12.6 Reduce weight of non-glass packaging			●	
12.7 Sustainable packaging materials			●	
12.8 Packaging recyclability			●	
12.9 WRAP recycling symbols			●	
12.10 Courtauld Commitment			●	
12.11 Clothes hanger recycling			●	
12.12 Recycling services for customers			●	
12.13 Reduce carrier bag use			●	
12.14 Carrier Bag Agreement			●	

13 Send no operational and construction waste to landfill and reduce our operational waste by 25% and construction waste by 50%.

	Not achieved	Behind plan	On plan	Achieved
13.1 Reduce food waste and non-food transit packaging			●	
13.2 Waste carbon footprint			●	
13.3 Reduce construction waste			●	
13.4 Reduce paper usage			●	
13.5 No waste to landfill			●	
13.6 Reduce food waste			●	
13.7 Food waste to composting and AD			●	
13.8 No construction waste to landfill			●	
13.9 Use of recycled materials in construction			●	
13.10 Closed-loop recycling			●	

14 Help our suppliers to reduce waste and send no waste to landfill.

	Not achieved	Behind plan	On plan	Achieved
14.1 Food packaging write-offs		●		
14.2 Food supplier waste			●	

Highlights this year

89%

Of food waste processed to generate energy using anaerobic digestion (and the other 11% recycled using other technologies)

12,500

Tonnes of additional materials collected for recycling through our work with Somerset Waste Partnership

Zero

Waste sent to landfill from M&S stores, offices, warehouses and construction activities from February 2012

147m

Clothes hangers collected for reuse or recycling

Progress since 2007

2007/08
Introduction of a new policy to reduce the price of short-life Food products to customers

2008/09
A 5p Food carrier bag charge introduced resulting in an 80% reduction in usage and profits helping to fund parks, gardens and play areas with Groundwork

2009/10
Use of recycled PET plastic in bottles and salad bowls and recycled HDPE in milk bottles

2010/11
26% reduction in non-glass packaging per item sold against 2006/07

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

12 Create partnerships to help our customers reuse or recycle all our products and packaging.

12.1 **Clothes hanger reuse**
Achieved/ongoing

Aim Collect at least 70% of the clothing hangers we use and reuse at least 85% of these by 2012.

Progress In 2011 we collected 147 million* clothes hangers (79% of our total usage) and reused 80% of them with the remainder recycled. As a result of collecting more hangers in total we also recovered greater volumes of small hangers which are less suitable for reuse and at present we believe that an 80% reuse rate is optimum.

In July 2011, we announced a partnership with UNICEF, the international children's charity to help fund new projects in the Mymensingh and Dhaka regions of Bangladesh. The projects will provide support for basic needs such as food, water, education and healthcare. We aim to raise £1.9m over three years.

*Data based on calendar year.



12.2 ****Customer clothes recycling**
On plan

Aim Help our customers to recycle 20 million items of clothing each year by 2015.

Progress The M&S and Oxfam Clothes Exchange completed its fourth year in 2011/12. The initiative encourages customers to donate unwanted M&S clothing to Oxfam in exchange for a £5 off a £35 purchase discount voucher. We ran a major national 'One Day Wardrobe Clear-out' event in September 2011 featuring celebrity donations and a 12-week Suit Exchange in Scotland offering a discount off a new suit purchase.

Over the year, 3 million garments were donated, bringing the total to 11 million garments since the launch of the Exchange in 2008 and helping to raise an estimated £8m for Oxfam.

We also donated around 189,000 damaged items to Oxfam from our stores.

In April 2012, we launched 'shwopping' which aims to encourage customers to return more garments to M&S stores for donation to Oxfam.



12.3 **Packaging recycling partnerships**
On plan

Aim Work in partnership to help improve national levels of packaging recycling (e.g. RecycleBank, local authority partners etc).

Progress We're working with Somerset County Council's Waste Partnership and have completed a review of how we might develop a similar relationship with Kent's Waste Partnership. In 2011/12, M&S supported activities in Somerset collected an additional 12,500 tonnes of packaging materials for recycling. Beginning with glass we are starting to use some of these materials in the manufacture of M&S Food packaging.

12.4 **Reduce home delivery packaging**
On plan

Aim Reduce home delivery packaging by 30% in weight by 2015.

Progress By the end of 2011 we'd reduced the weight of packaging used in General Merchandise home deliveries by 17% per parcel to 192g per parcel (2008/09: 230g per parcel*).

*Data based on calendar year and excludes furniture.

12.5 **Simplify packaging materials**
Achieved

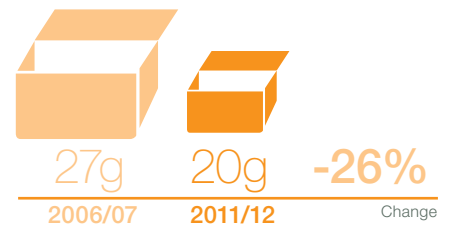
Aim Simplify the number of packaging materials we use and maximise the use of recycled content where this is carbon efficient by 2015.

Progress Following the removal of virtually all polyvinyl chloride (PVC) plastic from our food packaging several years ago and the introduction of pulped cardboard trays for our pears in May 2012 we've now removed as much polystyrene (PS) as possible. We believe this will make recycling easier.

12.6 ****Reduce weight of non-glass packaging**
Previously achieved/ongoing

Aim Reducing the weight of non-glass packaging by 25% by 2012.

Progress Previously achieved. In 2011, we won the Starpack Packaging Industry Special Award for our Plan A packaging programme. As we expand internationally we need to include information in more languages on our products which may sometimes require an increase in packaging.



Total: Since 2006/07 we've reduced non-glass packaging usage by an average of 26% to 20g per item sold (2006/07: 27g).

Food: Since 2006/07 we've reduced non-glass packaging usage by an average of 20% to 20g per item sold (2006/07: 25g).

General merchandise: By the end of 2011 we'd reduced our non-glass packaging usage by 54% to 18g* per item sold (2006: 39g* per item). We've also made additional reductions through our clothing hanger projects.

*Data based on calendar year.

12.7 ****Sustainable packaging materials**
Previously achieved

12.8 **Packaging recyclability**
Previously achieved

12.9 **WRAP recycling symbols**
Previously achieved

12.10 **Courtauld Commitment**
Previously achieved

12.11 **Clothes hanger recycling**
Previously achieved

12.12 **Recycling services for customers**
Previously achieved/ongoing

Aim Introducing a range of recycling services for our customers including a project for used clothing.

Progress We've already achieved this commitment and continue to provide a range of recycling services. Through our 2012 Christmas Card scheme we collected 165 tonnes of card, equivalent to eight million cards (last year 200 tonnes). From September 2011 we offered a collection service for old mattresses to customers purchasing new ones, recycling nearly 1,800. We also launched a trial with Oxfam and the British Heart Foundation to collect and reuse or recycle replaced items of furniture. This scheme collected nearly 500 items of unwanted furniture.

12.13 ****Reduce carrier bag use**
Previously achieved/ongoing

Aim Reducing carrier bag use by 33% by 2010 including launching a 'No to Bags' campaign.


Progress Having already achieved this commitment, we've continued to promote carrier bag reuse and charge 5p for Food carrier bags.

In 2011/12 we used 269 million one-trip carrier bags, a reduction of 59% compared to the 657 million used in 2006/07 but up 8% on the 248 million used last year. Of these, 102 million were used in our Food sections a reduction of 78% on 2006/07 (464 million).

Total profits of £1.4m from the 5p Food bag charge were donated to Groundwork to support funding for gardens, parks and play areas (£0.4m) and Forever Fish for projects to help customers and their children learn more about fish, participate in UK beach cleaning exercises and protect UK marine life (£1m).

In Wales, from October 2011, legislation imposing a minimum 5p charge on nearly all single-use carrier bags resulted in a reduction of around 70%. In the Republic of Ireland, legislation already imposes a charge on polythene carrier bags.

12.14 **Carrier Bag Agreement**
Previously achieved

13  Send no operational and construction waste to landfill and reduce our operational waste by 25% and construction waste by 50%.

13.1 ****Reduce food waste and non-food transit packaging**
On plan

Aim Reduce store unsold Food waste and General Merchandise transit packaging waste by 25% by 2015.

Progress In 2011/12 the total tonnage of food waste we produced was down by 40% against 2008/09. This reduction is partly because we now sell short life food products at a discount to our customers. In 2011/12, we sold an estimated 60% of the food products that would have otherwise gone to waste at a reduced price.

On General Merchandise, we've delayed a planned assessment of transit packaging until we implement a programme of standardisation, allowing automated handling of products at our new warehouses.

13.2 ****Waste carbon footprint**
Previously achieved/ongoing

Aim Report on the carbon footprint of our waste and achieve a position of at least carbon neutral disposal by 2012.

Progress Previously achieved. See commitment 10.4 for 2011/12 data.

13.3 **Reduce construction waste**
On plan

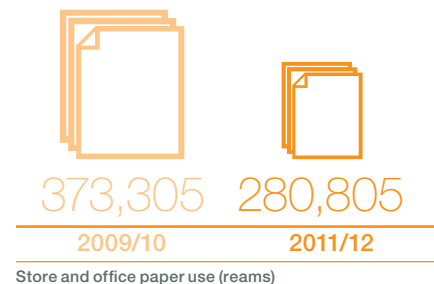
Aim Reduce construction waste generated by 50% per £100,000 project by 2015.

Progress In 2011/12 our construction projects generated 4% less waste at 3.54 tonnes of waste per £100,000 spend (last year 3.70 tonnes). This was achieved by reviewing and improving architectural design practices and using modular construction techniques so a lot of the work can be completed in advance off-site.

13.4 **Reduce paper usage**
Achieved

Aim Reduce the use of printer paper across our stores and offices by 25% by 2012, including upgrading M&S head office printing technology to improve efficiency and reduce use.

Progress In 2011/12 we used 280,805 reams of printing paper (a ream is a pack of 500 sheets) which was a reduction of 25% on 2009/10 (373,305).



**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

13.5 ****No waste to landfill**
Achieved/ongoing

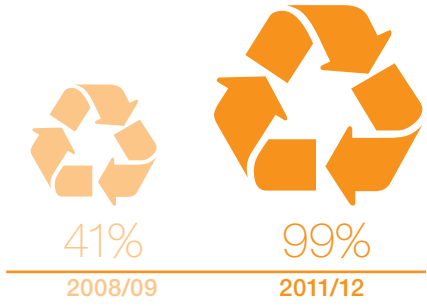
Aim Aiming to ensure that M&S operations in the UK and Republic of Ireland (stores, offices and warehouses) will send no waste to landfill by 2012. Also an Annual Report KPI.

Progress From February 2012 we achieved our target to send no waste to landfill. Over the whole of 2011/12 we recycled an average of 99% of the waste generated in our stores, offices and warehouses (2008/09: 41%).

Our total waste was down by 31% at 80,000 tonnes (2008/09: 116,000 tonnes).



Waste sent to landfill (000 tonnes)



Waste recycled

13.6 **Reduce food waste**
Previously achieved

13.7 ****Food waste to composting and anaerobic digestion**
Achieved/ongoing

Aim Sending all remaining food waste to some form of recycling including composting and anaerobic digestion by 2012.

Progress Previously achieved. In 2011/12 around 89% of our food waste was sent to anaerobic digestion with the remainder recycled in other ways.

13.8 ****No construction waste to landfill**
Achieved/ongoing

Aim Sending no waste to landfill from M&S store construction programmes by 2012.

Progress From February 2012 we achieved our target to send no waste to landfill. Over the whole of 2011/12 we recycled an average of 98% of the waste generated in our construction activities (2006/07: industry average 65%).

13.9 **Use of recycled materials in construction**
Previously achieved

13.10 **Closed-loop recycling**
Previously achieved



14 **Help our suppliers to reduce waste and send no waste to landfill.**

14.1 **Food packaging write-offs**
Behind plan

Aim Minimise write-offs of food packaging stocks.

Progress We're still reviewing the best way of measuring progress against this commitment.

14.2 **Food supplier waste**
On plan

Aim Work with M&S Food suppliers to reduce waste to landfill, so that by 2015, 25% of M&S Food (by turnover) is produced in factories that send no waste to landfill.

Progress We've helped to develop and publish best practice guides on sending zero waste to landfill with Waste Resources Action Programme (WRAP). We've also launched a 'waste swap' amongst suppliers as part of our Food Sustainability Framework, described at 7.3.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

Pillar 5: Natural resources

This section shows our detailed performance against our Pillar 5 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

Producing and harvesting raw materials can damage the environment, so it's important that we source them in ways that support their replenishment, safeguard natural habitats and ensure good animal welfare standards.

What have we done?

We've made good progress on sourcing sustainable raw materials, achieving our target of ensuring that 100% of our wild fish comes from the most sustainable sources available.

We've also improved water efficiency in our stores, offices and warehouses (though not as much as we'd have liked) and participated in water stewardship projects with suppliers.

Summary of progress

15 Ensure efficient use of natural resources in our operations.

	Not achieved	Behind plan	On plan	Achieved
15.1 Recycled consumables				●
15.2 Reduce water usage	●			
15.3 Sustainable construction				●

16 Reduce the impact on the natural resources used to make our products.

	Not achieved	Behind plan	On plan	Achieved
16.1 Food factory water use			●	
16.2 Sustainable farmed fish			●	
16.3 General Merchandise chemical policy			●	
16.4 Food animal welfare			●	
16.5 M&S packaging forest			●	
16.6 Animal testing cut-off on cleaning materials			●	
16.7 Recycled bin bags			●	
16.8 Recycled carrier bags			●	
16.9 Tripling organic food	●			
16.10 Phase-out hazardous pesticides			●	
16.11 Pesticide residue-free food		●		
16.12 Pesticide Action Network			●	

	Not achieved	Behind plan	On plan	Achieved
16.13 Non-GM food				●
16.14 Sustainable textiles				●
16.15 Procure sustainable cotton			●	
16.16 Six raw materials to stop deforestation			●	
16.17 Sustainable wood	●			
16.18 Sustainable wild fish				●
16.19 Dyehouse standards				●
16.20 Recycled polyester				●
16.21 Non-food animal welfare				●
16.22 Beauty testing cut-off date				●
16.23 Free range food	●			
16.24 Oakham chicken				●
16.25 Supply chain water efficiency				●

Highlights this year

84%

Sustainable wood

257

M&S food products made with sustainable palm oil

18%

Improvement in water efficiency for stores, offices and warehouses against 2006/07 (per sq ft)

100%

Wild fish from the most sustainable sources available

Progress since 2007

2007/08

Cruelty-free standards adopted for M&S Beauty and Homecare products

2008/09


37 million recycled (2 litre) PET plastic bottles used to manufacture fleeces

2009/10

First UK company to sign WWF's Seafood Charter

2010/11

World's first Forest Stewardship Council Certified 'build and fit-out' retail store

15  **Ensure efficient use of natural resources in our operations.**

15.1 Recycled consumables
Previously achieved

15.2 **Reduce water usage
Not achieved/ongoing

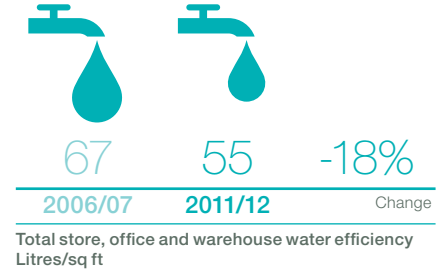
Aim Reducing water usage by 20% for existing stores, offices and warehouses by 2012 and by 25% by 2015. From 2010, make our new stores 35% more water efficient.

Progress Our total store, office and warehouse water usage in 2011/12 was down by 18% at 55 litres/sq ft (2006/07: 67 litres/sq ft). Total usage was 1,223,259 m³ (2006/07: 1,266,704 m³).


We've only recently started monitoring water usage in our warehouses, so the earliest available figures from 2007/08 for Food and 2009/10 for General Merchandise warehouses have been assumed as the 2006/07 starting point.

Our store and office water usage in 2011/12 was 65 litres/sq ft, down by 12% (2006/07: 74 litres/sq ft). This improvement is a result of installing water efficient fittings but implementation took longer than expected. Food warehouse usage has already exceeded our 2015 target and was down 67% at 42 litres/sq ft (2007/08: 127 litres/sq ft). General Merchandise warehouses usage was down 23% at 20 litres/sq ft (2009/10: 25 litres/sq ft).

As of 2010, our new stores were designed to be at least 35% more water efficient by using waterless urinals and either percussion or sensor activated taps.



15.3 Sustainable construction
Previously achieved

16  **Reduce the impact on the natural resources used to make our products.**

16.1 **Food factory water use
On plan

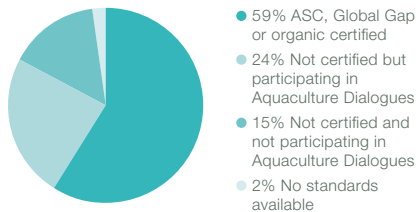
Aim Work with M&S food factories to improve water monitoring and efficiency by 2015.

Progress We've helped to develop and publish best practice guides on effluent recycling and water efficiency as part of our Food Sustainability Framework, described at 7.3.

16.2 **Sustainable farmed fish
On plan

Aim All M&S farmed fish and fish feed to come from the most sustainable sources available by 2015.

Progress To help achieve this commitment we've participated in Aquaculture Dialogues to develop the Aquaculture Stewardship Council's (ASC) global sustainability standards. These draft standards cover farmed salmon, warm water shrimps and farmed trout which together account for the vast majority of the farmed fish we sell. We plan to conduct trials on these and other draft standards when they are published. Our eventual aim is to develop 'M&S Sustainable Aquaculture Codes of Practice' for all our farmed seafood reflecting the best practices available whilst seeking independent environmental certification.



In April 2012, we assessed all our sources of farmed fish, showing that 59% were already certified to a sustainability standard, 24% were not certified but were participating in Aquaculture Dialogues and 17% were either not participating in Aquaculture Dialogues or were not applicable to currently available sustainability standards.

We've set up an independent Animal Welfare Advisory Group, which includes experts from the RSPCA, University of Bristol and Scottish Agriculture College to help us identify future priorities and develop our system for monitoring 'Key Welfare Indicators' and 'Key Performance Indicators'.

In the 2011 RSPCA Good Business Awards, together with our suppliers we received the Sustained Excellence Awards for Farm Animal Welfare and the 'Good Dairy' and 'Good Pig' awards from Compassion in World Farming (CIWF).

16.3 General Merchandise chemical policy
Previously achieved

16.4 Food animal welfare
Achieved

Aim Continue to work with M&S food suppliers and specialists to monitor and further improve animal health and welfare standards using the M&S TRAK system.


Progress All our livestock animal welfare standards and codes of practice have been independently reviewed and re-launched to our suppliers in April 2011. We plan to keep these under regular review.

16.5 M&S packaging forest
Achieved

Aim Develop and source M&S food board packaging by 2012 from an M&S Model Forest Programme.

Progress We've continued the development of our Model Forest Programme with a Forest Stewardship Council (FSC) certified supplier in Sweden. In addition to FSC certification, the board has to meet environmental and social best practices in manufacture and transport. Food packaging will start to be manufactured with material from the M&S packaging forest during Summer 2012.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

16  Reduce the impact on the natural resources used to make our products.

16.6 **Animal testing cut-off on cleaning materials**
Achieved

Aim Extend our animal testing fixed cut-off date to the cleaning products we use in our stores and offices by 2012.

Progress Suppliers of cleaning products used in our stores and offices have now adopted the same January 2006 animal testing cut-off date that we use for M&S Beauty and Homecare products. Neither the products nor their ingredients are tested on animals.

16.7 **Recycled bin bags**
Previously achieved

16.8 ****Recycled carrier bags**
Previously achieved

16.9 **Tripling organic food**
Not achieved

Aim Tripling our sales of organic food in the UK and Republic of Ireland by 2012.

Progress Sales of organic products sold in our food halls were approximately level on last year but lower than our 2005/06 baseline year.

However, sales of organic food products and beverages sold through our cafes and other Food To Go formats have increased significantly and are now larger than food hall organic sales.

We aim to continue monitoring customer demand and provide organic alternatives where required.

16.10 ****Phase-out hazardous pesticides**
Achieved

Aim Work in partnership with PAN UK to develop plans to phase-out additional hazardous chemicals in food production based on assessments of operator safety and environmental impact by 2012.

Progress By the end of 2011 we'd banned 22 pesticides from the list of 38 identified in dialogue with Pesticide Action Network (PAN) UK, including 7 out of 10 priorities. We've also developed plans or trials to support the eventual phasing-out of the 16 remaining pesticides left on the list. In 2011, we were rated joint top in PAN UK's supermarket pesticide league table.

16.11 ****Pesticide residue-free food**
Behind plan

Aim Work towards M&S fruit, vegetables and salads being 75% pesticide residue-free by 2015 and 100% pesticide residue-free by 2020.

Progress During 2011/12 we commissioned independent research to develop a more accurate and representative way of measuring how much of our produce is pesticide residue-free. However, so far, this work has not been successful and we plan to continue with this research next year.

For 2011, using our existing method of testing which deliberately targets produce where we are more likely to find pesticide residues, 47%* (last year 45%) of M&S fruit, vegetables and salads were residue-free at or above 0.01 parts per million.

*Data based on calendar year

16.12 **Pesticide Action Network**
Previously achieved

16.13 **Non-GM food**
Achieved

Aim Maintaining our non-GM M&S food policy.

Progress We've maintained our policy of only using non-GM ingredients in M&S food.

16.14 **Sustainable textiles**
Previously achieved

16.15 **Procure sustainable cotton**
On plan

Aim Procure 25% of cotton from sustainable sources by 2015 and 50% by 2020.

Progress Building on commitment 17.20, we plan to increase the use of more sustainable types of cotton in our products. We've defined sustainable cotton as including Fairtrade, organic, recycled and Better Cotton Initiative cotton.

In 2011/12 we sold over eight million items made from these materials, equivalent to 3.8% of our total cotton usage.

16.16 ****Six raw materials to stop deforestation**
On plan

Aim Source six vulnerable raw materials from sources that do not contribute to deforestation by 2015 (palm oil, soy, cocoa, beef, leather and coffee).

Progress Palm oil: We've made progress towards our goal of using only certified sustainable palm oil by 2015. As of April 2012, 257 M&S food products were made using Roundtable for Sustainable Palm Oil certified palm oil. We also continue to buy GreenPalm certificates to match our total use of palm and palm kernel oil to encourage the transition to 100% sustainable palm oil. During 2011, M&S was rated joint top in WWF's International Palm Oil Buyers Scorecard.

Soy: We're members of the Roundtable for Responsible Soy (RTRS) and the Soy Moratorium, which commits us to not buy soy from the Amazon Biome, an area vulnerable to deforestation. Most of the soy we use is in animal feeds and we've set up an independent Animal Feed Advisory Group to advise us.

Beef: All our fresh beef is sourced from the UK and Republic of Ireland. Beef used in M&S canned products is now also sourced from the UK, other than corned beef. Only corned beef is now sourced from Brazil and is from areas outside of the vulnerable Amazon Biome.

Cocoa: We've mapped our use and engaged with a number of experts and suppliers to understand the most sustainable route for our supply chain.

Coffee: We've made less progress on coffee. After mapping out our supply chain we started to work with the Fairtrade Labelling Organisation but this approach wasn't able to address all the key environmental issues. We are now looking at other options.

Leather: M&S is participating in the international Leather Working Group, run by the BLC leather technology centre. We plan to include key requirements addressing deforestation in our new leather sourcing policy which we aim to launch in 2012.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

16.17 **Sustainable wood
Not achieved/ongoing

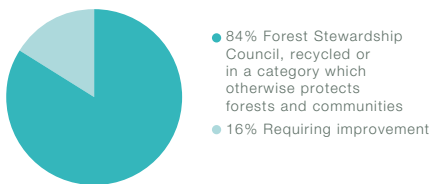
Aim Working with the Rainforest Alliance to ensure that by 2012 all of our wood is sourced responsibly, which means that it's either recycled, FSC certified or otherwise protects forests and communities.

Progress In 2011/12, 84% of the wood-based materials we used were Forest Stewardship Council certified, recycled or from sources that protect forests and communities (last year 76%).

We're disappointed not to have achieved this commitment this year. Its comprehensive scope (including products, packaging, marketing materials, construction and store fit-out), together with the availability of sustainable timber in sufficient quantity and quality means it will take longer than planned.

However, we intend to continue working to achieve what we believe is the most challenging sustainable wood sourcing target in the retail sector.

2011/12 wood material use (excluding fabrics, newspapers and magazines)



16.18 **Sustainable wild fish
Achieved/ongoing

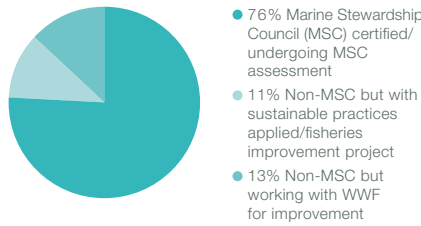
Aim By 2012, all of our wild fish will come from the most sustainable sources available such as MSC. Where MSC certified sources are not available, we are working with WWF to ensure that all our other fisheries have sustainable practices in place that respect the natural environment.

Progress As of April 2012 all our wild fish came from the most sustainable sources available: either certified, undergoing assessment or in the process of developing an improvement programme.

Working together with WWF as part of their Seafood Charter programme, we've assessed all our sources of wild fish. Where these were considered to be unsustainable, we've helped to develop improvement programmes with WWF and the fishing industry. We believe that this approach, The M&S Sustainable Seafood Commitment Plan on Wild Fish

supports the fishing industry and helps to increase the quantities of sustainable fish available. Over time, our aim is to transition all our sources towards Marine Stewardship Council certification.

Wild fish sourcing



In June 2011, we launched Forever Fish, a campaign funded by the profits from sales of Food carrier bags. Over the next three years the campaign aims to educate children through the School of Fish programme, encourage customers and employees to take part in Marine Conservation Society's beach clean days, promote more sustainable types of fish to our customers and invest £1m in WWF UK marine conservation initiatives.

M&S came joint top on the Marine Conservation Society's 2011 Supermarket Seafood Survey.



16.19 Dyehouse standards
Previously achieved

16.20 Recycled polyester
Previously achieved

16.21 Non-food animal welfare
Achieved

Aim Work in partnership with the RSPCA to develop a tailored approach to animal welfare in our General Merchandise raw material supply chains by 2012.

Progress We've worked with the RSPCA and other partners to develop a tailored approach to animal welfare for General Merchandise. This includes new policies on leather and wool sourcing. We've also started further work to improve our methods for sourcing cashmere, angora, feathers and down.

16.22 Beauty testing cut-off date
Previously achieved

16.23 Free range food
Not achieved

Aim Converting all our whole fresh turkey, geese and duck; and fresh pork products to free range by 2012.

Progress We have not achieved this commitment. In 2011/12, all of our fresh whole geese and the majority of our turkeys came from free range producers. We responded to customer demand by providing small volumes of high-welfare turkeys (non-free range) for Christmas 2011 but can no longer source free range duck. However, we have introduced British free range guinea fowl.

Trials to sell 100% fresh free range pork were not successful; sales were disappointing and waste was high. Instead, we now offer a range of alternatives that meet high animal welfare standards including free range and British outdoor bred pork.

16.24 Oakham chicken
Previously achieved

16.25 **Supply chain water efficiency
Achieved/ongoing

Aim Working with our suppliers to improve the efficiency of water use during the production of raw materials and products by 2012.

Progress In addition to activities described in our last year's report, we've participated in three major water stewardship projects. One, in Kenya with the Alliance for Water Stewardship, now completed, resulted in a draft international best practice standard, which we will help to trial. We've also taken part in a UK water quality project with WWF and Cranfield University and in a Water Stewardship scheme with the Institute of Grocery Distributors (IGD) on the Cam-Ely-Ouse catchment area in Eastern England.

Although we've achieved this commitment, we plan to continue working with our suppliers and partners in testing and developing water stewardship best practices programmes around the world.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

Pillar 6: Fair partner

This section shows our detailed performance against our Pillar 6 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?

We're only as strong as the communities in which we trade, so it makes good sense for us to be a fair partner – paying a fair price to suppliers, supporting local communities and ensuring good working conditions for everyone involved in our supply chains.

What have we done?

We've developed our ranges of Fairtrade products and worked with suppliers and other partners to ensure good working conditions and wider community benefits. This includes the development of Ethical Model Factories and a 'fair living wage' buying tool.

Summary of progress

17 Ensure workforces and communities benefit in our supply chain.

	Not achieved	Behind plan	On plan	Achieved
17.1 General Merchandise living wage			●	
17.2 Supply chain training			●	
17.3 Single Ethical Code				●
17.4 Research on community impacts				●
17.5 Food supply chain skills			●	
17.6 Food supply chain HR			●	
17.7 Construction Health and Safety				●
17.8 Further five produce R&D projects				●

	Not achieved	Behind plan	On plan	Achieved
17.9 UK and RoI food sourcing				●
17.10 Five R&D produce projects				●
17.11 Semi-announced supplier assessments				●
17.12 In-country resources				●
17.13 Supplier ethical assessments				●
17.14 Extend ethical assessments			●	
17.15 Confidential helpline				●

	Not achieved	Behind plan	On plan	Achieved
17.16 Small local suppliers				●
17.17 Buying Pledge				●
17.18 Double regional food sourcing				●
17.19 Fairtrade food				●
17.20 Fairtrade clothing	●			
17.21 Supplier Exchange – communities				●

Highlights this year

88%

Increase in Fairtrade food sales compared to 2006/07

Top 10

Property and shop-fit suppliers (by spend) on Supplier Ethical Data Exchange

300K

Hours of training provided to suppliers

4.5m

Fairtrade certified cotton garments sold

Progress since 2007

2007/08

Supplier Exchange website and best practice network launched

2008/09


Semi-announced ethical audits of suppliers introduced (conducted within a three-week period)

2009/10

Fairtrade cut flowers launched

2010/11

1,200 delegates attended our Plan A supplier conference

17  Ensure workforces and communities benefit in our supply chain.

17.1 ****General Merchandise living wage**
On plan

Aim Implement a process to ensure our clothing suppliers are able to pay workers a fair living wage in the least developed countries we source from, starting with Bangladesh, India and Sri Lanka by 2015. We will achieve this by ensuring that the cost prices we pay to our suppliers are adequate to pay a fair living wage and by rolling out our ethical model factory programme to ensure the cost price benefits are paid to workers.

Progress We've helped our suppliers set up 11 Ethical Model Factories in Bangladesh and two in India.

We're also using a buying tool that takes into account all the elements required to make a garment which enables us to know that our cost price allows for the payment of a fair living wage. We've made this available to factory owners and other factory customers.

17.2 **Supply chain training**
On plan

Aim Work with our suppliers and partners to provide a training and education programme for 500,000 workers by 2015. This will cover employees' roles, responsibilities and rights, basic health care and where possible, numeracy and literacy.

Progress We provided training and education on employment rights and health and safety for more than 121,000 workers in 2010 and 2011 – most of them employed by our General Merchandise suppliers. We also provided training for around 450 workers in our Food supply chain.

17.3 **Single Ethical Code**
Achieved

Aim Collaborate with other retailers and brands to promote a single global ethical trading code by 2012 and an effective monitoring scheme. Provide support through on-site training and conferences to raise worker and management awareness and knowledge.

Progress Through our participation with other businesses in the Global Social Compliance Programme we've identified a number of credible codes and

monitoring schemes that we're prepared to accept. A comparison of different codes and schemes is now underway and when it's complete we plan to re-launch our own Global Sourcing Principles, emphasising our commitment to a single industry-wide global code of ethics. This should help to reduce the number of assessments that suppliers are required to complete. We held 15 conferences and workshops worldwide with over 2,500 supplier attendees.

17.4 **Research on community impacts**
Achieved

Aim Conduct research into the impact of trading with M&S on vulnerable communities by 2012.

Progress In addition to the two impact assessments conducted in 2010/11, we've completed a third one, in Kenya. We've also helped Business in the Community and Oxfam develop new ways of measuring community health and prosperity. We plan to assess the available methods and decide which is the most useful.

17.5 **Food supply chain training**
On plan

Aim Launch initiatives by 2015 with educational organisations to provide the core skills required for the long term success of the food supply chain.

Progress We've worked with the British Nutrition Foundation's schools education team to develop teaching materials for A-Level and Advanced Higher students, which may also be useful at GCSE/Standard Grade levels. These cover careers, food technology, nutrition, farming and sustainability. During hosted visits, colleagues in our Food group have explained the skills required to work in food supply chains to participants from Nottingham and Reading Summer Schools.

17.6 **Food supply chain HR**
On plan

Aim Work with M&S food factories to strengthen human resource practices, use people performance indicators, staff surveys, invest in staff training and mature industrial relations to create better places so that by 2015, 25% of

M&S food will be produced by factories with human resource best practices.

Progress We've helped to develop and publish best practice guidelines about conducting employee surveys and ensuring the legality of foreign workers as part of our Food Sustainability Framework, described at 7.3.

17.7 **Construction Health and Safety**
Achieved

Aim Work with our construction suppliers to reduce reportable incidents on site and increase awareness of health and wellbeing amongst their employees by 2012.

Progress We complete internal audits at every M&S construction site and in 2011/12 reported a calculated Accident Incident Rate (AIR) on M&S sites of 566 against an industry average of 579 last year (source: HSE). Our main building contractors have adopted worker health screening programmes and we've also given them access to our employee health and wellbeing website.

17.8 **Further five produce R&D projects**
Previously achieved

17.9 **UK and RoI food sourcing**
Previously achieved

17.10 **Five R&D produce projects**
Previously achieved


17.11 **Semi-announced supplier assessments**
Previously achieved

17.12 **In-country resources**
Previously achieved

17.13 ****Supplier ethical assessments**
Previously achieved/ongoing

Aim Enabling suppliers to address difficult issues such as living wage and working hours through collaborative networking, conferences and the launch of an Ethical Exchange website. Setting up best practice projects including at least six ethical model factories and a workers' rights training programme which can be extended across our supply chains by 2012.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

17  Ensure workforces and communities benefit in our supply chain (continued).

Progress Monitoring: We currently have 2,765* General Merchandise, Food product and material suppliers on our SEDEX database and all have up-to-date assessments. We update the database regularly and monitor current performance.

In 2011, together with our suppliers, we completed and evaluated 1,178* ethical audits (last year 1,245*) and our suppliers undertook 5,461* corrective actions (last year 4,254*). We provided nearly 300,000* hours of supplier training (last year 170,000*).

* Data based on calendar year.

17.14 **Extend ethical assessments**
On plan

Aim Extend the scope of our ethical trading assessments to include other parts of our supply chain including our top 20 (by spend) non-merchandise suppliers by 2015.

On Plan Our top 10 property and shop-fit suppliers (based on spend) have now completed assessments on the Supplier Ethical Data Exchange (SEDEX) shared database. We've also extended our assessments to important non-products areas including carrier bag, uniform and mannequin suppliers. Many of these suppliers also attended our Plan A Supplier Conference in April 2012.

17.15 **Confidential helpline**
Previously achieved

17.16 **Small local suppliers**
Previously achieved

17.17 **Buying Pledge**
Previously achieved

17.18 **Double regional food sourcing**
Previously achieved

17.19 ****Fairtrade food**
Previously achieved/ongoing

Aim Continuing to expand our ranges of Fairtrade food including converting all our jams, preserves, and bagged sugar to Fairtrade and offering more Fairtrade fruit, wine and other products by 2012.

Progress In 2011/12 our sales of Fairtrade food were up 88% on 2006/07 and we launched a range of Fairtrade tea and coffee which was packed at source by the smallholders who grew it in Kenya. We believe this project, jointly funded with the UK Department for International Development, is the first project of its kind in the world. It allows businesses and workers in Kenya to earn a larger share of the profits from our products. More information and a short video about the project can be seen at: marksandspencer.com/thecompany



17.20 ****Fairtrade clothing**
Not achieved

Aim Converting 20 million clothing garments including £5 plain t-shirts, women's strappy vests and Oxford shirts to Fairtrade cotton – equal to 10% of all M&S cotton use by 2012.

Progress We are disappointed not to have achieved this commitment which we believe is through a combination of difficulties with availability and the complexity and length of the cotton supply chain.

During 2011/12 we sold around 4.5 million garments of Fairtrade certified cotton clothing, equivalent to around 500 tonnes or around 1% of all the cotton we used (2006/07: less than 1%).

From next year, this commitment is replaced by a target to source 50% of our cotton from sustainable sources by 2020, see commitment 16.15. This commitment includes Fairtrade, recycled, organic and BCI (Better Cotton Initiative) cotton.

17.21 **Supplier Exchange – communities**
Previously achieved



**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

Pillar 7: Health and wellbeing

This section shows our detailed performance against our Pillar 7 commitments. Each commitment is shown as Achieved, On plan, Behind plan or Not achieved.

Why is this important?	What have we done?
<p>Health and wellbeing is strongly linked to diet and lifestyle and there's convincing evidence that many people living in the developed world are a little less active than they should be. In fact, based on current trends, 60% of the UK population could be obese by 2050.</p>	<p>We've improved the nutritional labelling on M&S food by displaying both traffic lights and Guideline Daily Amounts and extending calorie labelling to our cafes. We've also developed a wider range of food products, which can help our customers manage their weight or just eat more healthily.</p>

Summary of progress

18 Drive health and nutrition benefits across our product offer.		19 Help to facilitate behaviour change through clear nutritional labelling and information.		20 Encourage our customers and employees to become more active.				
	Not achieved	Behind plan	On plan	Achieved	Not achieved	Behind plan	On plan	Achieved
18.1	M&S food nutritional content			●				
18.2	Saturated fat in dairy products							●
18.3	30 percent healthier food							●
18.4	Natural colours							●
18.5	Reduce salt							●
18.6	Lochmuir salmon							●
18.7	Food with health benefits							●
18.8	Nutritionally enriched food							●
19.1	Nutritional labelling							●
19.2	Integrate sustainability labelling							●
19.3	On pack portion advice							●
19.4	Alcohol							●
19.5	Nutritional traffic light labels							●
20.1	Online diet website							●
20.2	Launch get active campaign							●
20.3	Children's sweets at till points							●
20.4	Healthy Eating Advisers							●
20.5	Calendar of health campaigns							●
20.6	Customer health information							●


Highlights this year

<h1 style="font-size: 2em; margin: 0;">17</h1> <p>Pledges signed as part of the UK Government's Public Health Responsibility Deal</p>	<h1 style="font-size: 2em; margin: 0;">Zero</h1> <p>All children's sweets removed from belted till points</p>	<h1 style="font-size: 2em; margin: 0;">6%</h1> <p>Healthier milk with 6% less saturated fat (excluding organic, Jersey and Isle of Man)</p>	<h1 style="font-size: 2em; margin: 0;">Top 2</h1> <p>UK healthier food brands (Count on Us and Simply Fuller Longer)</p>
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Progress since 2007

<p>2007/08 Removal of artificial colours and flavourings from M&S food and soft drinks (as of 1 April 2008)</p>	<p>2008/09 15 M&S priority salt reduction targets achieved</p>	<p>2009/10 Simply Fuller Longer diet range launched</p>	<p>2010/11 150 calorie or less snack ranges launched</p>
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**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

18  Drive health and nutrition benefits across our product offer.

18.1 ****M&S food nutritional content**
On plan

Aim Review and improve the nutritional content of M&S food.

Progress We're signatories to the UK Government's Public Health Responsibility Deal on 17 areas reflecting our Plan A commitments. We have also committed to working towards Government 2012 salt targets which in some case we have already met, for example, on plain bread, sandwiches and pasta sauces. Meeting some of these targets will require industry-wide action, so we're working collaboratively with the British Retail Consortium and Food and Drink Federation to find solutions.



18.2 ****Saturated fat in dairy products**
Achieved

Aim Work in partnership with others to reduce levels of saturated fat in dairy products.

Progress In October 2011, we switched all of our milk (with the exception of organic, Jersey and Isle of Man) to a new healthier formula which contains 6% less saturated fat compared to UK standard milk due to improved dairy herd diets. The key to this innovation was the removal of palm oil from the dairy herd feed.



18.3 **30 percent healthier food**
Previously achieved

18.4 **Natural colours**
Previously achieved

18.5 **Reduce salt**
Previously achieved


18.6 **Lochmuir salmon**
Previously achieved

18.7 **Food with health benefits**
Previously achieved/ongoing

Aim Launching food products that provide customers with specific health benefits by 2012.

Progress Previously achieved. In 2011, we launched Beneforte broccoli with increased levels of glucoraphanin, a plant nutrient which research suggests could be beneficial for health.

18.8 **Nutritionally enriched food**
Previously achieved

19  Help to facilitate behaviour change through clear nutritional labelling and information.

19.1 ****Nutritional labelling**
On plan

Aim Continue to improve nutritional labelling by making it easier for customers and employees to manage their diet and extend it to include products without packaging and in-store customer/employee cafes.

Progress We've introduced calorie labelling for customers in all our store cafes and are now planning to extend this to other ready to eat food formats through menu boards in our stores.

19.2 **Integrate sustainability labelling**
On plan

Aim Integrate healthy eating advice with social and environmental sustainability messages.



Progress We believe that social and environmental sustainability must underpin a healthy diet. That's why Plan A contains social and environmental targets on a range of health-beneficial foods, including fish, vegetables and fruit.

In 2011/12 we launched training materials to help our colleagues take account of sustainability issues when developing new products and recipes. We plan to work collaboratively with other companies and stakeholders to develop science-based principles for a healthy sustainable diet.

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

19.3 ****On pack portion advice**
Achieved

Aim Work in partnership with others to improve on-pack portion advice.

Progress We extended our range of 150-calorie or less Guilt Free Snacking products. We also launched a range of single portion meat products.



19.4 **Alcohol**
Achieved

Aim Provide information to help customers manage their consumption of alcohol.

Progress We label alcohol in line with the Government's Public Health Responsibility Deal. We operate a THINK 25! policy in stores to prevent



underage drinking and also provide additional advice about responsible drinking on our health website at: health.marksandspencer.com.

We also have plans to develop new ranges of low alcohol products.

19.5 **Nutritional traffic light labels**
Previously achieved

20 **Encourage our customers and employees to become more active.**

20.1 **Online diet website**
Previously achieved

20.2 **Launch get active campaign**
Achieved

Aim Launch a major get active campaign by 2011.

Progress Following a range of trials and detailed customer research, our customers told us that the best way to engage them in getting active is through our healthier eating programmes. So in January 2012 we included Get Active information on our website and social media channels as part of our annual healthier eating programme.

We incentivised customers to purchase healthier food and M&S Activewear.

20.3 ****Children's sweets at till**
points
Achieved

Aim Removing children's sweets from till points by 2012.

Progress All children's sweets and confectionary with characters or designs likely to appeal to children were required to be removed from our belted till points in the UK and Republic of Ireland from 23 April 2012. Belted till points are where we believe that the display of children's sweets are more likely to cause a distraction for children shopping with their parents.



20.4 **Healthy Eating Advisers**
Previously achieved

20.5 **Calendar of health campaigns**
Previously achieved

20.6 **Customer health information**
Previously achieved

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

Performance summary

Originally launched in 2007 and extended in 2010, Plan A is at the heart of the way we do business. Plan A contains 180 commitments to achieve 20 objectives under 7 pillars.

The table below shows this structure and summarises how we've performed.

Pillar One Involve our customers in Plan A

1 Aim for all M&S products to have at least one Plan A quality for 2020 (50% by 2015) and help our customers identify and buy these products.		Not achieved	Behind plan	On plan	Achieved
1.1	Develop Plan A products				●
1.2	Number of Plan A products			●	
1.3	Identifying Plan A products			●	
1.4	Meet your producer website			●	
1.5	Meet our farmers website				●

2 Help our customers make a difference to the social and environmental causes that matter to them.		Not achieved	Behind plan	On plan	Achieved
2.1	Annual store fundraising				●
2.2	Cause related donations				●
2.3	Marks & Start				●
2.4	International community campaigns				●
2.5	Breakthrough Breast Cancer				●

3 Help our customers live a more sustainable life.		Not achieved	Behind plan	On plan	Achieved
3.1	My Plan A website		●		
3.2	Plan A marketing			●	
3.3	Your Green Idea				●

Pillar Two Make Plan A how we do business

4 Engage our employees in Plan A.		Not achieved	Behind plan	On plan	Achieved
4.1	Free energy monitors				●
4.2	Free home insulation				●
4.3	One day paid volunteering				●
4.4	Customer assistant performance				●
4.5	Feedback on communications				●
4.6	Feedback on engagement				●
4.7	Feedback on intention to stay				●
4.8	Diversity data				●
4.9	All store H&S reporting				●
4.10	First aiders				●
4.11	Responsible buying				●
4.12	Plan A Champions				●
4.13	Health information for employees				●

5 Integrate Plan A into our systems and processes.		Not achieved	Behind plan	On plan	Achieved
5.1	Business case				●
5.2	Internal price of carbon				●
5.3	Linking Directors' pay to Plan A				●
5.4	M&S pension fund				●
5.5	Business Foundation Programme				●

6 Build Plan A into every aspect of our construction programme.		Not achieved	Behind plan	On plan	Achieved
6.1	Sustainable Learning Stores			●	
6.2	M&S climate adaptation				●
6.3	Biodiversity audits				●
6.4	Sustainability of new stores				●
6.5	Carbon managers				●
6.6	Whole life costing for stores				●
6.7	BREEAM				●
6.8	Green stores				●

7 Engage our business partners in Plan A.		Not achieved	Behind plan	On plan	Achieved
7.1	Review Plan A with franchisees				●
7.2	Field to Fork and TRAK				●
7.3	Food supplier Plan A benchmarks			●	
7.4	Energy efficiency at clothing top 100		●		
7.5	Sustainable farming				●
7.6	General Merchandise traceability			●	
7.7	Ethical trade benchmarks				●
7.8	Supplier Exchange – ethical trade				●
7.9	Franchise Plan A website				●

8 Create a culture of innovation on sustainability.		Not achieved	Behind plan	On plan	Achieved
8.1	Plan A Innovation Fund			●	
8.2	Model Eco Dyehouses				●
8.3	Dual fuel vehicles				●
8.4	Sustainable retail				●
8.5	Plan A M&S Money products				●

Pillar Three Climate change

9 Help our customers cut their carbon footprint.		Not achieved	Behind plan	On plan	Achieved
9.1	Six low carbon projects				●
9.2	Environmentally efficient food packaging			●	
9.3	Energy efficient electrical products			●	
9.4	Carbon labelling				●
9.5	Low carbon products and services				●
9.6	WWF carbon footprint campaign				●
9.7	Wash at 30				●
9.8	Public transport and cycling				●

10 Reduce our operational carbon emissions by 35% and make our operations carbon neutral.		Not achieved	Behind plan	On plan	Achieved
10.1	Energy use in data centres				●
10.2	Video conferencing				●
10.3	International logistics		●		
10.4	Carbon neutral operations				●
10.5	Energy efficiency				●
10.6	Fuel efficiency				●
10.7	Reduce business flights		●		
10.8	Green company car policy				●
10.9	Green electricity				●
10.10	On-site renewables				●
10.11	Bio-diesel	●			
10.12	New transport technologies				●
10.13	EURO engines				●
10.14	Carbon offsetting policy				●
10.15	Store refrigeration			●	

11 Help our suppliers cut their carbon emissions.		Not achieved	Behind plan	On plan	Achieved
11.1	Supply chain climate adaptation				●
11.2	Food factory environmental standards			●	
11.3	Electricity from small scale generators				●
11.4	Supplier logistics				●
11.5	Food carbon footprint				●
11.6	Minimise food airfreight				●
11.7	Supplier Exchange – reducing CO ₂				●
11.8	Green factories				●
11.9	Agricultural carbon balance				●
11.10	Air freight labelling				●

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

PLAN A

7 pillars The main social and environmental issues facing retailers

20 objectives The overall objectives we aim to achieve

180 commitments The individual targets we've put in place to measure our progress

PROGRESS THIS YEAR

138 Achieved **30** On plan
6 Behind plan **6** Not achieved

Pillar Four Waste

12 Create partnerships to help our customers reuse or recycle all our products and packaging.

	Not achieved	Behind plan	On plan	Achieved
12.1 Clothes hanger reuse				●
12.2 Customer clothes recycling			●	
12.3 Packaging recycling partnerships			●	
12.4 Reduce home delivery packaging			●	
12.5 Simplify packaging materials				●
12.6 Reduce weight of non-glass packaging				●
12.7 Sustainable packaging materials				●
12.8 Packaging recyclability				●
12.9 WRAP recycling symbols				●
12.10 Courtauld Commitment				●
12.11 Clothes hanger recycling				●
12.12 Recycling services for customers				●
12.13 Reduce carrier bag use				●
12.14 Carrier Bag Agreement				●

13 Send no operational and construction waste to landfill and reduce our operational waste by 25% and construction waste by 50%.

	Not achieved	Behind plan	On plan	Achieved
13.1 Reduce food waste and non-good transit packaging			●	
13.2 Waste carbon footprint				●
13.3 Reduce construction waste			●	
13.4 Reduce paper usage				●
13.5 No waste to landfill				●
13.6 Reduce food waste				●
13.7 Food waste to composting and AD				●
13.8 No construction waste to landfill				●
13.9 Use of recycled materials in construction				●
13.10 Closed-loop recycling				●

14 Help our suppliers to reduce waste and send no waste to landfill.

	Not achieved	Behind plan	On plan	Achieved
14.1 Food packaging write-offs		●		
14.2 Food supplier waste			●	

Pillar Five Natural resources

15 Ensure efficient use of natural resources in our operations.

	Not achieved	Behind plan	On plan	Achieved
15.1 Recycled consumables				●
15.2 Reduce water usage	●			
15.3 Sustainable construction				●

16 Reduce the impact on the natural resources used to make our products.

	Not achieved	Behind plan	On plan	Achieved
16.1 Food factory water use			●	
16.2 Sustainable farmed fish			●	
16.3 General Merchandise chemical policy				●
16.4 Food animal welfare				●
16.5 M&S packaging forest				●
16.6 Animal testing cut-off on cleaning materials				●
16.7 Recycled bin bags				●
16.8 Recycled carrier bags				●
16.9 Tripling organic food	●			
16.10 Phase out hazardous pesticides				●
16.11 Pesticide residue-free food		●		
16.12 Pesticide Action Network				●
16.13 Non-GM food				●
16.14 Sustainable textiles				●
16.15 Procure sustainable cotton			●	
16.16 Six raw materials to stop deforestation			●	
16.17 Sustainable wood	●			
16.18 Sustainable wild fish				●
16.19 Dyehouse standards				●
16.20 Recycled polyester				●
16.21 Non-food animal welfare				●
16.22 Beauty testing cut-off date				●
16.23 Free range food	●			
16.24 Oakham chicken				●
16.25 Supply chain water efficiency				●

Pillar Six Fair partner

17 Ensure workforces and communities benefit in our supply chain.

	Not achieved	Behind plan	On plan	Achieved
17.1 General Merchandise living wage			●	
17.2 Supply chain training			●	
17.3 Single Ethical Code				●
17.4 Research on community impacts				●
17.5 Food supply chain skills			●	
17.6 Food supply chain HR			●	
17.7 Construction Health and Safety				●
17.8 Further five produce R&D projects				●
17.9 UK and RoI food sourcing				●
17.10 Five R&D produce projects				●
17.11 Semi-announced supplier assessments				●
17.12 In-country resources				●
17.13 Supplier ethical assessments				●
17.14 Extend ethical assessments			●	
17.15 Confidential helpline				●
17.16 Small local suppliers				●
17.17 Buying Pledge				●
17.18 Double regional food sourcing				●
17.19 Fairtrade food				●
17.20 Fairtrade clothing	●			
17.21 Supplier Exchange – communities				●

Pillar Seven Health and wellbeing

18 Drive health and nutrition benefits across our product offer.

	Not achieved	Behind plan	On plan	Achieved
18.1 M&S food nutritional content			●	
18.2 Saturated fat in dairy products				●
18.3 30% healthier food				●
18.4 Natural colours				●
18.5 Reduce salt				●
18.6 Lochmuir salmon				●
18.7 Food with health benefits				●
18.8 Nutritionally enriched food				●

19 Help to facilitate behaviour change through clear nutritional labelling and information.

	Not achieved	Behind plan	On plan	Achieved
19.1 Nutritional labelling			●	
19.2 Integrate sustainability labelling			●	
19.3 On pack portion advice				●
19.4 Alcohol				●
19.5 Nutritional traffic light labels				●

20 Encourage our customers and employees to become more active.

	Not achieved	Behind plan	On plan	Achieved
20.1 Online diet website				●
20.2 Launch get active campaign				●
20.3 Children's sweets at till points				●
20.4 Healthy Eating Advisers				●
20.5 Calendar of health campaigns				●
20.6 Customer health information				●

**Assurance for statements and claims is provided by Ernst & Young (see page 49 for details)

How we do business

We do business in line with our values – Quality, Value, Service, Innovation and Trust – and recognise our responsibilities to customers, employees, partners, suppliers and local communities.



Managing how we do business

Our How We Do Business Executive Committee is chaired by Chief Executive Officer (CEO) Marc Bolland and includes all Executive Directors. It meets every two months to provide leadership and ensure alignment with our wider business strategy.

The CEO provides a formal update to the full Board at least once a year.

The How We Do Business Executive Committee is supported by a monthly Operating Committee responsible for ensuring that social and environmental issues are integrated consistently into every day activities. The How We Do Business Operating Committee regularly reviews progress against our Plan A commitments and considers the development of measurements and management of risk.

The Plan A Innovation Fund Board provides additional funding opportunities across the business to support new and innovative sustainability projects.

All Plan A governance activities are supported by Richard Gillies, the Director of Plan A, Corporate Social Responsibility (CSR) and Sustainable Business with a small team of social and environmental specialists. This team focuses on the development of policies and solutions, stakeholder relationships and the management of risks.

Integrating Plan A

The Director of Plan A, CSR and Sustainable Business oversees the implementation, budget management and co-ordination of Plan A. Our Food, General Merchandise, Retail, Finance, Property, Logistics, International and HR functions have Plan A Managers as well as specialists on issues including health and safety and supply chain social compliance. Plan A Champions co-ordinate action across our stores and offices.

Plan A objectives also form part of many employees' performance targets including the Executive Committee and Management Committee.

We have also integrated responsible buying into the training programme of all employees who deal directly with product suppliers and a Plan A project is included in our Lead to Succeed senior management succession training.

Managing social, environmental and ethical risks

The Board completes a Group Risk Profile every six months. Key social and environmental risks such as climate change are assessed separately but are generally considered to be contributory factors to wider business risks related to the M&S brand, reputation and operational and supply chain continuity. See our 2012 Annual Report for more details.

Plan A commitments were developed and refined in consultation with key stakeholders in order to address the social and environmental risks and opportunities faced by M&S. These were assessed against the materiality matrix shown on page 47 and the most important have been subject to external assurance, denoted by **.

Certified international social, environmental and ethical standards

In line with most other major retailers, we use internally developed systems to keep pace in a fast-moving industry. This includes how we manage training, health and safety, environmental performance and quality. However, we have adopted a number of best practice standards for this report. Please see 'About this Report' for more details.

We revise our Code of Ethics regularly and require senior managers to formally recognise them. Any breaches are reported to the Audit Committee. In 2012 we also revised our Anti-Bribery Policy and all head office and International management were required to complete a training module.

“Our approach to Governance is designed to ensure that Plan A is integrated into every aspect of how we manage the business and is reflected in our decisions, measurements and rewards.”

Robert Swannell
Chairman

Plan A risk profile 2012

In this table, we've summarised the key changes to our social and environmental risks over the last 12 months:

Gross sustainability risks have remained broadly unchanged.

Many risks have been partly mitigated by the achievement of Plan A commitments.

We do not believe that the six Plan A commitments which were 'not achieved' create any additional risk relative to the UK marketplace.

Supply chain risks associated with water, raw material and land use have increased in importance but these were already categorised as priorities.

The development of our international business will become a more important Plan A consideration in the future.

Governance structure



The team behind How We Do Business



How We Do Business Executive Committee as of May 2012

1 Marc Bolland Chief Executive Officer	3 Steven Sharp Executive Director, Marketing	5 Laura Wade-Gery Executive Director, Multi-channel E-commerce	7 Richard Gillies Director of Plan A, CSR and Sustainable Business	9 Krishan Hundal Director of Sourcing and Technology, General Merchandise	11 Paul Willgoss Head of Technology, Food Division
2 Alan Stewart Chief Finance Officer	4 Kate Bostock Executive Director, General Merchandise	6 John Dixon Executive Director, Food	8 Dominic Fry Director of Communications	10 Mike Barry Head of Sustainable Business	12 Adam Elman Head of Delivery Plan A (and Secretary)

How We Do Business Operating Committee as of May 2012

7 Richard Gillies Director of Plan A, CSR and Sustainable Business	8 Dominic Fry Director of Communications	15 Clem Constantine Director of Property and Store Development	17 Denise Posner Head of External Marketing	11 Paul Willgoss Head of Technology, Food Division	18 Robert Ivens Head of Legal
13 Tanith Dodge Director of Human Resources	14 Steve Rowe Director of Retail	16 Suzanne Foley Head of Finance	9 Krishan Hundal Director of Sourcing and Technology, General Merchandise	10 Mike Barry Head of Sustainable Business	12 Adam Elman Head of Delivery Plan A (and Secretary)

Sustainable Retail Advisory Board

“To help us define exactly what it means to be the world’s most sustainable major retailer, we’ve recruited help from a small group of people with a broad range of skills and experience.”

Richard Gillies
 Director, Plan A, CSR and Sustainable Business



The Sustainable Retail Advisory Board

In 2010 we extended Plan A with 80 additional commitments and the aspiration to become the world’s most sustainable major retailer by 2015.

We were aware at the time that there is no commonly accepted definition of what it means to be a sustainable retailer so we set about enlisting the help of a small group of individuals who could provide the range of technical and international experiences we need to advise us. This group is jointly chaired by our CEO Marc Bolland and Founder Director of Forum for the Future, Jonathon Porritt. It meets every six months.

The Advisory Board will help us to develop the next stage of Plan A beyond 2015.

What it means to be the world’s most sustainable major retailer

The Advisory Board met in October 2011 and April 2012 and discussed a wide range of subjects. They have encouraged us to think about being

‘the world’s most sustainable major retailer’ as a journey of improvement rather than something that can be achieved by 2015. They have made the point that providing leadership and collaboration will be more important to being sustainable than winning awards.

We’ve also discussed the importance of engaging customers, suppliers and employees as well as the potential to develop social business models that generate profits to benefit communities or the environment.

Overall, we’ve concluded that ‘the world’s most sustainable major retailer’ is best assessed by performance in a combination of key stakeholder perceptions, external benchmarks and integrated sustainability measurements.

Integrated reporting

Internationally and in the UK, a range of organisations are working on how the reporting of social and environmental issues can be better integrated within financial reporting. In particular, how these non-financial issues directly contribute towards business success. M&S is participating in the International Integrated Reporting Councils’ (IIRC) Reporting Pilot which is aiming to publish best practice guidance towards the end of 2013.

With the help of the Advisory Board we have started to develop a set of measurements which support financial success whilst also benefiting society and the environment. These are structured around our key stakeholders of customers, employees, suppliers and shareholders and our two main business activities of developing products and operating stores and multi-channel retailing. Some build on existing Plan A commitments and measurements such as products with Plan A qualities, engaging customers and improving energy efficiency whilst others such as a measure of longer-term share ownership are new. See diagram on page 11.

Over the next 12 months we plan to discuss these proposals on integrated reporting with our stakeholders and start to use and develop these measurements in future How We Do Business Reports.



Sustainable Retail Advisory Board
 as of May 2012

- | | | | |
|--|---|--|---|
| 1 Danny Truell
CIO Wellcome Trust | 6 Gavin Neath
SVP Communications and Sustainability, Unilever | 9 Aron Cramer
President and CEO BSR
(Not shown) | Peggy Liu
Chair of Joint US – China Collaboration on Clean Energy |
| 2 Ritu Kumar
CEO TERI-Europe | 7 Jonathon Porritt
Forum for the Future (Co-Chair) | Rebecca Henderson
John & Natty McArthur University Professor | Martha Lane Fox
M&S Non Exec Director |
| 3 David Nussbaum
CEO WWF UK | 8 Barbara Stocking
CEO of Oxfam | Muhammad Yunus
Managing Director, Grameen Bank | |
| 4 Marc Bolland
CEO M&S (Co-Chair) | | | |
| 5 Joanna Lumley
Worldwide Ambassador of Plan A | | | |

Listening and taking action

To ensure that Plan A remains relevant we listen to our stakeholders. This page summarises how we listen and what we've heard over the last twelve months.

Our stakeholders	How we listen	So this is what they've told us...
Customers	<ul style="list-style-type: none"> Monitoring sales of products Offering involvement in Plan A activities and campaigns Receiving feedback through our Retail Customer Services team Feedback through our Plan A suggestions email Conducting research and surveys Using social media 	Sustainability continues to be important to our customers but they have other pressures and priorities too. They want us to make it easier for them to buy more sustainable products and live more sustainably.
Employees	<ul style="list-style-type: none"> Plan A Champions in all locations Business Involvement Groups Feedback through our Plan A suggestions email Annual Your Say survey Involvement in a wide range of Plan A activities 	Many of our colleagues continue to participate in a wide range of Plan A activities and are keen to find better ways of informing and involving our customers.
Shareholders	<ul style="list-style-type: none"> Annual General Meeting Meetings with institutional Investors Survey of institutional Investors Ethical investment surveys 	Integrating social and environmental policies and performance into financial reporting is an important issue amongst many investor groups. Social Responsible Investment (SRI) organisations also continue to seek information on supply chain management.
Suppliers	<ul style="list-style-type: none"> Annual Plan A Supplier Conference Tendering processes Supplier Exchange Visits and meetings Agricultural shows 	We are collaborating with our suppliers, other companies and competitors on a growing range of supply chain initiatives designed to improve efficiency as well as benefit society and the environment.
Government and regulators	<ul style="list-style-type: none"> Meetings Dialogues with trade associations Responses to consultations Annual Plan A Stakeholder Conference 	EU and UK Governments are developing proposals on (i) improving the transparency and quality of reported information on social, environmental and ethical issues; (ii) defining, measuring and promoting more sustainable products; (iii) helping consumers to live healthier and more sustainable lifestyles.
Non-governmental organisations (such as WWF, Oxfam, RSPCA, Greenpeace and Friends of the Earth)	<ul style="list-style-type: none"> Visits and meetings Participation in benchmarking and surveys Joint projects Annual Plan A Stakeholder Conference 	Over the last 12 months the main concerns of many groups have been centred on the growing global consumption of resources and how companies like M&S can develop new more sustainable business models including social businesses. Whilst carbon remains an important consideration, the use of other resources and social issues have grown in importance.

Your views

By email to:
PlanA@marks-and-spencer.com

Alternatively, write to us at:

Marks and Spencer Group plc, Plan A Department, 5 Merchant Square, London W2 1AS.

Further information and our previous reports are available at:

corporate.marksandspencer.com/howwedobusiness/hwdb_reports

About this report

This is the ninth annual report covering our social and environmental performance. Published in June 2012, it covers our financial year from April 2011 to March 2012.

Audience

Many different stakeholders have an interest in our social and environmental performance. To make sure our report serves the needs of a varied audience, we've tried to provide a balance of detailed data as well as summaries of performance. This report has been written primarily for an external audience although we will also share the relevant information it contains with employees and customers. More information is available at:

marksandspencer.com/thecompany

Report structure

The How We Do Business Report 2012 follows the structure of our 2011 report in order to allow direct comparison with previous years. The first section contains senior management commentaries on our progress and challenges; the second part provides a systematic update against our 180 Plan A commitments, under the headings: Involving customers; Making Plan A how we do business; Climate change; Waste; Natural resources; Fair partner; and Health and wellbeing. The report also explains how we manage social and environmental issues through our How We Do Business Committee structure. Independent review in the form of commentary, assurance and recognition comes at the end of the report.

Scope

This report focuses primarily on our UK and Republic of Ireland business, which accounted for well over 90% of our turnover in 2011/12. However, the product data it contains relates to Marks & Spencer products sold worldwide but excludes non-M&S branded products.

The report does not contain operational information relating to M&S Money (operated by HSBC) or UK M&S Simply Food Stores operated under franchise. Social and environmental data for M&S Money is included in HSBC's sustainability reporting.

Key impacts

A wide range of social and environmental issues have an impact on our business, either directly or through our global supply chains. Consequently, we have to manage a continually evolving set of issues. The 180 commitments contained in Plan A were developed with the help of stakeholders in order to address our key social and environmental challenges. Further information on our policies can be found at:

marksandspencer.com/thecompany

Data

The relevance of data and measurements included in this report has been reviewed at least twice over the reporting year by M&S management.

There were no significant structural changes to our business during 2011/12. Most of the data and statements in this report relate to the financial years 2006/07 (the baseline year prior to Plan A) and 2011/12. Where target completion years are stated as 2012 or 2015 these are generally taken as meaning by 31 March in that year. However, targets for years other than 2012 and 2015 are taken to mean 31 December. To ensure consistency we have included some calendar year data which has already been published elsewhere. This data is marked with an asterisk*. Where we refer to significant events which occurred after the end of the 2011/12 financial year, we have quoted a date.

Baseline carbon emissions have been re-calculated and re-stated using DEFRA/DECC's August 2011 Greenhouse Gas Reporting Guidance.

Carbon emissions from waste have been calculated without the benefits of recycling and corresponding baselines have been re-stated. Next year, for commitments where we have achieved a position of 100% compliance with a policy we will develop a range of acceptable performance in order to take reasonable account of events outside of our control.

Report content and assurance

This report provides a progress update against the 100 Plan A commitments first published in 2007 along with the 80 additional commitments published in 2010. All 180 commitments resulted from consultation with stakeholders and represent what we believe to be a comprehensive view of the social and environmental issues facing the retail industry. Performance on all commitments has been assured, some independently by Ernst & Young and the others by the M&S Internal Audit team.

To provide context and prioritisation, every commitment was ranked by M&S management for 'importance to stakeholders' and 'importance to M&S' on a 3 x 3 matrix. The positions on the matrix were then verified and amended where necessary according to stakeholder feedback gathered as part of the Report assurance process between 2008 and 2010. Around 50 commitments were rated as being of 'high importance to stakeholders' and either 'high or medium importance to M&S'. Ernst & Young have been commissioned to provide independent assurance using both AA1000 AS and ISAE 3000 standards on these commitments, which are denoted by ** in the performance section of this report. See their assurance statement on page 49.

Report technical standards

We have used our Plan A commitments published in 2007 and 2010 as the structure for this report. However, to provide a common point of reference we have also used the Global Reporting Initiative (GRI) third generation framework, G3.1 as a checklist. GRI G3.1 references can be found on page 51. Together with additional information available from our Annual Report and website, this meets level B of GRI.

The report also meets retail industry requirements set out in the DEFRA environmental reporting guidelines for UK businesses and the greenhouse gas conversion factors used to measure CO₂ follow DEFRA/DECC guidance published in August 2011.

Carbon neutrality

The stores, offices, warehouses and delivery fleets operated by Marks & Spencer in the UK and Republic of Ireland have been certified as being a CarbonNeutral® company in accordance with the CarbonNeutral Protocol for the period commencing 1 January 2012 to 31 March 2012. This means that in addition to significantly reducing emissions, M&S has sourced a portfolio of high quality carbon credits, from which a quantity equal to gross carbon emissions for this period has been retired as part of the CarbonNeutral® certification process. This will continue quarterly until at least 31 March 2013 in line with reported emissions.

In addition, Marks & Spencer has self-certified carbon neutrality in accordance with British Standards Institutes' PAS2060 at 30 April 2012 for the period commencing 1 January 2012 with a commitment to maintain carbon neutrality to 31 March 2013. Further supporting documentation can be seen at: marksandspencer.com/thecompany

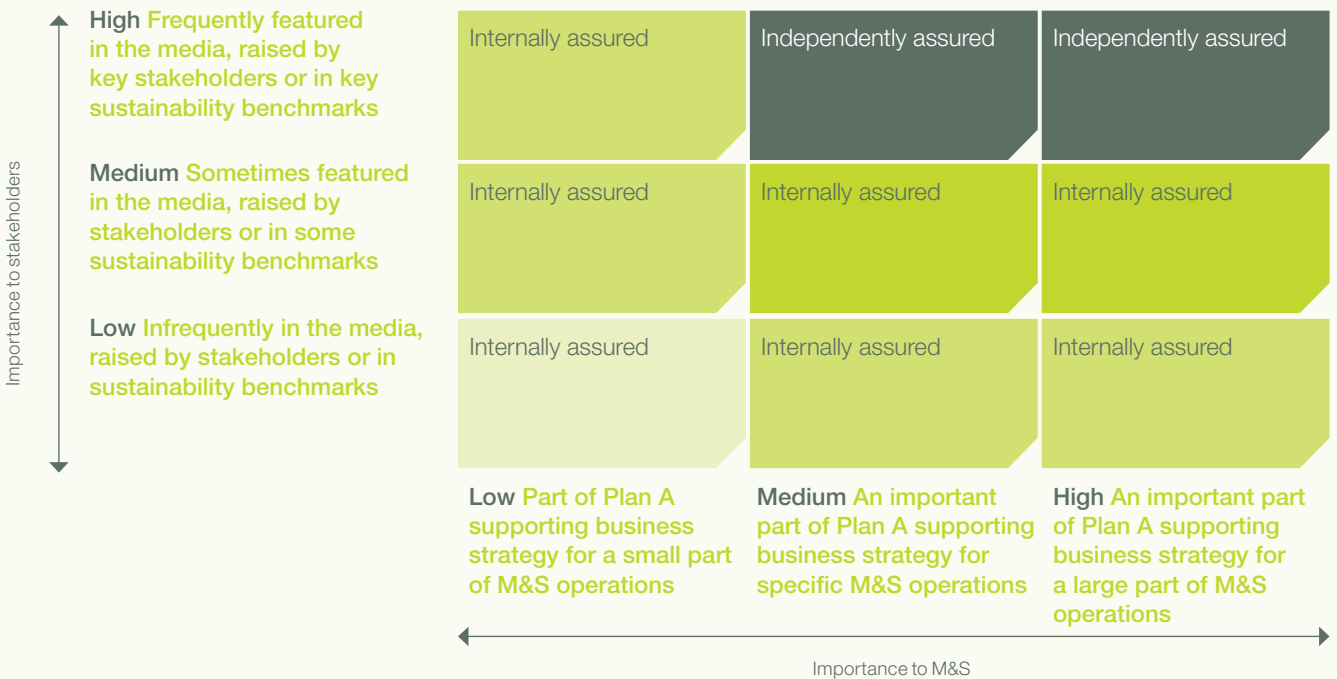
Legal compliance

We had no environmental prosecutions or work-related fatalities in our business in 2011/12. In September 2011 we received a £1m fine in relation to health and safety procedures in 2006. See page 16.

M&S Annual Reports

Our 2012 Annual Report contains a comprehensive review of our financial performance and governance. Along with this report it can be downloaded in PDF, large font and sound versions at: marksandspencer.com/thecompany

Materiality – which commitments are most important?



Commentary from Jonathon Porritt

In these troubled times, any elected government would give a lot to have the political equivalent of Plan A up its sleeve: ambitious, engaging (both internally and externally), outcomes-based, and capable of building real brand value over time. (Yes, governments do worry about their brand these days!)

But there's one big drawback for governments: you don't get something for nothing in the world of sustainability. You have to hang in there, year after year – Ikea once described its sustainability strategy as 'a never-ending journey'! And the external scrutiny becomes more intense all the time.

Media-savvy commentators are alert to the merest tint of greenwash; sectoral league tables get more and more competitive; and an increasingly influential cohort of Chief Sustainability Officers keep a very close eye on each other!

But any government would still have a lot to learn from Plan A. On every page of this Report, you can see the balancing act that goes on between what has to be done in the short term to cut costs, through increased efficiency, and what has to be done to invest in long-term value creation. You can't do the one at the expense of the other – and even though that £185m total benefit from Plan A, over five years, provides a pretty solid 'business case', Plan A budgets are no more immune to financial pressure than any other part of the M&S P&L.

Shareholders should expect nothing less. I recall some distinctly crabby comments from City commentators when Plan A was first announced with a price tag of £200m! That turn-around (from £200m negative to £185m positive) is a big story, and the commitment of the Finance Department in developing the methodology around the Plan A business case has been significant.

Retailing is not all about the money! It's about the relationship between the retailer, the brand and shoppers, and although there's still a long way to go in this regard, Plan A has already helped reinforce that relationship with M&S consumers, and to build trust around the values that are inherent within Plan A.

The truth of it is that a lot of today's sustainability agenda is complex and often inaccessible to all but a small minority of concerned citizens. Consumers want to be able to trust well-known brands to 'get it sorted' on their behalf – in store, in the products themselves, and in the supply chain. And to be able to meet those expectations (not just in the UK, but in the different territories where M&S will now be growing the business) is worth a lot.

As we all know, that kind of trust is hard-earned and easily lost. But the external context changes all the time, often making things difficult. With due transparency, this report explains where some of the Plan A targets have either not been met (6) or are significantly behind plan (6). To have achieved the remaining 138 is impressive – despite the fact that there have been moments over the last five years where some of the big-ticket items in Plan A (carbon neutral by 2012, charging for plastic bags, and so on) have inevitably come under pressure. That's what I mean by the importance of 'hanging in'.

M&S is the first major retailer in the world to achieve carbon neutrality for all its direct carbon impacts. When it made that commitment, back in 2007, I was Chair of the Sustainable Development Commission, and happened to be present when Tony Blair (Prime Minister at that time) made an identical commitment (on behalf of the Central Government Estate) just a few months earlier.

Had anybody taken me up on the bet I offered at that time (as to which would cross the line first) I would of course be celebrating right now! But that little anecdote tells us something about real leadership in a world that is crying out for both businesses and elected politicians to raise their sights, systematically and consistently, on the whole sustainability agenda – and not just on climate change. And Plan A is absolutely at the heart of that challenge.



Jonathon Porritt
is Founder Director
of Forum for the Future
www.forumforthefuture.org

Independent assurance statement

To the management of Marks and Spencer Group plc

The Marks & Spencer How We Do Business Report 2012 (the report) has been prepared by the management of Marks and Spencer Group plc, which is responsible for the collection and presentation of the information within it. Our responsibility, in accordance with management's instructions, is to carry out a 'limited level' assurance engagement on the report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with ISAE3000¹ and to meet the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008)². The AA1000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness have been used as criteria against which to evaluate the report.

In order to form our conclusions we undertook the steps outlined below:

1 Reviewed progress made in relation to selected Plan A commitments. Included within our review were the following commitments:

1.1 Develop Plan A product attributes, 1.2 Number of Products with Plan A attributes, 1.3 Identifying Plan A products, 2.3 Marks & Start, 3.1 My Plan A, 4.1 Free energy monitors, 4.2 Free home insulation, 4.3 Paid volunteering, 4.4 Customer Assistant Training, 4.5 Employee feedback on communications, 4.6 Employee feedback engagement, 4.9 All store reporting of H&S incidents, 4.11 Responsible buying, 5.1 Business case, 5.3 Directors re-numeration, 7.2 Field-to-Fork/TRAK, 7.3 Food Supplier Plan A benchmarking, 7.5 Sustainable farming, 7.6 General Merchandise traceability, 9.2 Efficient packaging, 10.4 Carbon neutral, 10.5 Store, office and warehouse energy, 10.6 Delivery efficiency, 10.9 Green electricity,

10.13 EURO IV & V, 10.15 Refrigeration, 12.2 Recycle 20m garments, 12.6 Packaging reduction, 12.7 Sustainable packaging materials, 12.13 Reducing carrier bags, 13.1 Reducing M&S waste by 25%, 13.2 Waste footprint, 13.5 Zero waste to landfill, 13.7 Food waste to recycling, 13.8 Zero landfill construction, 15.2 Reducing M&S water usage, 16.1 Water efficiency with food suppliers, 16.2 Sustainable farmed fish, 16.8 Recycled carrier bags, 16.10 Pesticide phase-out, 16.11 Pesticide Residue-free food, 16.16 Deforestation, 16.17 Sustainable wood, 16.18 Sustainable sea fish, 16.25 Supplier water efficiency, 17.1 Living wage, 17.13 Helping suppliers address ethical issues, 17.19 Fairtrade food, 17.20 Fairtrade Clothing, 18.1 Improve nutritional food content, 18.2 Reducing fat in dairy, 19.1 Nutritional labelling, 19.3 Portion advice, and 20.3 Children's sweets at tills.

2 Reviewed Marks & Spencer's approach to stakeholder engagement through interviews with employees across the following areas: responsible buying; carbon neutrality; zero waste to landfill; sustainable wood; sustainable sea fish; and living wage. We also reviewed selected associated documentation and attended the annual stakeholder event.

3 Reviewed the coverage of material issues within the report against material issues and areas of performance covered in external media reports and the sustainability reports of Marks & Spencer's peers; and the topics discussed by Marks & Spencer's How We Do Business Executive and Operating Committees and the Board.

For the selected Plan A commitments (listed above and denoted by ** in the report) we:

4 Interviewed a selection of Marks & Spencer managers responsible for managing progress towards the commitments to understand the current status of progress and the mechanisms for measuring progress.

5 Reviewed relevant documentation, such as guidance documents, status reports, meeting minutes and audit reports, for consistency with claims of progress made.

6 Reviewed the report for the appropriate presentation of the data including the discussion of limitations and assumptions relating to the data presented.

Level of assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

The limitations of our review

We have not tested source data used to compile Group-level performance updates on the Plan A commitments.

We did not interview Marks & Spencer employees at stores or warehouses.

Our assessment of materiality has focused only on the topics addressed by Marks & Spencer's Plan A.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Inclusivity

Has Marks & Spencer engaged with stakeholders to seek feedback on and refinement of Plan A?

We are not aware of any key stakeholder groups which have been excluded from engagement.

We are not aware of any matters that would lead us to conclude that Marks & Spencer has not applied the inclusivity principle in developing its approach in relation to Plan A.

¹ ISAE 3000 – International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

² AA1000AS (2008) – The second edition of the AA1000 assurance standard from the Institute of Social and Ethical Accountability.

Independent assurance statement continued

Materiality

Has Marks & Spencer provided a balanced representation of material issues concerning its performance against Plan A?

We are not aware of any material aspects concerning Marks & Spencer's performance against Plan A which have been excluded from the report.

Nothing has come to our attention that causes us to believe that Marks & Spencer management has not applied its processes for determining material issues to be included in the report, as described on page 47.

Responsiveness

Has Marks & Spencer responded to stakeholder concerns and feedback on Plan A?

We are not aware of any matters that would lead us to conclude that Marks & Spencer has not applied the responsiveness principle in considering the matters to be reported with regards to the performance update on Plan A.

Completeness and accuracy of Performance Information

How complete and accurate are the performance data and claims for the selected 54 Plan A commitments (listed above and denoted by ** in the report)?

Nothing has come to our attention that causes us to believe that the data relating to the selected 54 Plan A commitments has not been collated properly from Group-wide systems.

We are not aware of any errors that would materially affect the data as presented in the report for the selected 54 Plan A commitments.

We have reviewed the performance update against the selected 54 Plan A commitments and we are not aware of any misstatements in the assertions made.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to Marks & Spencer management. Selected observations are provided below. These observations do not affect our conclusions on the report set out above.

138 of Marks & Spencer's 180 Plan A commitments have been met, including sending zero waste to landfill and sourcing 100% of wild fish from sustainable sources. However, six of the sustainability commitments that ended in 2012 were not achieved, including the commitment to source 100% sustainable wood and improve water efficiency by 20%. It will be important for Marks and Spencer to continue to report progress in these areas and set appropriate extended timeframes for their achievement.

Marks & Spencer continues to engage with stakeholders to help shape future sustainability initiatives for the business. A Sustainable Retail Advisory Board has been formed to help develop the next stage of Plan A and offer challenge and guidance to Marks & Spencer's aim to become the world's most sustainable retailer. During our work we also noted several examples where stakeholder opinion had influenced business decisions, for example in relation to carbon neutrality, use of pesticides and ethical trade.

As Marks & Spencer increases its footprint beyond the UK and Ireland, it should consider measuring performance and collating information from its international operations and incorporating it within the Plan A commitments. It should also consider what impact the new business model and associated operational change will have on its ability to sustain its efforts in areas such as energy reduction and packaging.

Our independence and experience

This is the ninth year Ernst & Young LLP has provided independent assurance services in relation to Marks & Spencer's How We Do Business Report. We have provided no other services relating to Marks & Spencer's approach to social, environmental and ethical matters.

Our assurance team has been drawn from our global environment and sustainability network, which undertakes similar engagements to this with a number of significant UK and international businesses. This work has been led and reviewed by a Lead Sustainability Assurance Practitioner as defined by AccountAbility and International Register for Certified Auditors.

Ernst & Young LLP

London
May 2012

Global Reporting Initiative (G3.1) Index at level B

	GRI References	Inclusion	Page
Vision & strategy	1.1 CEO's statement	Yes	1
	1.2 Key impacts	Yes	46
Organisation profile	2.1, 2.2, 2.3, 2.4, 2.5, 2.7, 2.8, 2.9	Yes	IFC
	2.10 Awards	Yes	52
Report parameters	3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9	Yes	46
	3.10, 3.11, 3.13 assurance	Yes	46
	3.4	Yes	45
	3.12 GRI table	Yes	51
Governance	4.1, 4.2, 4.3, 4.4, 4.6, 4.7, 4.10	Yes	AR
	4.5, 4.8, 4.9, 4.13, 4.14, 4.17	Yes	44
	4.11, 4.12, 4.15, 4.16	Yes	W
Economic performance indicators	EC1	Yes	AR
	EC2, EC6	Yes	36
	EC3, EC7, EC9	Yes	W
	EC4, EC8	N/A	
	EC5	No	
Environmental performance indicators	EN1, EN2, EN27	Partial	27
	EN3	Yes	Gas: 210 GWh Diesel: 23m litres Electricity: 734 GWh
	EN4	Yes	23-25
	EN5, EN6, EN7, EN16, EN17, EN18, EN19, EN29	Yes	31-32
	EN8, EN9, EN 26, EN12, EN14	Yes	29
	EN22	Yes	46
	EN23, EN28	Yes	
	EN13, EN15, EN20, EN21, EN24, EN25	N/A	
EN10, EN11, EN30	No		
Labour practices & decent work performance indicators	LA1, LA2, LA13	Partial	AR
	LA3, LA4, LA5, LA12	Yes	W
	LA6	Yes	AR
	LA7	Yes	16
	LA8, LA9	N/A	
	LA10, LA11, LA14	No	
Human rights performance indicators	HR1, HR2, HR3, HR4, HR10	Yes	35-36
	HR5, HR6, HR7, HR8, HR9, HR11	No	
Society performance indicators	SO1	Yes	14
	SO3	Yes	42
	SO5	Yes	W
	SO6	Yes	AR
	SO2, SO4, SO7, SO8	No	
Product responsibility performance indicators	PR1, PR6	Yes	W
	PR3	Partial	13, 38
	PR5	Yes	AR
	PR2, PR4, PR7, PR8, PR9	No	

IFC: Inside Front Cover

AR: Annual Report

W: How We Do Business website

Independent recognition

Since we launched Plan A in 2007 we have received over 100 awards covering all aspects of sustainability. These pages list the most recent.

2011

Business in the Community Corporate Responsibility Index

Platinum Plus performer 2011

Greenpeace (sustainable) Tuna League Table

2011 Joint best retailer

FT ArcelorMittal Boldness in Business

2011 Corporate Responsibility

The Times

2011 Top 50 Employers for Women

Fast Company

2011 The World's 50 Most Innovative Companies (for Plan A)

Fish2fork and Zoological Society of London

2011 Bluefish Award for Sustainable Sourcing

Sunday Times Green Companies

2011 60 Best Green Companies

The Guardian Sustainable Business Awards

2011 Employee Engagement Award

The Marketing Week Engage Awards

2011 Retail Award (for Plan A)

Business in the Community Awards for Excellence

2011 Responsible Supply Chain

Compassion in World Farming Awards

2011 Good Dairy Commendation

National Recycling Awards

2011 Retail Recycler

Carbonclear reporting on carbon emissions

2011 Top Retailer Performer (2nd overall)

Retail Week Supply Chain Awards

2011 Transport Initiative of the Year (for use of rail freight)

Business in the Community Ireland

2011 Eco-Business Award, Multinational Company

AARP Best Employers for Workers over 50

2011 Global Award for Innovative Older Workforce Practice

World Retail Award

2011 Winner of Responsible Business

PWC Building Public Trust Awards

2011 FTSE 100 Sustainability Reporting Award

Ipsos MORI CR Experts survey

2011 Leaders in reporting impacts on society and the environment

Ipsos MORI CR Experts survey

2011 'Top of mind' leaders on responsibility

Starpac Industry Awards

2011 Special Award for Plan A packaging

RSPCA Good Business Awards

2011 Sustained Excellence Winner

Green Business Awards Green Globes

2011 Built Environment Award

Edie.net Awards for Environmental Excellence

2011 Green Corporate Initiative Award (for energy efficiency)

Edie.net Awards for Environmental Excellence

2011 Renewable Energy Award

Cooling Industry Awards

2011 Retail Project of the Year (refrigeration)

WWF Palm Oil Buyers Scorecard 2011

Joint first

Business in the Community

CommunityMark (2011 re-approval)

The Carbon Trust

Carbon Trust Standard (re-certified for two years in 2011)

Premises and Facilities Management Awards

2011 Partners in CSR (with Helistrat Management Services)

Pesticide Action Network UK 2011 supermarket league table

Joint top

Forest Footprint Disclosure Project

2011 Best General Retail Sector Performer

Management Today Most Admired Companies

2011 Top for ability to attract, develop and retain talent

The Times

2011 Top 50 Employers for Women

World Retail Award

2011 Winner for CSR

RSPCA Good Business Award

2011 Sustained Excellence Winner



2012

People And the Environment (PEA) Business Awards

2012 Retail Award

Ethisphere 2012

World's Most Responsible Companies

Forest Footprint Disclosure Project

2012 Best General Retail Sector Performer

Business in the Community Corporate Responsibility Index

Platinum Plus performer 2012

New Energy Awards

2012 Retailer of the Year (for energy efficiency)

The Times

2012 Top 50 Employers for Women

Corporate Register Reporting Awards

2012 Openness and honesty

Corporate Register Reporting Awards

2012 Relevance and materiality

Business in the Community National Awards for Excellence

2012 Responsible Supply Chain Big Tick

Queen's Award for Enterprise

2012 Sustainable Development

Rainforest Alliance Honorees

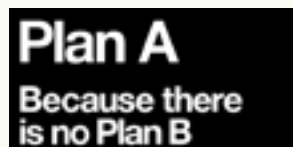
2012 Sustainable Standard-Setter

European Business Awards for the Environment

2012 Award for Management

Queen's Award for Enterprise

2012 Sustainable Development



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Designed and produced by Salterbaxter
Printed by Royle Print

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