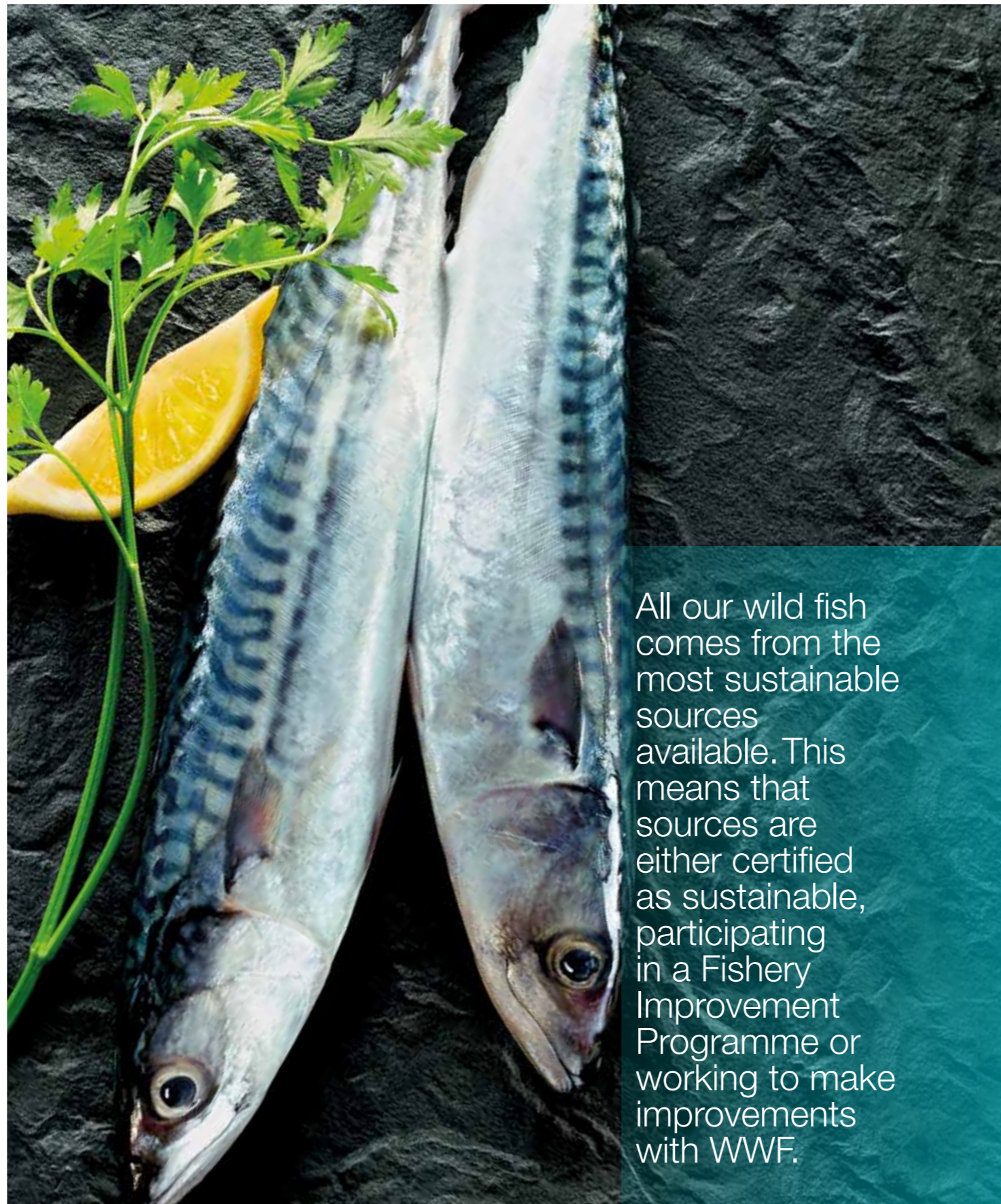


Review of the year

(continued)



All our wild fish comes from the most sustainable sources available. This means that sources are either certified as sustainable, participating in a Fishery Improvement Programme or working to make improvements with WWF.

Natural resources

Growing and harvesting the raw materials we rely on can harm the environment, so it's important that we source them wisely – doing all we can to replenish them, protect natural habitats and ensure good animal welfare standards.

For more details on our commitments to protect natural resources go to page 34.

Forever Fish

100% of our wild fish came from the most sustainable sources available. This year we've launched a project with the Blue Marine Foundation at Lyme Bay to explore ways in which we can involve more local stakeholders – from fishermen to the English Tourist Board – in running a successful, community-based fishery. We've also involved schools through our School of Fish education programme and our employees and customers through our Big Beach Clean-ups.

Sourcing sustainable cotton

We've made good progress increasing the amount of sustainable cotton we use with nearly 11% being Fairtrade, recycled, organic or sourced from the Better Cotton Initiative, compared with 3.8% in 2011/12.

Good progress on wood and other raw materials

We've improved the way we confirm that our suppliers meet our standards including the new EU Timber Regulation. At present, 88% of our timber comes from proven sustainable sources. We've also made good progress on improving the sustainability of a wide range of raw materials including farmed fish, palm oil, tea and coffee used to make M&S products. But we still face challenges in our targets on leather, soy and cocoa.



Sourcing better cotton, building better lives

At Warangal in India, we're running a 'better cotton' project that will bring tangible benefits for farmers and their families as well as M&S. Over the next three years the project is set to improve income and living standards for around 20,000 farmers and produce an extra 25,000 hectares of 'better cotton'.

Plugging store leaks

As part of our drive to manage and monitor our water usage more effectively, we've checked our stores and fixed 74 leaks. We're currently installing our own Automatic Meter Reading devices in M&S stores and have so far achieved a 27% reduction per sq ft compared to 2006/07.

Animal feed

Due to the increased difficulty in segregating non-GM and GM soya, in April 2013, we had to bring our policy in line with the rest of the industry and no longer specify non-GM animal feed for fresh meat and poultry. M&S organic ranges are available as a non-GM feed alternative and our commitment to only using non-GM food ingredients remains unchanged.

Key achievements

100%
of wild fish from the most sustainable sources

88%
of wood from sustainable sources

27%
reduction in store, office and warehouse water use per sq ft compared to 2006/07



16.17

Sustainable wood**
Behind plan/ongoing



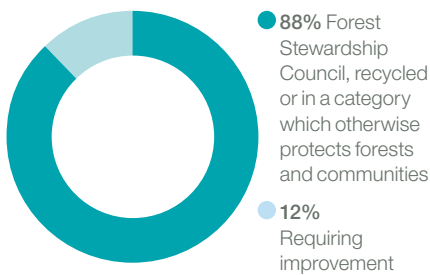
Aim: Working with the Rainforest Alliance to ensure that by 2012 all of our wood is sourced responsibly, which means that it's either recycled, FSC-certified or otherwise protects forests and communities.

Progress: During the year we relaunched the M&S Wood Policy with a new system for collating data from suppliers. This improved system includes new requirements to meet the EU Timber Regulation which came into force in March 2013. M&S has applied these requirements to all wood products, whether or not they come under the scope of the regulation.

As a result, for this year's data we have a much improved rate of submissions and we're also able to give feedback to suppliers on where further improvements are required.

In 2012/13, 88% of the wood-based materials we used were Forest Stewardship Council (FSC) certified, recycled or from sources that protect forests and communities (last year 84%). We believe that our data covers a much wider scope of applications than many of our competitors.

2012/13 wood material use (excluding fabrics, newspapers and non-M&S magazines)



16.18

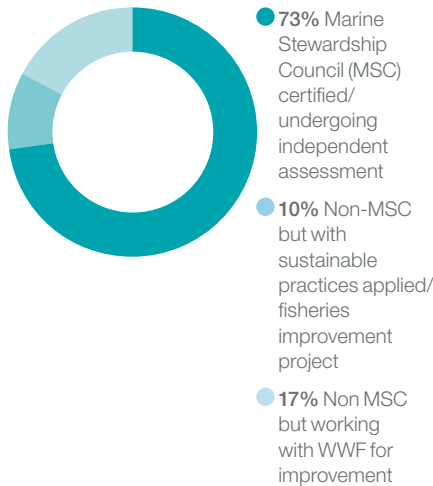
Sustainable wild fish**
Previously achieved/ongoing

Aim: By 2012, all of our wild fish will come from the most sustainable sources available, such as Marine Stewardship Council (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: This year we continued our support for a range of Fishery Improvement Projects, including the launch of a new scheme for Orkney Brown Crabs.

During the year the MSC certification of North East Atlantic Mackerel was suspended because of political disagreements concerning the movement of fish stocks. This has reduced the percentage of our fish with MSC certification and illustrates the ongoing challenges of improving marine sustainability.

Wild Sea Fish Sourcing (from supplier declarations)



16.19

Dyehouse standards
Previously achieved

16.20

Recycled polyester
Previously achieved

16.21

GM animal testing
Previously achieved

16.22

Beauty testing cut-off date
Previously achieved

16.23

Free range food
Not achieved

16.24

Oakhham chicken
Previously achieved

16.25

Supply chain water stewardship**
Previously 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: We've maintained our participation in a range of water stewardship initiatives around the world. These include a project on global water risk management with WWF and trials with South African retailer Woolworths on the Alliance for Water Stewardship's global water stewardship standard.

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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?

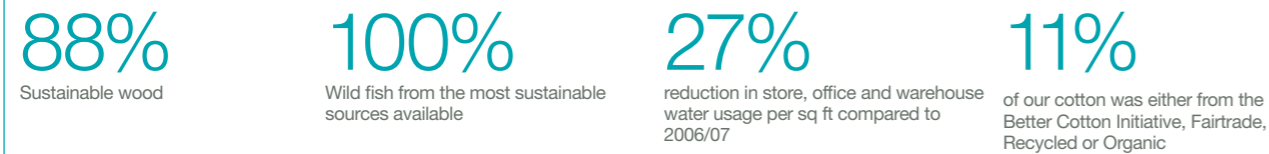
Growing and harvesting the raw materials we rely on can harm the environment, so it's important that we source them wisely – doing all we can to replenish them, protect natural habitats and ensure good animal welfare standards.

What have we done?

We've continued to make good progress on a range of key raw materials including wood, fish, cotton, palm oil, coffee and tea. We're still working out how to overcome a number of challenges on soy, cocoa and leather.

We're installing Automatic Meter Readings (AMRs) in our stores so that we can more accurately measure water usage and the impact of the improvements we've made.

Highlights this year



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

15.1 Recycled consumables
Previously achieved

15.2
Reduce water usage (part 2)**
Achieved (NEW)

Aim: Reducing water usage by 20% by 2012 and 25% by 2015.

Progress: Our total store, office and warehouse water usage in 2012/13 was down by 27% at 49 litres per sq ft (2006/07: 67 litres per sq ft) based on a combination of utility bill data and our own Automatic Meter Readings (AMRs). This year we identified and repaired 74 water leaks at our stores which have contributed the greatest savings in water usage.

We also started installing AMRs for water usage at our stores to provide more accurate measurements.

Total usage was 1,111,320 m³ (2006/07: 1,266,704 m³).

Because we only recently started to monitor water usage in our warehouses, we've used 2007/08 for Food and 2009/10 for General Merchandise warehouses, to serve as our 2006/07 starting point.

Our stores account for 84% of all the water we use.

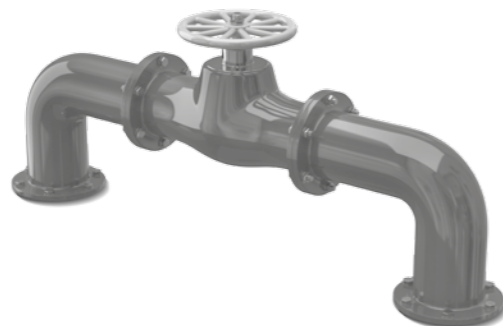


Total store, office and warehouse water efficiency

67	49	50	-27%
2006/07 Actual	2012/13 Actual	2015 Target	Change

(Litres per 1,000 sq ft)

15.3 Sustainable construction
Previously achieved



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

16.1
Food factory water use**
Achieved (NEW)

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

Progress: By the end of the year, 80 suppliers accounting for 27% of M&S Food turnover had improved water monitoring and efficiency when assessed using our Food Supplier Sustainability Framework.

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: We sell seven species of farmed fish (salmon, trout, halibut, sea bass, sea bream, prawns and pangasius) and with the help of suppliers and organisations including WWF we've developed a set of draft Codes of Practice for our farmed species.

Before we start trialling these draft Codes of Practice in 2013/14 we're discussing how they should be implemented with our suppliers and undertaking a number of farm visits. This will allow us to take a wide range of practical and local considerations into account before launching the final M&S Aquaculture Codes of Practice.

16.3 General Merchandise chemical policy
Previously achieved

16.4 Food animal welfare
Previously achieved

16.5 M&S packaging forest
Previously achieved

16.6 Animal testing cut-off on cleaning materials
Previously achieved

16.7 Recycled bin bags
Previously achieved

16.8 Recycled carrier bags
Previously achieved

16.9 Tripling organic food
Not achieved

16.10 Phase out hazardous pesticides
Previously achieved

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: This year 46%* of M&S fruit, vegetables and salads were independently tested as pesticide residue-free at or above 0.01 parts per million (last year 47%). We believe that significant progress would have been reported without unseasonably dull weather in autumn 2012.

In South Africa, we commissioned research to understand how weather conditions may affect residue levels and to develop appropriate pesticide strategies. We plan to extend this research to more of our growing regions.

*Data based on calendar year

16.12 Pesticide Action Network
Previously achieved

16.13 Non-GM food
Previously achieved

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: This year, items made from Better Cotton Initiative, Fairtrade, organic or recycled cotton accounted for nearly 11% of our total cotton tonnage (last year 3.8%).

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 introduced a new system to collect usage data from our suppliers, showing the types, volumes and origins of the palm oil used in M&S products. In total we used over 3,000* tonnes of palm oil, of which 48%* came from certified sustainable sources with the remaining 52%* matched by the purchase of GreenPalm certificates to encourage the transition to sustainable supplies.

Soy: We remain members of the Soy Moratorium and Round Table on Responsible Soy (RTRS). We've clarified that this 2015 target relates to the soy used as an ingredient in our products where we believe we are more likely to be able to make progress. We have introduced the same system used for palm oil to collect data from suppliers about the volumes and origins of soy in M&S products.

Beef: All our fresh beef is sourced from the UK and Republic of Ireland. Only corned beef and canned beef is sourced from Brazil. We can trace all our sources back to areas outside the vulnerable Amazonian Biome and our aim is to improve traceability back to the where the animals were born.

Cocoa: During 2012 we visited Ghana and the Ivory Coast to meet growers, workers, certifiers and other local stakeholders. We developed a draft sustainable cocoa sourcing policy which we are discussing with our two main suppliers of chocolate.

Coffee (and tea): All M&S teas and coffee are independently certified by Fairtrade and in addition, those sold in our cafes by the Rainforest Alliance and as Organic. All these certification schemes include requirements that address deforestation and as a result this part of our commitment is Achieved.

Leather: We've developed and launched a new policy covering animal welfare and the use of chemicals at tanneries. It helps us to capture information about where animal skins originate and where they were tanned. We plan to use this information to ensure that our sources of leather do not contribute to deforestation.

*Calendar year

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