

REMUNERATION COMMITTEE REPORT



The Board is committed to ensuring that our remuneration framework supports our strategy and provides a balance between motivating and challenging our senior leaders.”

Andrew Fisher,
Chair of the Remuneration Committee

ROLE AND RESPONSIBILITIES

The Committee continues to have a strong focus on ensuring an appropriate alignment between the remuneration of executive directors, the Executive Committee and colleagues across M&S, ensuring that the senior remuneration framework is strategically aligned with the business but that it also attracts and recognises the talent required to drive transformation and cultural change within M&S. The responsibilities are broadly as follows:

- Setting remuneration policy and practices that are designed to support strategy and promote the long-term success of M&S while following the principles:
 - **Clarity:** Remuneration arrangements are transparent and promote effective engagement with shareholders and the workforce.
 - **Simplicity:** Remuneration structures are uncomplicated, and their rationale and operation are easy to understand.
 - **Risk:** Ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.
 - **Predictability:** The range of possible values of rewards to executive directors is identified and explained at the time of approving the policy.
 - **Proportionality:** The link between individual awards, the delivery of strategy and the long-term performance of the Company is clear. Outcomes should not reward poor performance.
 - **Alignment with culture:** Incentive schemes that drive behaviours consistent with M&S’ purpose, values and strategy.
- Determining the terms of employment and remuneration for the executive directors and the Executive Committee, including recruitment and termination arrangements.

COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Remuneration Committee remit

During the year, the Remuneration Committee reviewed the Terms of Reference to ensure that they reflected the Government’s latest recommendations and the revised principles of the Remuneration Policy, as set out in the UK Corporate Governance Code 2018. In particular, the Committee, in its support of the Nomination Committee, expanded its remit to specifically discuss the talent and succession in the senior leadership group and associated pay arrangements. The Terms of Reference can be found on the Company’s website at corporate.marksandspencer.com/investors/corporate-governance/governance-framework.

Committee members	Member since	Maximum possible meetings	Number of meetings attended	% of meetings attended
Andrew Fisher (Committee Chair)	1 October 2018	8	8	100%
Archie Norman	3 November 2017	8	8	100%
Tamara Ingram	11 September 2020	8	8	100%
Fiona Dawson	16 January 2023	2	2	100%

EFFECTIVENESS OF THE REMUNERATION COMMITTEE

During the year, the Board Chairman led an internal review of the Board’s effectiveness. All non-executive directors independently provided their views, which were then reviewed and discussed collectively.

The Remuneration Committee, under the leadership of Andrew Fisher, continues to operate efficiently, ensuring an independent review of remuneration policies across the business; matters discussed during the year fulfil the Committee’s remit and are thoughtfully debated in the context of internal and external factors. An external review of the Committee will be conducted in 2023/24.

2023/24 ACTION PLAN

- Continued review of the implementation of the M&S Remuneration Policy to ensure the Policy continues to accelerate the transformation and support the long-term success of M&S; and is aligned with investor and other external governance requirements, and emerging good practice.
- Continued review of the Annual Bonus Scheme (ABS) and Performance Share Plan (PSP) incentive measures to ensure these remain aligned to the delivery of our KPIs and strategic priorities.
- Continue to support the work of the Nomination Committee through the assessment of senior leadership talent, succession planning and associated pay arrangements, together with talent plans and colleague engagement across the entire organisation.

- Considering the appropriateness of the senior remuneration framework and exercising independent judgement and discretion when authorising remuneration outcomes, taking Company and individual performance, and the context of the wider workforce, into account.
- Noting the total pay budgets, including salary, bonus and share scheme allocations, across all of M&S, together with the principles of allocation to ensure appropriate consistency with the senior pay frameworks.
- Approving the design, targets and total payments for all performance-related pay schemes operated by M&S, seeking shareholder approval where necessary.
- Assessing the appropriateness and subsequent achievement of performance targets relating to any share-based incentive plan for the executive directors and Executive Committee.
- Receiving direct feedback from BIC, the Group's colleague representative body, colleague voice surveys and management reports to ensure colleague views on Group culture, including remuneration strategy and I&D are considered.

 The full Terms of Reference for the Committee can be found at marksandspencer.com/thecompany.

WHAT WAS ON THE COMMITTEE'S AGENDA 2022/23

REGULAR ITEMS

Pay arrangements

- Within the terms of the M&S Remuneration Policy, approval of the remuneration packages for the executive directors, the Executive Committee, and any termination payments where applicable.
- Consideration of the appropriateness of the senior remuneration framework in the context of the rest of the organisation and external governance.
- Noting of the total budgeted salary expenditure across M&S, ensuring principles for reward allocation are aligned across M&S.

Annual Bonus Scheme

- Review of achievements against 2022/23 performance objectives for executive directors and the Executive Committee.
- Approval of targets for the 2023/24 ABS ensuring that the performance conditions are transparent, stretching and rigorously applied.
- Approval of the 2023/24 individual performance objectives for executive directors and the Executive Committee.
- Noting of the total budgeted expenditure for the ABS across M&S.

Long-term incentives

- Approval of 2023 PSP awards for the executive directors and the Executive Committee.
- Approve the 2023 PSP targets ensuring appropriate alignment between driving exceptional performance and motivating and retaining top talent.
- Approval of the vesting level of the 2020 PSP awards across M&S.
- Regular review of all in-flight PSPs against targets.
- Consideration of long-term share awards granted to colleagues below Executive Committee level.

Governance and external market

- Full review of the M&S Remuneration Policy in anticipation of the binding shareholder vote at the 2023 AGM, ensuring the policy continues to accelerate the transformation and support long-term success of M&S and is aligned with the 2018 UK Corporate Governance Code, other external governance and emerging best practice.
- Review the appropriateness of the senior remuneration framework in the context of the rest of the organisation and external governance.
- Approval of the Directors' Remuneration Report for 2022/23 and review of the AGM voting outcome for the 2021/22 report.
- Review of the Committee's performance in 2022/23, including assurance that the principles of the revised Terms of Reference and broader remit of the Committee are embedded.
- Continue discussions on appropriateness of an environmental, social and governance (ESG) measure in Board pay arrangements.
- Assessment of the external market when considering remuneration arrangements for executive directors and the Executive Committee.
- Review the effectiveness and transparency of remuneration reporting.
- Noting of direct feedback from the Business Involvement Group (BIC), M&S' colleague representative body, to ensure that all colleague views are received and considered by the Board when making remuneration and reward decisions.

Talent planning

- Noting the performance management process across the business.
- Discussing senior leadership talent and succession planning.

REMUNERATION COMMITTEE REPORT CONTINUED

INTRODUCTION

On behalf of the Board, I am pleased to present our 2022/23 Remuneration Report. We also present our proposed Remuneration Policy (Policy) for which, in line with regulations, we are seeking shareholder support and approval at the 2023 AGM. A summary of the proposed changes to the approved Remuneration Policy is set out below and highlighted in bold on pages 108 and 114 of this report.

The vote on the 2021/22 Remuneration Report at last year's AGM highlighted some shareholder concerns. As Chair of the Remuneration Committee, I have proactively engaged our top 40 shareholders - covering 65% of our total issued share capital - on this matter, to discuss and understand these concerns. As a result, I am clear that the majority of those who voted against the Report did so because of specific circumstances at the time relating to the outgoing CEO (Steve Rowe). The Board has reflected on the feedback received, which was largely supportive of the Company's approach, and continues to believe that it acted in shareholders' interests and in line with the values and integrity of the business. Having explained the rationale for last year and reassured investors on our overall approach, I am confident that they are supportive of our remuneration principles and operations.

The Remuneration Report provides a comprehensive picture of the structure and scale of our remuneration framework, its alignment with the business strategy and operation across the workforce. It also details decisions made by the Committee as a result of business performance for this year and the intended arrangements for 2023/24.

CONTEXT OF BUSINESS PERFORMANCE

Of central interest and importance to the Committee is ensuring the pay frameworks and practices support M&S' fundamental values of fairness where colleagues across the business are appropriately recognised and rewarded for hard work and financial results. Such values became ever more important in 2022/23 as the business and our colleagues faced significant cost challenges.

It was with this backdrop in mind that all decisions around remuneration in 2022/23 were made. Our colleague response to such challenges is discussed later in this letter and on page 106.

As detailed earlier in the Annual Report, this year saw strong results in almost all the main business areas with profit before tax and adjusting items at £482.0m and overall market share in both Clothing & Home and Food growing.

Whilst at face value the PBT outcome was 7.8% below last year's outturn of £522.9m, prior year results included £59.8m of UK business rates relief and a net rates charge of £139.7m compared with a net rates charge of £186.6m in 2022/23. In the year we saw an increasingly positive reaction to M&S products. Customer ratings for style, quality and value in clothing has improved and, in Food, value perception is the highest it's been in six years. The emerging power of our omni-channel model has been demonstrated by an uplift in sales in store and online, supported by growth in Click & Collect sales, active App users and Sparks loyalty membership. As explained later in this Remuneration Report (see pages 118, 119 and 121), the Committee was mindful of this performance when discussing and approving incentive outcomes.

SINGLE FIGURE AND INCENTIVE SCHEME OUTCOMES INCLUDING APPLICATION OF DISCRETION

Throughout the year, the Committee has carefully considered pay arrangements and where it may, or may not, be appropriate to apply discretion in the context of business performance and wider stakeholder experience.

As in previous years, the key priority of the 2022/23 Annual Bonus Scheme (ABS) remained on restoring the business to profitable growth with performance focused on Group Profit Before Tax before adjusting items (PBT) (70%) and individual measures set against key areas of delivery of the transformation (30%). Individual performance was measured independently of PBT performance and no individual element could be earned until a threshold level of PBT was achieved.

Together with the individual objectives, both throughout the year and at year-end the Committee reviewed the PBT targets to ensure they remained relevant and appropriately stretching. As announced on 21 July 2022, and discussed in more detail on page 26, M&S acquired Gist, the principal contract logistics provider to M&S Food. The 2022/23 ABS Group PBT targets were set prior to the acquisition of Gist therefore it was determined by the Committee that, for the purpose of the ABS, the PBT outturn should be reduced by £20.5m, equivalent to the 2022/23 net profit contribution for Gist. Taking this adjustment into consideration, the Committee was satisfied that the targets set required stretching PBT performance. 77.3% of the financial element of the bonus was achieved and the individual measures could pay out to the extent that executive directors achieved between target and stretch performance against

their personal objectives.

The Committee carefully reviewed the achievement of the individual objectives set at the beginning of the year to align with the strategic priorities to fulfil its remit and enable transparent disclosure to shareholders. Full disclosure can be seen on pages 118 and 119, but the Committee particularly noted the significant progress in the transformation and development of both the Clothing & Home and Food supply chains; redesigning of the M&S operating model, simplifying activity and reducing central costs across Clothing & Home and Food; and ongoing work to develop and embed a high performing and engaged culture across the whole of M&S, including the successful establishment of effective ways of working within the new executive team.

Along with the impact of business decisions as described above, when considering bonus outcomes the Committee also took into account the experience of wider stakeholders, including our colleagues, customers and shareholders. It was determined that the outcome is reflective of a strong in-year business performance together with individual outstanding contributions and, in this context, it is important that colleagues including our executive directors are recognised for this performance. The Committee was in agreement that it was appropriate to award 27 out of 30 for individual objectives for the CEO and 25 out of 30 for the Co-CEO, resulting in total bonus awards of 81.1% and 79.1% of total opportunity (being 200% of salary) respectively.

Half of any bonus awarded to the executive directors will be deferred into M&S shares and will be released after a three-year holding period; this treatment ensures a long-term alignment with shareholders' interests along with supporting our Director Shareholding Policy, on which more information can be found on pages 109 and 123.

Turning to the PSP, the Committee considered the question of windfall gains arising from the PSP awards that were granted in 2020. At the time of grant, M&S had experienced a material fall in share price since awards were made in 2019 and so the Committee took decisive action to significantly reduce the quantum of the 2020 PSP award for executive directors from 250% to 175% of salary. To provide clarity and certainty to participants and shareholders alike, the Committee felt it appropriate to make an upfront adjustment rather than rely on a 'wait-and-see' approach.

This reduction in grant value was applied to all recipients of PSP awards. Given their roles at the time of grant, Stuart Machin and Katie Bickerstaffe's 2020 PSP awards were proportionally reduced from 200% of salary to 140% of salary.

Notwithstanding the proactive approach at the time of grant, at the end of the performance period the Committee thoroughly reviewed vesting outcomes taking into consideration factors such as overall business performance, share price movements over the period and impact of external factors, such as high food inflation. The Committee was satisfied that vesting achievements were appropriate in the light of such considerations and determined that no additional application of discretion was required. The 2020 PSP award vested at 51.0%.

REMUNERATION POLICY

In line with corporate governance requirements, our Policy is reviewed every three years and approved by

shareholders. Shareholders approved the current Policy at the AGM in 2020. As such, the Company is required to seek approval for the new Policy at the AGM to be held on 4 July 2023. The Board is committed to ensuring that our remuneration framework supports our strategy, and provides a balance between motivating and challenging our senior leaders to deliver our business priorities and the long-term sustainable success of M&S.

At the beginning of the year, considerable time was spent reviewing the current Policy including the incentive structures, measures and targets. The Committee consulted with our major shareholders (representing nearly 60% of our total shares in issue) and, given many of our stakeholders engage their services, a number of shareholder representative bodies. The Committee reviewed and discussed all the feedback and responses provided by our shareholders and I would like to thank them for their highly valued time.

Following this review and the feedback received, the Committee concluded that overall the current Policy remains relevant, appropriate, and suitably flexible to meet the needs of the business whilst providing clarity, simplicity and predictability for both participants and investors alike. Therefore, only two minor adjustments to the existing Policy are being proposed.

First, the proposed Policy allows executive directors to receive a 5% cash payment in lieu of pension contributions, subject to the Company's agreement. This provides alignment with the policy for our wider colleague population, as per the guidance from the Investment Association.

Secondly, the proposed Policy includes the ability to make payments of Committee membership fees for non-executive directors to align our Policy with the Memorandum and Articles of Association.

There are no current plans to pay

2022/23 BONUS PAYMENT TIMINGS (£000)

	July 2023	2026
Stuart Machin	£540.7	£540.7
Katie Bickerstaffe	£494.4	£494.4
	One-year performance period	Three-year deferral period

STRATEGIC ALIGNMENT OF REMUNERATION FRAMEWORK WITH KPIS

KPI/Strategic priority	As measured by	Performance Share Plan (PSP)	Annual Bonus Scheme (ABS)
KPI → See KPIs on page 34	Adjusted earnings per share (EPS)	●	
	Return on capital employed (ROCE)	●	
	Group PBT before adjusting items (PBT)		●
Strategic priority → See Strategic priorities on pages 12 and 13	Deliver Profitable Sales Growth	●	●
	Improve Operating Margins	●	●
	Drive Shareholder Returns	●	
	Disciplined Investment Choices	●	●

2022/23 PERFORMANCE

● **ADJUSTED EARNINGS PER SHARE**

17.2p

Adjusted EPS in 2022/23 was 17.2p. This was above the 13.0p threshold required for vesting under this element of the 2020 PSP award.

● **RETURN ON CAPITAL EMPLOYED**

10.4%

Final year ROCE performance was 10.4%. This was above the 9% threshold required for vesting under this element of the 2020 PSP award.

● **GROUP PBT BEFORE ADJUSTING ITEMS**

£482m

For the purpose of the ABS, reduced to £461.5m reflecting net Gist profit contribution. PBT of between 'target' and 'maximum' achieved for bonus awards under the 2022/23 ABS.

REMUNERATION COMMITTEE REPORT CONTINUED

additional membership fees, however we would like flexibility in the Policy in case it is considered appropriate in the future. Pages 108 to 115 provide the full details of the proposed Policy.

WIDER WORKFORCE PAY ARRANGEMENTS

The Committee received regular updates during the year relating to M&S' pay arrangements. Of key importance this year was the response of the business to the cost-of-living crisis. As a Committee we were proud of the decision taken by the business to announce a targeted mid-year cost-of-living intervention, representing a £15m investment. This focused on our lowest-paid colleagues, recognising that, in the main, these colleagues were more likely to be affected by the pressures of increasing inflation and higher prices in key household items such as energy, food and fuel. Key aspects of the investment included an out-of-cycle pay increase for UK Customer Assistants and, for our lower-paid salaried colleagues both in store and support centres, an M&S gift voucher of £250 which could be used in conjunction with their M&S Colleague Discount. These sat alongside non-financial initiatives already in place to support our colleagues.

The Committee welcomes continued collaboration with BIG. At Committee meetings we receive direct feedback on colleagues' views from the National Chair of BIG and in turn the Head of Reward attends National BIG Committee meetings to share and discuss the executive pay framework and its relationship with that of the wider workforce. Such dialogue forms the basis of a trusted and valued collaborative working partnership and ensures a close link between the pay philosophies at the most senior levels and those for the wider population.

Given the inflationary pressures being felt by both M&S as a business and by our colleagues, it was to be expected that a significant amount of time was taken to discuss the appropriate approach to the annual pay review.

Recognising the need to balance financial restraint with support for our colleagues, the topic generated a robust debate. For our hourly-paid colleagues, a further investment in pay of £57m was agreed representing an increase in the M&S national rate for Customer Assistants of 9% when compared to the equivalent rate in April 2022. For salaried colleagues, a tailored approach was agreed with salary increases ranging from 7-8% for our lower-paid salaried colleagues and 3-6.5% for management roles.

To demonstrate the importance the Committee gives to the alignment of executive pay with the wider workforce, this year's Remuneration Report continues to provide expanded disclosures on such pay arrangements. Please see pages 106 and 107.

PAY ARRANGEMENTS FOR 2023/24

The Committee carefully considered the executive director pay review, particularly in the context of the decisions for the wider workforce pay arrangements, and approved an increase of 3%. Whilst this is significantly below the average pay increase within the wider workforce, the Committee feel it is appropriate when considering overall executive director remuneration. This will be effective 1 July 2023.

Reflecting on the existing variable remuneration framework, it was agreed that in 2022/23 the structures of the ABS and PSP continue to effectively align pay and strategy. As a result, no changes have been proposed for 2023/24.

Performance under the ABS will be measured against corporate financial targets (70%) and individual objectives (30%). The Committee believes it remains appropriate for PBT to continue to represent the largest element of bonus potential as M&S seeks to return to significant levels of profitability.

The maximum opportunity will remain at 200% of base salary.

The Committee continues to ensure that the remuneration framework for executives is aligned with shareholder interests. Following careful debate, it has been agreed that the 2023 PSP will maintain the financial measures applied to the 2022 PSP awards, being 30% adjusted EPS, 30% ROCE and 20% relative total shareholder return (TSR). The remaining 20% will continue to be subject to the basket of three strategic measures. This ensures all targets have been set to be stretching yet motivating and are detailed further on page 122.

Within the strategic measures, the Committee has decided to replace the 'store staff cost to sales ratio' measure with a broader 'operating costs to sales ratio'. This revised measure provides greater focus on our simplification agenda and better measures efficiency across the whole of the business. It brings together all aspects of our strategy, focusing not only on our stores and their renewal, but also our supply chain, exceptional products, omni-channel operations and expanding global reach.

As part of the review of the PSP performance measures, the Committee spent significant time debating the

appropriateness of the introduction of an environmental, social and governance (ESG) measure. M&S was an early pioneer of championing sustainability and continues to hold a leading position in this field. We take our ESG responsibility very seriously and the Committee is confident that such considerations are embedded within the behaviours of our executive directors, as well as our operations across the length and breadth of our business. As further detailed on pages 32, 33 and 55 this includes our clear roadmap to reduce absolute Scope one, two and three Greenhouse Gas emissions by 55% by 2030. Such examples demonstrate that our sustainability commitments sit at the heart of our business operations and inform decisions at all levels and across all departments. Therefore, on balance, the Committee determined that it would not be appropriate to introduce an ESG measure at this time.

Mindful of the need to incentivise executives and ensure that they remain aligned with the long-term interests of shareholders, we intend to once again grant PSP awards of 250% of salary in July 2023. The Committee retains the right to review award levels in the event of significant share price movement prior to the date of grant. Furthermore, it should be noted that when this award reaches the point of vesting, careful consideration will not only be applied to achievement against the relevant performance conditions, but also to ensure the vesting values are reflective of the shareholder experience across the term of the plan. Should the Committee believe this not to be the case, it retains its right to apply discretion to the final outturn.

STRATEGIC ALIGNMENT OF PAY

As detailed above, the measures and targets used in M&S' incentive schemes, namely those of the ABS and PSP, were reviewed to ensure alignment with the key performance indicators (KPIs) and identified strategic priorities across the business. The illustration on page 103 demonstrates the strong link between the KPIs and strategic priorities with executive remuneration at M&S. This strength of alignment enables the Committee to ensure pay arrangements support the delivery of transformation and fulfil M&S' potential for long-term sustainable growth. The Committee will continue to review thoroughly the pay structures and incentive arrangements for the senior leadership team to ensure strong alignment between the delivery of business performance and the associated remuneration arrangements, as the business continues on its transformation journey.

BOARD CHANGES

As disclosed last year, Steve Rowe stepped down from his role as CEO of the business in May 2022 after almost 40 years of loyal service. Final pay arrangements for Steve were fully disclosed in the 2021/22 Remuneration Report. Any payment made in 2022/23 linked to his exit arrangements can be found on page 126. Steve did not participate in the 2022/23 ABS.

As announced at the time, in May 2022 we warmly welcomed to the Board Stuart Machin and Katie Bickerstaffe as CEO and Co-CEO respectively. Pay arrangements upon appointment were disclosed in the 2021/22 Remuneration Report and details on remuneration for 2022/23 are detailed in this year's Report.

It was announced in July 2022 that Eoin Tonge had resigned. Following the appointment of Jeremy Townsend as CFO, Eoin stepped down from the Board on 9 December 2022 and left M&S on 19 January 2023. In line with the Remuneration Policy, upon leaving through resignation, all outstanding share awards lapsed and no award under the 2022/23 ABS was made.

On behalf of the Committee, I would like to extend my very best wishes to both Steve and Eoin in all their future endeavours.

AGM

I would like to thank our shareholders for their continued support and engagement during the year. I hope you will join the Board in supporting our Remuneration Policy and Annual Report on Remuneration at the AGM on 4 July 2023. I will be available at the AGM to answer any questions in relation to this Remuneration Report.

Andrew Fisher

REMUNERATION IN CONTEXT

COLLEAGUE ENGAGEMENT

Share ownership across our colleagues

M&S is a proud advocate of employee share ownership. The Board believes this supports colleagues not only to share in M&S' success but also to behave as owners of our business, aligned with our shareholders' interests. Across our UK and Irish colleagues, M&S has a significant number of participants in all employee share schemes; colleagues hold over 101m save as you earn options in our ShareSave scheme and over 2,000 colleagues hold shares in our share incentive plan ShareBuy.

Direct engagement with our colleagues

Since 2018, the Chair of BIG, our colleague representative body, has been invited to attend a Remuneration Committee meeting each year to engage and contribute on a full range of topics and activities. During the year, representatives from BIG have been engaged on a number of pay-related topics, beyond the executive level, including providing feedback on, and agreeing with, the ShareSave communication materials and funding options of our share schemes. They also discussed and gave input into the approaches being taken to support colleagues with the cost-of-living and eligibility for incentive schemes. The collaborative relationship we have with BIG strongly reflects our belief in the key role that colleague voice plays in ensuring the Committee has greater visibility of the things that really matter to our colleagues. This also gives the Committee the opportunity to explain and discuss our pay practices and how executive pay aligns with pay across the wider workforce. In addition, the Head of Reward provides updates to the Committee as appropriate on pay and people-related issues during the year.

Pay budgets

Under the remit of the Remuneration Committee, total budgeted salary expenditure across M&S for salary review is noted, as are bonus and share scheme budgets, ensuring principles for reward allocation are aligned across the full workforce, inclusive of senior leaders.

The pay increases for our UK Store Customer Assistants in October 2022 and April 2023 have totalled 9%. Effective July 2023, salary increases ranging from 3% for our senior population and between 4.5% and 10% for the wider salaried workforce have been awarded.

CONSIDERATION OF COLLEAGUE PAY

The Committee monitors and reviews the effectiveness of the executive reward policy and its impact and compatibility with remuneration policies in the wider workforce. Throughout the year, the Committee reviews the frameworks and budgets for key components of colleague pay arrangements, together with the broader structure of Group bonus provisions, which ensures appropriate alignment with senior pay arrangements.

Throughout the year, the Committee is provided with information detailing pay in the wider workforce, which gives it the additional context needed to make informed decisions. The Head of Reward advises the Committee on the approach to be adopted in the forthcoming UK pay review, and the Committee then considers the executive directors' pay in line with these arrangements.

This year the Committee also considered the impact of rising inflation and the cost-of-living crisis. Focus was placed on supporting lower paid colleagues who were more likely to feel additional pressure. As a result the basic hourly rate was increase from £10 per hour to £10.20 from 1 October 2022. In addition, salaried non-bonus eligible colleagues were given £250 M&S gift vouchers and support was put in place for colleagues who "forgot their lunch", period products were also available for all colleagues.

In approving the budget for the annual bonus, the Committee reviews all bonus costs for the Company against the operating plan. The Committee also reviews and approves any PSP awards made to executive directors and directors below the Board prior to their grant.

Colleagues are encouraged to raise questions throughout the year to the CEO through the 'Straight to Stuart' programme and at live events. All questions raised are answered, and comments made during the year through surveys or via BIG our network of elected colleague representatives are considered. The Head of Reward typically provides an annual update to these colleague representatives with an explanation of the executive directors' pay arrangements during the year, and these representatives in turn are able to ask questions on the arrangements and their fit with the other reward policies at this time.

CONSIDERATION OF STAKEHOLDER VIEWS

The Committee is dedicated to an open and transparent dialogue with shareholders on the issue of executive remuneration. Where appropriate, the Committee will actively engage with shareholders and shareholder representative bodies, seeking views which are considered when making any decisions about changes to the directors' Remuneration Policy.

The Committee seeks the views of the largest shareholders individually, and others through shareholder representative bodies, when considering making any significant changes to the Remuneration Policy. This may be done annually or on an ad hoc basis, dependent upon the issue. This year, the Committee consulted on the proposed changes to the Remuneration Policy as well as the strategic measures and targets to be applied to the PSP. The feedback was shared with the Committee, discussed and incorporated into the Policy as necessary.

The Committee, led by the Chair, annually engages in a process of investor consultation, which is typically in written format, but has included face-to-face meetings, telephone and video calls. The Committee Chair is available to answer questions at the AGM, and the answers to specific questions are posted on our website.

As part of our reporting approach, an annual shareholder meeting is held and views on a variety of topics, including executive pay, are taken into account.

CEO PAY RATIO

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2023	Option A	123:1	113:1	95:1
2022	Option A	128 : 1	117 : 1	99 : 1
2021	Option A	55 : 1	50 : 1	42 : 1
2020	Option A	64 : 1	59 : 1	51 : 1

As reported last year, the Committee approved the use of Methodology A, as set out in the regulations, as we believe it to be the simplest and most appropriate and robust way to calculate the ratio.

Option A requires the pay and benefits of all UK colleagues to be calculated to identify the three colleagues at the 25th, 50th and 75th percentiles as at 1 April 2023. This is calculated on the same basis as the CEO total single figure of remuneration except in that the individual performance element of the ABS that is applicable to the relevant colleagues (when operating) is the estimated actual value. This requires:

- starting with colleague pay that was calculated based on actual base pay, benefits, bonus and long-term incentives for the 12 monthly payrolls within the full financial year. Earnings for part-time colleagues are annualised on a full-time equivalent basis to allow equal comparisons;
- adjusting the value of any bonus so that it only reflects the amount earned in respect of the 2022/23 financial year and does not include the value of any deferred shares vesting in the year;
- adding in the employer pension contribution from the Your M&S Pension Saving Plan.

Joiners and leavers in the year have been excluded from the calculations. The percentile figures are therefore representative of the whole colleague population but do not include all colleagues as at 1 April 2023.

The table above shows the ratio of CEO pay in 2022/23, using the sum of the single total figure remuneration as disclosed in Figure 8 (page 116) for Steve Rowe and Stuart Machin, to the comparable equivalent total reward of those colleagues whose pay is ranked at the relevant percentiles in our UK workforce. We believe the median pay ratio this year is consistent with pay, reward and progression policies for UK colleagues, as it reflects the consistent approach to pay along with M&S' policy to pay for performance. The decrease in pay ratio this year is the combined result of the reduced remuneration package for the new CEO and, in response to the cost-of-living crisis, the focus on pay for lower paid colleagues.

Pay data	Total pay and benefits (£000)		Total pay and benefits (£000)		Total pay and benefits (£000)	
	Salary (£000)	Salary (£000)	Salary (£000)	Salary (£000)	Salary (£000)	Salary (£000)
	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
CEO remuneration	834	1,068	841	2,630	809	2,690
UK colleague 25th percentile	18	20	19	21	21	22
UK colleague 50th percentile	20	21	21	22	22	24
UK colleague 75th percentile	24	25	25	26	27	28

GENDER PAY GAP

The M&S median gender pay gap for the year to April 2022 is 6.5%, compared with 7.6% for the Retail sector. The M&S mean gap for the same period is 12.5%.

Our Inclusion and Diversity strategy is built on two pillars, driving diverse representation at all levels of our business, and developing a continually evolving inclusive culture. Our colleagues have been central to the design of all our plans and our Inclusion and Diversity networks have been at the heart of bringing our communities together, providing a voice for the colleagues they represent and guiding the business. Our Gender Equality, Menopause and Family & Carers networks are the fastest growing with over 4,500 members to date.

We've developed tools and resources to support business unit leadership teams to drive plans in the respective areas. Teams have access to a live dashboard which help them identify opportunities to increase representation and address barriers within resourcing and talent mapping. We've also launched a twice-yearly review process with each business unit to track progress, provide support and share best practice from internal and external sources.

Our future leaders' programmes have been redesigned using the principles that our women value most, with flexibility and bite-size content imbedded throughout. We aim to build on the 60% female representation that we had on all our development programmes last year and will continue to drive a diversity lens through all of our performance and talent management forums.

Providing a safe space for colleagues is a fundamental principle, we are very clear that any forms of discrimination, harassment, bullying or victimisation are not tolerated here. We have processes in place to ensure allegations are handled effectively and provide mandatory inclusion training for all colleagues to ensure expectations are clear.

As part of our ambition to be the leading employer for women in retail, we remain committed to promoting flexible working options, supporting those taking and returning from family leave and providing support for women's health and life changes, particularly those approaching, going through and coming out of the menopause.

REMUNERATION POLICY

Shareholders approved the Remuneration Policy at the AGM in 2020. As such, the Company is required to seek approval for the new Policy at the AGM to be held on 4 July 2023, from which date the updated Policy will apply. The Committee reviewed the senior remuneration framework during the year to ensure that it remains fit for purpose, providing an appropriate framework to fulfil M&S' reward philosophy which is, in turn, designed to support and drive the business strategy.

The Policy remains largely unchanged from the one approved by shareholders in 2020; for transparency, where amendments have been made these are highlighted. Once approved, this Policy may operate for up to three years.

The Policy is designed to attract, retain and motivate our leaders within a framework designed to promote the long-term success of M&S and aligned with our shareholders' interests.

FIGURE 1: EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

Base salary	Benefits	Pension benefits
<p>PURPOSE AND LINK TO STRATEGY</p> <p>To attract, retain and motivate high-calibre executives needed to deliver our strategy and drive business performance.</p>	<p>PURPOSE AND LINK TO STRATEGY</p> <p>To provide market-competitive benefits which drive employee engagement and commitment in our business.</p>	<p>PURPOSE AND LINK TO STRATEGY</p> <p>To attract and retain high-calibre executives through a commitment to responsible, secure retirement funding in line with our Company values.</p>
<p>OPERATION</p> <p>Payable in cash.</p> <p>Reviewed annually by the Committee considering a number of factors, including:</p> <ul style="list-style-type: none"> – Salary increases awarded to other colleagues in the wider workforce which are typically reviewed annually on a similar basis. – Comparable salaries in appropriate comparator groups. – Salaries reflect the experience, responsibility and contribution of the individual and role within the Group. 	<p>OPERATION</p> <p>Directors are eligible to receive benefits in line with our policies which may include:</p> <ul style="list-style-type: none"> – A car or cash allowance. – A driver. – Life assurance. <p>Where appropriate, our Global/ Domestic Mobility Policy may apply. This may include, but not be limited to, travel, relocation and tax equalisation allowances.</p> <p>Directors are offered a number of other benefits in line with all other colleagues, such as colleague discount and salary sacrifice schemes such as Cycle2Work.</p> <p>Directors may participate in a Save As You Earn Scheme and a Share Incentive Plan and any other all-employee share schemes on the same terms as other colleagues.</p>	<p>OPERATION</p> <p>Current directors may participate in the Your M&S Pension Saving Plan (a defined contribution arrangement) or an alternative pension saving vehicle that the Company may offer, on the same terms as all other colleagues or receive a cash supplement in lieu of pension contributions into this scheme.</p>
<p>MAXIMUM OPPORTUNITY</p> <p>While there is no set maximum, any increases are normally in line with those in the wider workforce.</p> <p>Individual adjustments in excess of this may be made outside of this cycle at the discretion of the Committee, where appropriate.</p> <p>Such circumstances can include:</p> <ul style="list-style-type: none"> – Where the role scope has changed; – Where comparable salaries in the external market have changed; or – To apply salary progression for newly appointed directors. 	<p>MAXIMUM OPPORTUNITY</p> <p>While there is no set maximum, any benefits will be provided at a rate commensurate with the market.</p> <p>Maximum participation in all-employee share schemes is in line with local statutory limits.</p>	<p>MAXIMUM OPPORTUNITY</p> <p>A maximum employer contribution currently of 12% of salary where the employee contributes 6% of salary.</p> <p>Change for 2023</p> <p>To align with the wider workforce, an alternative cash payment capped at 5% of salary will be available for executive directors and any future directors.</p>
<p>PERFORMANCE CONDITIONS</p> <p>N/A</p>	<p>PERFORMANCE CONDITIONS</p> <p>N/A</p>	<p>PERFORMANCE CONDITIONS</p> <p>N/A</p>

Annual Bonus Scheme including Deferred Share Bonus Plan (DSBP)	Performance Share Plan (PSP)	Shareholding Requirement
<p>PURPOSE AND LINK TO STRATEGY</p> <p>To drive annual profitability, strategic change and individual performance in line with the business plan.</p> <p>To recognise and reward individual contributions to the way we do business.</p> <p>The deferral into shares provides alignment with shareholders' long-term interests following the successful delivery of short-term targets.</p>	<p>PURPOSE AND LINK TO STRATEGY</p> <p>Measured against the key financial drivers of the business plan to deliver sustainable value creation.</p> <p>To encourage long-term shareholding to retain directors, and provide greater alignment with shareholders' interests.</p>	<p>PURPOSE AND LINK TO STRATEGY</p> <p>To drive long-term, sustainable decision-making for the benefit of the Company and our shareholders.</p>
<p>OPERATION</p> <p>Directors are eligible to participate in this non-contractual, discretionary scheme.</p> <p>Payments are made subject to the satisfaction of predetermined targets set at the start of the year, as approved by the Committee.</p> <p>Not less than 50% of any bonus earned is paid in deferred shares under the DSBP, with the remainder payable in cash.</p> <p>Deferred shares vest after a period of three years subject to continued service, but no further performance conditions.</p> <p>Clawback and malus rules apply to cash and DSBP awards respectively; see explanatory notes (pages 110 to 111) for more information.</p> <p>Good leaver and change of control provisions apply to the deferred shares (see explanatory notes).</p> <p>The value of any dividends during the deferred period may be payable (see explanatory notes).</p> <p>The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award payable is appropriate and fair in the context of the director's individual performance and the Company's overall performance. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the subsequent Annual Report.</p>	<p>OPERATION</p> <p>The Company's principal long-term incentive scheme, approved by shareholders in 2020.</p> <p>Directors are eligible to participate in this non-contractual, discretionary plan.</p> <p>Directors may receive an annual award which vests after three years subject to predetermined performance conditions.</p> <p>Clawback and malus rules apply to awards (see explanatory notes).</p> <p>Good leaver and change of control provisions apply (see explanatory notes).</p> <p>The value of any dividends during the vesting period may be payable (see explanatory notes).</p> <p>Awards are subject to a further two-year holding period after the vesting date.</p> <p>Directors may sell sufficient shares to satisfy the respective tax liability but must retain the net number of shares until the end of this two-year period.</p> <p>As with the bonus scheme, the Committee retains the right to exercise discretion in the same manner to ensure appropriateness of outcomes.</p>	<p>OPERATION</p> <p>Directors are required to hold shares equivalent in value to a minimum percentage of their salary within a five-year period from their appointment date.</p>
<p>MAXIMUM OPPORTUNITY</p> <p>A maximum annual potential of up to 200% of salary.</p>	<p>MAXIMUM OPPORTUNITY</p> <p>The maximum value of shares (at grant) which can be made under an award to an individual in respect of a financial year is 300% of salary.</p>	<p>MINIMUM REQUIREMENT</p> <p>For the CEO and Co-CEO, this requirement is 250% of salary. For all other executive directors the requirement is 200%.</p> <p>Post-cessation holding requirement</p> <p>Directors are required to continue to hold their shareholding requirement, or, if their level of shareholding is below the requirement, their actual shareholding for two years after leaving M&S.</p>
<p>PERFORMANCE CONDITIONS</p> <p>Quantifiable one-year performance measures and targets are set by the Committee around financial and individual objectives linked with the sustainable delivery of the business plan.</p> <p>Financial performance measures comprise at least 50% of awards and may include, but not be limited to Group PBT.</p> <p>Typically, no payment for individual objectives can be earned unless a 'threshold' level of Group PBT has been achieved. This threshold level is set by the Committee taking into account the previous year's performance and the business operating plan for the current year.</p> <p>For achievement of individual objectives no more than 40% (currently 30%) of the maximum bonus potential is paid for threshold performance, and no more than 60% for target performance. However, the Committee retains the flexibility to amend the pay-out level at different levels of performance for future bonus cycles. This is based on its assessment of the level of stretch inherent in the set targets, and the Committee will disclose any such determinations appropriately.</p>	<p>PERFORMANCE CONDITIONS</p> <p>Performance is measured over a three-year period against a balanced scorecard of appropriate measures as determined by the Committee each year. This currently includes EPS, ROCE, TSR and strategic measures. These are chosen as those measures which support and drive top-line and bottom-line performance in line with business strategy.</p> <p>Financial measures comprise at least 50% of awards.</p> <p>The threshold level of vesting is 20% of the maximum.</p> <p>For performance between threshold and maximum, awards vest on a straight-line basis.</p>	<p>PERFORMANCE CONDITIONS</p> <p>N/A</p>

REMUNERATION POLICY CONTINUED

FIGURE 2: POLICY TABLE

Executive directors may be in receipt of awards under share plans outside of the current remuneration framework detailed on page 109; these may have been awarded upon recruitment or prior to their appointment as an executive director. While awards under these plans do not form part of a forward-looking policy, for transparency, details of the plans are set out in the table below.

Restricted Share Plan (RSP)	
ELEMENT	
PURPOSE AND LINK TO STRATEGY	To enable the recruitment of key directors who are necessary to the delivery of business strategy.
OPERATION	Restricted awards may be granted for the recruitment of directors. Awards vest after a restricted period, which can vary by award but is typically between one and three years. Malus provisions, good leaver and change of control provisions apply (see explanatory notes below). The value of any dividends during the restricted period may be payable (see explanatory notes below).
MAXIMUM OPPORTUNITY	While there is no maximum set in the rules, the Committee considers the scale and structure of awards on an individual basis.
PERFORMANCE CONDITIONS	The Committee may choose to apply no formal performance conditions save for continued service.
Executive Share Option Scheme (ESOS)	
ELEMENT	
PURPOSE AND LINK TO STRATEGY	Measured against the key drivers of our business plan to deliver sustainable value creation. To encourage long-term shareholding to retain directors, and provide greater alignment with shareholders' interests.
OPERATION	Approved by shareholders and HMRC in 2015, the Committee may choose to award share options to directors if appropriate. Malus provisions, good leaver and change of control provisions apply (see explanatory notes below). Options are normally exercised between the third and tenth anniversaries of grant, subject to the achievement of any performance conditions set by the Committee.
MAXIMUM OPPORTUNITY	Awards are capped at 250% of salary in respect of any financial year of the Company but in recruitment circumstances awards may be granted up to a higher limit of 400% of salary.
PERFORMANCE CONDITIONS	Awards vest subject to at least three-year predetermined performance conditions.

EXPLANATORY NOTES

The Committee reserves the right to make any remuneration payments notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company, or under a prior approved policy and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company.

For these purposes, payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Awards granted under the PSP, DSBP, and RSP can be made in the form of conditional share awards, forfeitable shares, options or rights with the same

economic effect. In addition, awards may be settled in cash. Awards may incorporate the right to receive (in cash and/or shares) the value of dividends, including any dividend tax credit where applicable, between grant and vesting on the shares that vest. This amount may be calculated on a cumulative basis, assuming the reinvestment of dividends into shares.

In the event of a variation of the Company's share capital or a demerger, special dividend or other event which in the Committee's opinion may affect the price of shares, the Committee may alter the terms of awards and the number of shares subject to them. The terms of awards may be amended in accordance with the relevant plan rules (which were formally approved by shareholders on 3 July 2020).

Any performance conditions applicable to PSP, RSP and ESOS awards may be amended by the Committee if an event occurs which causes it to consider that the performance condition would not achieve its original purpose and the amended performance condition is, in the opinion of the Committee, no less difficult to satisfy but for the event in question.

Our long-term incentive plans provide the Committee with discretion with respect of vesting outcomes that affect the actual level of reward payable to individuals, such discretion would only be used in exceptional circumstances and, if exercised, the rationale for this discretion will be fully disclosed to shareholders in the subsequent Annual Report.

CLAWBACK AND MALUS

M&S is committed to ensuring its remuneration arrangements motivate participants to strive for exceptional performance while also protecting shareholder value from the Company taking unnecessary risks. As such, clawback and malus provisions apply to the executive directors' incentive arrangements. All share awards granted from 2013 onwards are subject to malus provisions. These provisions allow the Committee, in its absolute discretion, to determine at any time prior to the vesting of an award to reduce the number of shares, cancel an award or impose further conditions on an award in circumstances for which the Committee considers such action to be appropriate. Such circumstances may include, but not be limited to, a material misstatement of the Company's audited results.

In addition, clawback provisions were introduced in 2015 and apply to cash payments made under the Annual Bonus Scheme. Awards made under any of the Company's other executive share plans (including the PSP) in 2015 and onwards will similarly be subject to clawback provisions. These provisions enable the Committee, in its absolute discretion, to reclaim awards paid to individuals for up to three years after the respective vesting or payment date (or up to two years in the case of PSP awards) where specified events occur. The specified events that would trigger clawback include the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company, the assessment of any performance condition, terms or conditions in respect of an award or payment that were based on error, or inaccurate or misleading information, the discovery that any information used to determine the number of shares subject to an award or amount payable was based on an error, or inaccurate or misleading information, the action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to gross misconduct or a material breach of the participant's service contract that falls short of gross misconduct, and events or behaviour of a participant that have had a significant detrimental impact on the reputation of any member of the Group, provided that the Committee is satisfied that the relevant participant was responsible for the reputational damage and that the reputational damage is attributable to the participant. Clawback may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards.

PERFORMANCE CONDITIONS AND TARGET SETTING

The Committee reviews annually the measures, weightings and targets for the incentive arrangements for the executive directors. In doing so, the Committee considers a number of factors which assist in forming a view. These include, but are not limited to, the strategic priorities for M&S over the short to long term, shareholder feedback, the risk profile of the business and the macroeconomic climate.

The Annual Bonus Scheme is measured against a balance of profitability and the delivery of key strategic areas of importance for the business. The profitability measure used is Group PBT before adjusting items as this is used internally to report and assess business performance by the Board and Executive Committee. Refer to the glossary on pages 213 to 217 for the definition of Group PBT before adjusting items, and to note 5 of the financial statements for a description of adjusting items.

The PSP is assessed against a balance of measures identified as those most relevant to driving both sustainable top-line and bottom-line business performance, as well as providing value for shareholders, and strategic alignment with the business.

This is reflected in the EPS and ROCE measures which focus on a balance of profitability, cost control and the efficient use of capital investment.

The value delivered to shareholders is reflected by Relative TSR which is measured against a bespoke group of retail companies which are believed to provide a balanced portfolio of those most likely to be alternative investment choices for M&S shareholders.

Targets are set against the respective annual and long-term operating plans taking into account analysts' forecasts, M&S' strategic plans, prior year performance, estimated vesting levels and the affordability of pay arrangements. Targets are set to provide a sustainable balance of risk and reward to ensure that, while being motivational for participants, maximum payments are only made for exceptional performance.

REMUNERATION FRAMEWORK FOR THE REST OF THE ORGANISATION

M&S' philosophy is to provide a fair and consistent approach to pay. Remuneration is determined by level and is broadly aligned with those of the executive directors.

Base salaries are reviewed annually and reflect the local labour market.

All UK colleagues are eligible to participate in the Your M&S Pension Saving Plan on the same terms as the executive directors. In addition, all UK colleagues are provided with life insurance and colleague discount, and may choose to participate in the Company's all-employee share schemes and salary sacrifice arrangements.

A significant number of colleagues are eligible to be considered to participate in an annual bonus, the outcome of which is partially determined by Group PBT performance. For all participants, part of the bonus is deferred into shares for three years.

Around 140 of M&S' top senior executives may be invited to participate in the PSP, measured against the same performance conditions as executive directors. Award levels granted are determined to be aligned with market practice and reflect an individual's level of seniority as well as their performance and potential within the business.

REMUNERATION POLICY CONTINUED

FIGURE 3: RECRUITMENT POLICY & SERVICE CONTRACTS

The table below sets out the Company's policy on the recruitment of new executive directors. Similar considerations may also apply where a director is promoted to the Board.

In addition, the Committee in exceptional circumstances has discretion to include any other remuneration component or award which it feels is appropriate, considering the specific circumstances of the individual, subject to the limit on variable remuneration set out below.

The rationale for any such component would be appropriately disclosed. For example, for internal promotional appointments to the Board, the Committee would honour any pre-existing contractual remuneration arrangements; these arrangements may be outside of the Policy detailed on pages 108 to 110.

ELEMENT	APPROACH
SERVICE CONTRACT	<ul style="list-style-type: none"> - All executive directors have rolling contracts for service which may be terminated by M&S giving 12 months' notice and the individual giving six months' notice. - There are no further obligations which could give rise to a remuneration or loss of office payment other than those set out in the Remuneration Policy and the Termination Policy. - The directors' service contracts are available for shareholder inspection at the Company's registered office.
BASE SALARY	<ul style="list-style-type: none"> - Salaries are set by the Committee, taking into consideration a number of factors including the current pay for other executive directors, the experience, skill and current pay level of the individual and external market forces. - For new appointments to the Board, the Committee may set the rate of pay at the lower end of the range for other directors and/or other comparable roles within the market with the intention of applying staged increases.
BENEFITS	<ul style="list-style-type: none"> - The Committee will offer a benefits package in line with our benefits policy for executive directors.
PENSION BENEFITS	<ul style="list-style-type: none"> - Maximum contribution in line with our policy for future executive directors (currently up to 12% of salary). An alternative cash in lieu of pension capped at 5% of salary is also offered.
ANNUAL BONUS SCHEME	<ul style="list-style-type: none"> - Eligible to take part in the Annual Bonus Scheme with a maximum bonus of 200% of salary in line with our policy for executive directors.
PSP	<ul style="list-style-type: none"> - A maximum award of up to 300% of salary in line with our policy.
BUY-OUT AWARDS	<ul style="list-style-type: none"> - Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of their appointment with M&S, the Committee may offer compensatory payments or buy-out awards, dependent on the individual circumstances of recruitment, determined on a case-by-case basis. - The Committee in its judgement normally intends that any such payments are made on a like-for-like basis and considers issues such as the plan type, time horizons and valuation of the forfeited awards. The Committee's intention would be to ensure that the expected value awarded will be no greater than the expected value forfeited by the individual. - Where appropriate, the Committee may choose to apply performance conditions to any of these awards.

FIGURE 4: TERMINATION POLICY

The Company may choose to terminate the contract of any executive director summarily in accordance with the terms of their service agreement, on payment in lieu of notice of a sum equal to salary, benefits and pension as per their contractual notice entitlement (see page 126).

The Company can make a series of phased payments which are paid in monthly instalments, subject to mitigation. This mechanism allows for the amount of any phased payments to be reduced by the income from any alternative position secured by the former director during the phased payments period.

Service agreements may be terminated without notice and without any payments in certain circumstances, such as gross misconduct. The Company may require the individual to work during their notice period, or may choose to place the individual on garden leave.

Such a decision would be made to ensure the protection of the Company's and shareholders' interests where the individual has had access to commercially sensitive information.

The table below sets out key provisions for directors leaving the Company under their service contracts and the incentive plan rules.

The Company's policy towards exit payments allows for a variety of circumstances whereby a director may leave the business. In some cases, where deemed suitable, the Committee reserves the right to determine exit payments, where the director leaves by mutual agreement. In all circumstances, the Committee does not intend to 'reward failure' and will make decisions based on the individual circumstances.

The Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Company and

shareholders at that time, and reflect the director's contractual and other legal rights.

CORPORATE EVENTS

In the event of a change of control or winding up of the Company, unvested share awards will normally vest on the date that the Board notifies participants of such an event. The number of shares which may vest under awards in these circumstances will be subject to any relevant performance conditions and, in the case of PSP awards, unless the Committee determines otherwise, time pro-rating. In the event of a demerger, special dividend or other event which, in the opinion of the Committee affects the price of shares, the Committee may allow some or all of an award to vest.

ELEMENT	APPROACH
BASE SALARY, BENEFITS AND PENSION BENEFITS	– Payment made up to the termination date in line with contractual notice periods.
ANNUAL BONUS SCHEME	– There is no contractual entitlement to payments under the Annual Bonus Scheme. If the director is under notice or not in active service at either the relevant year end or on the date of payment, there will be no entitlement to any bonus payment, either in cash or shares. The Committee may use its discretion as described above to make a bonus award, which is normally pro-rated for time worked during the relevant financial year and based on performance assessed at the end of the bonus period.
LONG-TERM INCENTIVE AWARDS	– Where a director ceases to be an officer or employee of the Group before the end of the relevant vesting period, the treatment of outstanding awards is determined in accordance with the plan rules. – In some circumstances, where a director leaves due to retirement, injury, ill-health, death or the sale of the director's employing company or business out of the Group, or any other reason at the discretion of the Committee and in accordance with the plan rules, DSBP awards normally vest in full on cessation; PSP and ESOS awards which have been held for at least 12 months normally vest when the level of performance has been assessed and agreed at the end of the three-year performance period. RSP awards are considered on an individual basis but would typically be pro-rated for the time held and vest on cessation. The Committee may determine these awards vest upon cessation as permitted in the plan rules. In either circumstance, any relevant performance conditions would still apply to the PSP and ESOS awards and unless the Committee determines otherwise, would be time pro-rated and subject to the two-year holding period post-vesting.
REPATRIATION	– M&S may pay for repatriation where a director has been recruited from overseas.
LEGAL EXPENSES AND OUTPLACEMENT	– Where a director leaves by mutual consent, M&S may reimburse for reasonable legal fees and pay for professional outplacement services.

REMUNERATION POLICY CONTINUED

FIGURE 5: NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY (TO BE APPROVED ON 4 JULY 2023)

The table below sets out our Policy for the operation of non-executive director fees and benefits at the Company. Changes are highlighted below. Once approved, this Policy may operate for up to three years.

The Committee takes into account a number of factors when determining an appropriate fee level for the Chairman. The CEO and executive directors determine appropriate fee levels for the non-executive directors and take into account the time commitment, role responsibility and market practice in our comparator groups when doing so.

The Company may offer benefits to the Chairman and non-executive directors as detailed in the non-executive director policy table below.

All non-executive directors have letters of appointment for an initial three-year term, these are available for inspection at the Company's registered office. The Chairman's agreement requires six months' notice by either party. The non-executive directors' appointments may be terminated by either party giving three months' notice.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION AND OPPORTUNITY
CHAIRMAN'S FEES	To provide a fair fee at a level that attracts and retains a high-calibre Chairman.	<ul style="list-style-type: none"> - Fees are determined by the Remuneration Committee. - Total fee comprises the non-executive director basic fee and the additional fee for undertaking the role. - Paid in equal monthly instalments; may be made in cash and/or shares. - Fees reflect the time commitment, demands and responsibility of the role. - Reviewed annually, taking into account market practice in appropriate comparator groups, e.g. major retailers, similar-sized listed companies. - The maximum aggregate fees for the non-executive directors' basic fees, including the Chairman's basic fee, is £750,000 p.a. as set out in our Articles of Association.
NON-EXECUTIVE DIRECTOR'S BASIC FEE	To provide a fair basic fee at a rate that attracts and retains high-calibre non-executive directors.	<ul style="list-style-type: none"> - Fees are determined by the Chairman and executive directors. - Paid in equal monthly instalments; may be made in cash and/or shares. - Fee level recognises the scope of the role and time commitment required. - Reviewed annually, taking into account market practice in appropriate comparator groups, e.g. major retailers, similar-sized listed companies. - The maximum aggregate non-executive director basic fees, including the Chairman, is £750,000 p.a. as set out in our Articles of Association.
ADDITIONAL FEES	To provide compensation to non-executive directors taking on additional Board responsibilities.	<ul style="list-style-type: none"> - Additional fees may be paid for undertaking the extra responsibilities of: <ul style="list-style-type: none"> - Board Chairman. - Senior Independent Director. - Committee Chairman. - Committee Member. - Change for 2023 <ul style="list-style-type: none"> - Committee membership fees included in the policy but not currently implemented.
BENEFITS	To facilitate the execution of responsibilities and duties required by the role.	<ul style="list-style-type: none"> - In line with our other colleagues, the Chairman and non-executive directors are entitled to receive colleague discount. - The Company may reimburse the Chairman and non-executive directors for reasonable expenses in performing their duties and may settle any tax incurred in relation to these. - The Chairman may also be entitled to the use of a car and driver. - The Chairman and non-executive directors do not participate in pension or performance-related schemes.

FIGURE 6: SUMMARY OF REMUNERATION POLICY

The diagram below illustrates the balance of pay and time period of each element of the Remuneration Policy for executive directors. The Committee believes this mixture of short- and long-term incentives and fixed to performance-related pay is currently appropriate for M&S' strategy and risk profile.

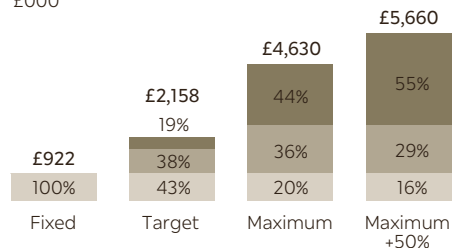
	Year 1	Year 2	Year 3	Year 4	Year 5
FIXED PAY	<ul style="list-style-type: none"> – Base salary – Benefits – Pension benefits 				
ANNUAL BONUS SCHEME	<ul style="list-style-type: none"> – Up to 100% salary (cash) – One-year performance – Clawback provisions apply 			<ul style="list-style-type: none"> – Up to 100% salary (deferred shares) – Three-year deferral period – No further performance conditions – Malus provisions apply 	
PSP	<ul style="list-style-type: none"> – Maximum 300% of salary – Three-year performance – Malus provisions apply 			<ul style="list-style-type: none"> – Two-year holding period post-vesting – No further performance conditions – Clawback provisions apply 	

APPLICATION OF REMUNERATION POLICY

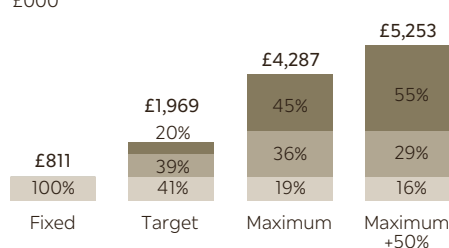
The charts below provide an illustration of what could be received by each of the executive directors in 2023/24 under the Policy. These charts are illustrative as the actual value which will ultimately be received will depend on business performance in the year 2023/24 (for the cash element of the Annual Bonus Scheme) and in the three-year period to 2025/26 (for the PSP), as well as share price performance to the date of the vesting of the share element of the Annual Bonus Scheme and PSP awards in 2026.

DIRECTORS**Stuart Machin**

£000

**Katie Bickerstaffe**

£000

**BASIS OF CALCULATIONS AND KEY**

Fixed	<ul style="list-style-type: none"> – Fixed remuneration only. – No vesting under the ABS and PSP.
Target	<ul style="list-style-type: none"> – Includes the following assumptions for the vesting of the incentive components of the package: <ul style="list-style-type: none"> – ABS: 50% of maximum, assumes no share price growth. – PSP: 20% of 250% of salary, assumes no share price growth.
Maximum	<ul style="list-style-type: none"> – Includes the following assumptions for the vesting of the incentive components of the package: <ul style="list-style-type: none"> – ABS: 100% of maximum, assumes no share price growth. – PSP: 100% of 250% of salary, assumes no share price growth.
Maximum +50% share price growth	<ul style="list-style-type: none"> – Includes the following assumptions for the vesting of the incentive components of the package: <ul style="list-style-type: none"> – ABS: 100% of maximum, assumes no share price growth. – PSP: 100% of 250% of salary with 50% share price growth. – Grant share price for the purpose of demonstrating the 50% growth taken as closing share price at 2022/23 year end.

FIXED REMUNERATION

Includes all elements of fixed remuneration:

- Base salary (effective 1 July 2023, as shown in the table on page 117).
- Pension benefits as detailed on page 117.
- Benefits (using the value for 2022/23 included in the single figure table on page 116). For Katie Bickerstaffe, her travel expenses have been excluded as these do not form part of her “normal” remuneration arrangements.

ANNUAL BONUS SCHEME (ABS)

Represents the potential value of the annual bonus for 2023/24. Half of any bonus would be deferred into shares for three years and this is included in the value shown.

PSP

PSP represents the potential value of the PSP to be awarded in 2023, which would vest in 2026 subject to the relevant performance targets. Awards would then be held for a further two years.

REMUNERATION REPORT

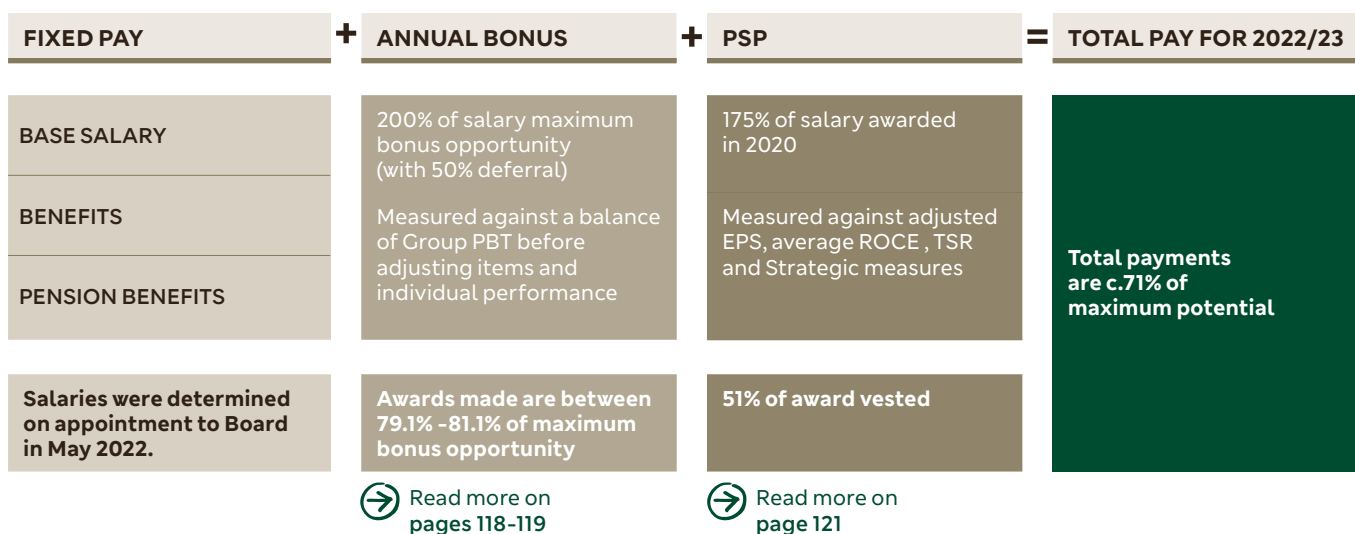
EXECUTIVE DIRECTORS' REMUNERATION

Each year, the Remuneration Committee assesses the current senior remuneration framework to determine whether the existing incentive arrangements remain appropriately challenging in the context of the business strategy, fulfil current external guidelines and are aligned with a range of internal factors, including the pay arrangements and policies throughout the rest of the organisation.

In its discussions, the Remuneration Committee aims to ensure not only that the framework is strategically aligned to the delivery of business priorities, but also that awards made during the year fairly reflect the performance of the business and individuals. A significant proportion of the performance measures used in the incentive schemes are integrated with M&S' KPIs and strategic priorities detailed in the Strategic Report, as illustrated on pages 34 and 12 and 13 respectively.

The diagram below (Figure 7) details the achievement of each executive director under the Company's incentive schemes as a result of short- and long-term performance to the end of the reported financial year and summarises the main elements of the senior remuneration framework. Further details of payments made during the year are set out in the table below (Figure 8) and later in this report.

FIGURE 7: REMUNERATION STRUCTURE 2022/23



Bonus awards are prorated for the 10 months Stuart and Katie were CEO and Co-CEO respectively. The quantum of the 2020 PSP Awards was reduced by 30% of maximum for all PSP recipients recognising the material fall in share price in the year prior to grant. The awards for Stuart Machin and Katie Bickerstaffe were made prior to Board appointment at a level of 140% (typically 200%) of salary.

FIGURE 8: TOTAL SINGLE FIGURE REMUNERATION (AUDITED)

Director	Year	Salary £000	Benefits £000	Total bonus £000	Total PSP vested £000	Pensions benefits £000	Total pay £000	Total fixed pay £000	Total variable pay £000
Stuart Machin	2022/23	669	0	1,081	704	80	2,534	749	1,785
(from 25 May 2022)	2021/22	-	-	-	-	-	-	-	-
Katie Bickerstaffe ¹	2022/23	626	16	989	563	31	2,225	673	1,552
(from 25 May 2022)	2021/22	-	-	-	-	-	-	-	-
Steve Rowe ²	2022/23	140	5	0	0	11	156	156	0
(until 25 May 2022)	2021/22	841	53	1,601	0	135	2,630	1,029	1,601
Eoin Tonge ³	2022/23	487	3	0	0	58	548	548	0
(until 19 January 2023)	2021/22	605	24	1,151	0	73	1,853	701	1,151

1. Katie Bickerstaffe's salary also reflects a more flexible four day working pattern.

2. Steve Rowe stepped down from the Board on 25 May 2022 and ceased full-time employment with M&S at the conclusion of the AGM on 5 July 2022. Steve agreed to remain as an adviser to the new leadership team for up to 12 months. Details of his remuneration for the period 26 May 2022 to 1 April 2023 are disclosed on page 126 under the section "Payment for loss of office".

3. Following Eoin Tonge's resignation, he stepped down from the Board on 9 December 2022 and left M&S on 19 January 2023. No payments were made to Eoin for loss of office.

SALARIES

When reviewing salary levels, the Committee takes into account a number of internal and external factors, including Company performance during the year, external market data, historic increases made to the individual and, to ensure a consistent approach, the salary review principles applied to the rest of the organisation.

As detailed in last year's report, on 25 May 2022 Stuart Machin was appointed CEO on a salary of £800,000. On the same day, Katie Bickerstaffe was appointed Co-CEO on a salary of £750,000, reflecting her different working pattern.

For salaries effective July 2023, the Committee has awarded an increase of 3% to both Stuart Machin and Katie Bickerstaffe. This increases their salaries to £824,000 and £772,500 respectively. Across the wider population, salary increases ranged from 3% to 10% for the wider salaried population and 9% for Customer Assistants.

The next annual salary review for the executive directors will be effective in July 2024.

The table below details the executive directors' salaries as at 25 May 2022 and salaries which will take effect from 1 July 2023.

	Annual salary as of 25 May 2022 £000	Annual salary as of 1 July 2023 £000	Change in salary % increase
Stuart Machin	800.0	824.0	3%
Katie Bickerstaffe	750.0	772.5	3%

BENEFITS (AUDITED)

The Remuneration Policy permits that each executive director may receive a car or cash allowance as well as being offered the benefit of a driver. Neither Stuart Machin or Katie Bickerstaffe receive a car or cash allowance. As agreed in March 2020 to facilitate Katie Bickerstaffe's recruitment to Chief Strategy and Transformation Director, and prior to her appointment to the Board, she is permitted to claim travel and accommodation costs between home and her normal work location until 25 May 2024. The taxable value of these benefits in kind was detailed in Figure 8 on the previous page.

In line with all other colleagues, executive directors receive life assurance, colleague discount and are eligible to participate in salary sacrifice schemes such as Cycle2Work.

PENSION BENEFITS (AUDITED)

Stuart Machin is a member of the Your M&S Pension Savings Plan, as described on page 108. Stuart contributes 6% of his salary into the scheme, and the Company matches this with a 12% contribution. This is the maximum level of contribution offered by M&S and is consistent with the terms available to all other colleagues.

During the year, Katie Bickerstaffe received a 5% of salary cash payment in lieu of participation in an M&S pension scheme, this arrangement was in place prior to her appointment to the Board on 25 May 2022 and is consistent with the terms available to other colleagues.

Prior to his exit on 19 January 2023, Eoin Tonge contributed 6% of his salary into the Your M&S Pension Savings Plan, and the Company matched this with a 12% contribution.

The value of the Company's contribution in the year for Stuart, Katie and Eoin is shown in the single figure table in Figure 8 on page 116.

During the year, Steve Rowe received a cash payment in lieu of participation in an M&S pension scheme. For 2022/23, the CEO's total annual cash supplement was reduced to £67,500 until Steve Rowe ceased employment with the business at the AGM on 5 July 2022. Details of these payments are reflected in the single figure table in Figure 8 on page 116.

Steve Rowe is a deferred member of the Marks & Spencer UK Pension Scheme. Details of the pension accrued are shown in Figure 9 below.

FIGURE 9: PENSION BENEFITS (AUDITED)

	Normal retirement age	Accrued pension entitlement as at year end £000	Additional value on early retirement £000	Increase in accrued value £000	Increase in accrued value (net of inflation) £000	Transfer value of total accrued pension £000
Steve Rowe	60	181.2	0	16.6	0	3,516

The accrued pension entitlement is the deferred pension amount that Steve Rowe would receive at age 60. All transfer values have been calculated on the basis of actuarial advice in accordance with the current Transfer Value Regulations. The transfer value of the accrued entitlement represents the value of the assets that the pension scheme would transfer to another pension provider on transferring the scheme's liability in respect of a director's pension benefits. It does not represent sums payable to a director and therefore cannot be added meaningfully to annual remuneration.

REMUNERATION REPORT CONTINUED

ANNUAL BONUS SCHEME 2022/23 (AUDITED)

Annual performance for the year was measured against pre-determined Group PBT before adjusting items (PBT) (70%) and individual performance (30%) targets. PBT is used as a core bonus measure as it is an important measure of overall performance and is consistent with how business performance is assessed internally by the Board and Executive Committee.

Individual performance was measured against a scorecard of individual measures set against the areas of delivery of the transformation plan that were deemed most critical to the future success of M&S. Individual performance was measured independently of PBT performance; no individual element could be earned until a threshold level of PBT was achieved.

ANNUAL BONUS SCHEME

PBT outturn for the year was £482.0m. However, as the 2022/23 ABS Group PBT targets were set prior to the acquisition of Gist it was determined by the Committee that, for the purposes of the ABS, the PBT outturn should be reduced by £20.5m, equivalent to the 2022/23 net profit contribution by Gist. This resulted in a PBT outturn for the purpose of the ABS of £461.5m which was above the target set to trigger awards under both the corporate and individual elements of the scheme. As shown in Figure 11 below, executive directors were awarded 77.3% of maximum opportunity under the corporate element of the scheme and 83% – 90% of the maximum for individual performance. Overall bonus achievement was 81.1% of opportunity for the CEO and 79.1% for the Co-CEO.

The Committee reviewed achievement to ensure that total awards were appropriate in the context of several factors. These included M&S' overall financial performance, the outturn of individual objectives, and the level of bonus payable elsewhere in the business.

Figures 10 and 11 set out the extent to which each director achieved their six individual objectives, worth a total of 30% of maximum bonus opportunity, along with the achievement against Group PBT targets comprising 70% of awards. Total awards shown directly correspond to the figure included in the single figure table on page 116.

FIGURE 10: INDIVIDUAL OBJECTIVES (AUDITED)

Director	Individual
Stuart Machin	<p>Lead and develop a successful rhythm and effective ways of working with new executive team. Leadership and governance of Executive Committee. Established regular cadence with Co-CEO, CFO and Executive Committee to review, discuss, and agree topical business items. New Executive Committee formed, meeting monthly to discuss key topics including performance, talent, and strategy. Managed relationships and ways of working under the new Executive structure. Led the recruitment of Jeremy Townsend as CFO following Eoin Tonge's resignation.</p> <p>Implement a simplified and effective organisational structure. Redesigned the operating model to remove people costs and create a simpler business across the two accountable businesses (Food and Clothing & Home) with Support teams operating as a service function to the two accountable businesses. Identified and delivered savings across the business through organisational design changes aligning to the strategic direction of M&S.</p> <p>Evolve the Ocado Retail joint venture and strategic plan. Endorsed the appointment of Ocado Retail CEO Hannah Gibson. Reset working relationship and strategic plans with Ocado Retail management. Continued to play an active role on the Ocado Retail Board and recommended the appointment of two further M&S non-executive directors.</p> <p>Deliver the Food supply chain transformation. Successfully acquired Gist Limited, the principal logistics provider to M&S Food, allowing full end-to-end visibility and control of the Food logistics cost base. Since completion, savings have materialised through productivity efficiencies and the removal of Gist management fees.</p> <p>Deliver the Property store rotation and renewal programme. Significant advances in the year across new store openings, renewals and closures. Plans in place to further accelerate store rotation in the forthcoming financial year including the opening of five brand defining full line stores in major cities.</p> <p>Create a high performing and engaged culture across the whole of M&S. Led the people and talent agenda with a hands-on approach. Top 150 and fast track colleagues discussed on a regular basis at Executive Committee and Board. Played an active role in all senior hires. Developed the 'Closer to Customers and Closer to Colleagues' programme, requiring support centre colleagues to complete seven days working in stores to develop a customer-first mindset. Launched 'Straight to Stuart' scheme allowing colleagues to share views and ideas directly to the CEO to improve M&S.</p>

Director	Individual
Katie Bickerstaffe	<p>Deliver the MS2 and omni-channel strategy and performance. Online sales performance supported by growth in click & collect sales, active App users and Sparks loyalty membership. Roll out of digital click & collect and frictionless returns in stores.</p> <p>Improvement in Sparks active members, engagement, personalisation and payment. Use of the M&S App and associated Sparks memberships continued to grow with average active App users increasing supported by sign-up campaigns where users can gain access to exclusive offers and rewards. Sparks Pay launched during the year. M&S Connect created, putting M&S Bank & Services and Sparks under one leadership.</p> <p>Achieve International growth and strategy for India expansion. International performance driven by Clothing & Home sales from continued robust demand from partners in the Middle East and new store opening in India, partly offset by the closure of the Russia business. Online international sales growth led by India and via European marketplaces in H2.</p> <p>Deliver end to end clothing supply chain (phase 1). Warehouse rationalisation and investment in automation at the Bradford warehouse in Clothing & Home, alongside changes to returns processing. Donington capacity and throughput increased and operations stabilised. Growth in in-store fulfilment.</p> <p>Deliver digital and data capability and put at the heart of the delivery of the next phase of growth transformation. Product led operating model in place across channels and now being rolled out across the organisation. The technology, digital product and data teams brought together as one function.</p> <p>Clothing category management and effective ways of working. End-to-end planning platform in-flight post completing the planning phase and now entered the mobilisation phase. Refreshed leadership team and key appointments in the Clothing & Home leadership team.</p>

FIGURE 11: ANNUAL BONUS SCHEME 2022/23 (AUDITED)

Director	CORPORATE GROUP PBT (70%)		INDIVIDUAL (30%)		TOTAL AWARD	
	Target/performance		Performance	Achievement	% of salary	£000
	Min £400m	Max £480m				
Stuart Machin	77.3% of max opportunity		90.0% of max opportunity		162%	£1,081
	£461.5m					
Katie Bickerstaffe	77.3% of max opportunity		83.3% of max opportunity		158%	£989
	£461.5m					

The information in the table above represents the bonus earned for the period that they served as an executive director following their appointment on 25 May 2022. The actual PBT of £482.0m was adjusted for the gain from Gist (£20.5m) to result in the outcome of £461.5m.

FIGURE 12: DSBP AWARDS IN RESPECT OF 2022/23

DEFERRED SHARE BONUS PLAN (AUDITED)

Currently 50% of any bonus award is compulsorily deferred into a conditional share award. These awards vest after three years, subject to continued employment as well as malus provisions. Consistent with the reporting requirements, the value shown in the table above for the 2022/23 bonus awards and in the single figure table on page 116 represents the bonus earned for the period that they served as executive directors following their appointment on 25 May 2022.

ANNUAL BONUS SCHEME FOR 2023/24

During the year, the Committee reviewed the 2023/24 scheme, considering the next phase of transformation together with bonus arrangements elsewhere in the business.

The Committee was satisfied that the structure of the ABS, as detailed on page 109 in the Policy table and unchanged from 2022/23, remains appropriate. Subject to the achievement of stretching targets, set in line with the 2023/24 financial plan, the scheme provides for a competitive bonus opportunity with a strong focus on stretching PBT performance.

Executive directors are eligible to receive a bonus award of up to 200% of salary.

Performance will be focused on Group PBT before adjusting items (PBT) (70%) with individual measures set against key areas of delivery of the transformation plan. Individual performance will again be measured independently of PBT performance; no individual element may be earned until a threshold level of PBT is achieved.

The remaining 30% of the bonus will be measured against a scorecard of individual objectives, identified as the measurable key priorities required to drive the continued transformation of M&S.

REMUNERATION REPORT CONTINUED

The performance targets for the 2023/24 scheme are deemed by the Board to be too commercially sensitive to disclose at this time. Where possible, they will be disclosed in next year's report. The Committee, at its absolute discretion, may use its judgement to adjust outcomes to ensure that any awards made reflect overall business and individual performance during the year. Any discretion applied will be clearly disclosed and justified.

FIGURE 13: EXECUTIVE DIRECTOR OBJECTIVES FOR 2023/24 ANNUAL BONUS SCHEME

Director	CORPORATE TARGETS		INDIVIDUAL OBJECTIVES
	Group PBT before adjusting items PBT	Scorecard of individual measures	
	% bonus	% bonus	Measures
Stuart Machin	70%	30%	<ul style="list-style-type: none"> - Continued leadership and governance of the Executive Committee and developing a high performing leadership team. - Embed simplified organisational structure changes and realise financial benefits. - Solidify ways of working with Ocado to recover and grow online presence as identified through three-year plan. - Delivery of the next phase of the end-to-end supply chain across Foods and Clothing & Home. - Accelerate the property store rotation programme targeting 5 years into 3. Continued rollout of renewal programme with an omni-channel focus. - Step change digital plans to benefit customer engagement and experience through efficient use of capital investment which delivers financial efficiencies.
Katie Bickerstaffe	70%	30%	<ul style="list-style-type: none"> - Increase online sales penetration and improve operating margin to ensure we can make channel agnostic decisions. - Drive customer engagement through M&S Connect. - Deliver step-change in omni-channel experience. - Drive growth in Clothing & Home market share. - Commence restructure of the international business operating model for growth. - Integrate the initial phase of Clothing & Home to reset category management and end-to-end forecasting technology solution. - Deliver digital and technology return on investment.

PERFORMANCE SHARE PLAN (PSP)

PSP AWARDS MADE IN 2022/23 (AUDITED)

Ahead of grants being made, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. After consideration, it was decided that the current structural arrangements remained appropriate, 20% of the 2022 PSP award would be based upon strategic transformation goals relevant to the achievement of the business strategy over the next three years and the remaining 80% of the award would be based on EPS (30%), ROCE (30%) and relative TSR (20%).

TSR is measured against a bespoke group of 12 companies taken from the FTSE 350 General and Food & Drug Retailers indices, reviewed prior to grant to ensure the constituents remained appropriately aligned to M&S' business operations and best reflected the value of shareholders' investment in M&S over the respective performance period. These companies are listed in Figure 15.

For the 2022 PSP a grant of 250% of salary was approved by the Committee, the grant was made on 5 July 2022.

The strategic targets are deemed too commercially sensitive to disclose but will be reported at the time of vesting.

In line with policy, awards will vest three years after the date of grant, to the extent that the performance conditions are met, and must then be held for a further two years. Clawback provisions apply during this holding period. For financial measures, 20% of awards will vest for threshold performance, increasing to 100% on a straight-line basis between threshold and maximum performance. For strategic measures, no element of this award shall vest if the targets are not achieved. This supports the Committee's view that delivery of these strategic measures is critical; payment for achievement below the target is not appropriate. Detailed targets can be seen in Figure 14.

FIGURE 14: PERFORMANCE CONDITIONS FOR PSP AWARDS MADE IN 2022/23 (AUDITED)

2022/23 award measures	WEIGHTING	THRESHOLD	DETAILS
			MAXIMUM
Adjusted EPS in 2024/25 (p)	30%	18p	27p
ROCE in 2024/25 (%)	30%	11.5%	14.0%
Relative TSR	20%	Median	Upper quartile
Strategic measures	20%	M&S.com growth Food like-for-like sales Store staff cost to sales ratio	

FIGURE 15: TSR COMPARATOR GROUP 2022/23 AWARDS

ASOS	Dunelm Group	J Sainsbury	Next
B&M European	Frasers	Kingfisher	Tesco
Dixons Carphone	JD Sports Fashion	N Brown Group	WHSmith

FIGURE 16: PSP AWARDS MADE IN 2022/23 (AUDITED)

	Basis of award % of salary	Threshold level of vesting	Face value of award £000	End of performance period	Vesting date
Stuart Machin	250%	20%	2,000	29/03/2025	05/07/2025
Katie Bickerstaffe	250%	20%	1,875	29/03/2025	05/07/2025

PSP grants were made as a conditional share award. When calculating the face value of awards to be granted, the number of shares awarded was multiplied by the average mid-market share price on the five dealing days prior to the date of grant. For the 2022 award, the share price was calculated as £1.39, being the average share price between 28 June 2022 and 4 July 2022.

FIGURE 17: PSP AWARDS VESTING IN 2022/23 (AUDITED)

For directors in receipt of PSP awards granted in 2020, the awards will vest in July 2023 based on three-year performance over the period to 1 April 2023. Performance has been assessed and it has been determined that 51.0% of the total award will vest. The Committee reviewed this level of vesting against the wider business performance of the period and determined this level of payment was appropriate; no discretion was applied for either share price movements or formulaic vesting outcomes.

Details of performance against the specific targets set are shown in the table below.

The total vesting values shown in Figure 18 directly correspond to the figure included in the single figure table on page 116.

Target and weighting	Final Year Adjusted EPS (%)	Final Year EPS (%)	TSR (Relative Ranking)	Strategic Measures			Overall vesting
				M&S.com growth	Food like- for-like	Store staff cost: Sales	
Threshold performance	13.0p	9.0%	Median	n/a	n/a	n/a	
Maximum performance	22.0p	12.0%	Upper quartile	15.0%	1.5%	10.8%	
Actual performance achieved	17.2p	10.4%	Below median	22.2%	5.1%	10.0%	
Percentage of maximum achieved	17.2%	17.1%	0%	6.7%	6.7%	3.3%	51.0%

Despite achieving the store staff cost to sales ratio target, this measure is also underpinned by no significant increase in central headcount over the period. Therefore, the Committee considered the impact of additional central costs and determined that the vesting outcome of this strategic measure should be reduced by 50%.

For threshold performance 20% of the 2020/21 award would have vested, increasing to 100% on a straight-line basis between threshold and maximum performance.

FIGURE 18: VESTING VALUE OF AWARDS VESTING IN 2022/23 (AUDITED)

	On grant			At the end of performance period (1 April 2023)			
	Number of shares granted	% of salary granted	Dividend equivalents accrued during the performance period	Number of shares vesting	Number of shares lapsing	Impact of share price performance	Total vesting of award £000
Stuart Machin	909,599	140%	–	463,895	445,704	51.7%	£704
Katie Bickerstaffe	727,679	140%	–	371,116	356,563	51.7%	£563

Total vesting values are based on a share price of £1.52 (the average share price from 3 January 2023 to 31 March 2023). No dividends were paid during the performance period, dividend equivalents accrued during the performance period is therefore zero as shown in the table above.

REMUNERATION REPORT CONTINUED

PSP AWARDS TO BE MADE IN 2023/24

During the year, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. While the 2023 PSP will maintain the measures used for the 2022 PSP awards (30% adjusted EPS, 30% ROCE, 20% relative TSR and 20% strategic measures), a small amendment has been made to one of the strategic measures.

In 2020, to support the business transformation and to focus our senior leaders on truly making M&S great again, three core strategic measures were introduced; M&S.com growth, Food like-for-like sales and store staff cost to sales ratio. Since then, the business has faced unprecedented external pressures resulting from rising costs, increasing rates of inflation, escalating energy prices and other global events.

For the 2023 PSP the store staff costs to sales efficiency measure will be replaced with a broader metric monitoring overall business cost as a percentage of sales. In making this decision, the Committee was mindful of the need to ensure a strong focus on reducing overall costs to protect M&S' financial performance in these challenging times. Overall, the Committee believes that these PSP targets are appropriately stretching in the context of the business and analyst expectations and remain equally challenging as those set at the start of the performance period for previous awards.

The strategic targets are deemed too commercially sensitive to disclose but will be reported at the time of vesting.

TSR will once again be measured against a bespoke group of companies taken from the FTSE 350 General and Food & Drug Retailers indices. The existing group of 12 companies, as detailed in Figure 15, was thoroughly reviewed to ensure the constituents remained appropriate and aligned to M&S' business operations. The TSR comparator group of 12 companies can be found in Figure 20.

Following a review of M&S' share price performance since the 2022/23 PSP was awarded in July 2022, a grant of 250% of salary was approved for the 2023 PSP. The Committee will review and reconfirm this decision immediately prior to grant to ensure this remains appropriate.

Performance will be measured as shown in Figure 19 below, with 20% of awards vesting for threshold performance and 100% for maximum.

FIGURE 19: PERFORMANCE CONDITIONS FOR PSP AWARDS TO BE MADE IN 2023/24

2023/24 award measures	WEIGHTING	DETAILS	
		THRESHOLD	MAXIMUM
Adjusted EPS in 2025/26 (p)	30%	16.7p	25.7p
ROCE in 2025/26 (%)	30%	11.5%	14.0%
Relative TSR	20%	Median	Upper quartile
Strategic measures	20%	M&S.com growth Food like-for-like sales Operating cost to sales ratio	

FIGURE 20: TSR COMPARATOR GROUP 2023/24 AWARD

ASOS	Dunelm Group	J Sainsbury	Next
B&M European	Fraser's	Kingfisher	Tesco
Currys	JD Sports Fashion	N Brown Group	WHSmith

EXECUTIVE DIRECTORS' REMUNERATION

FIGURE 21: DIRECTORS' SHAREHOLDINGS (AUDITED)

The table below sets out the total number of shares held by each executive director serving on the Board during the period to 1 April 2023. Shares owned outright include those held by connected persons.

There have been no changes in the current directors' interests in shares or options granted by the Company and its subsidiaries between the end of the financial year or the date they ceased to be an employee and 23 May 2023. No director had an interest in any of the Company's subsidiaries at the statutory end of the year.

	Unvested					Vested unexercised options
	Shares owned outright	With performance conditions		Without performance conditions		
		Performance Share Plan	Deferred Share Bonus Plan	Restricted Share Plan		
Stuart Machin	230,867	3,336,953	401,900	450,000	Nil	
Katie Bickerstaffe	28,009	3,065,498	393,439	700,000	Nil	
Steve Rowe (until 5 July 2022)	556,983	1,428,657	573,528	Nil	Nil	
Eoin Tonge (until 19 January 2023)	277,999	Nil	Nil	Nil	Nil	

FIGURE 22: SHAREHOLDING REQUIREMENTS INCLUDING POST-CESSATION (AUDITED)

All executive directors are required to build shares equivalent in value to a minimum percentage of their salary within a five-year period from their appointment date. For the CEO and Co-CEO, this requirement is 250% of salary. A similar requirement of 100% of salary currently applies to members of the Executive Committee below Board level.

The chart below shows the extent to which each executive director has met their target shareholding as at 1 April 2023. For Stuart Machin and Katie Bickerstaffe, their shareholding requirement is measured from their date of appointment to CEO and Co-CEO.

For the purposes of the requirements, the net number of unvested share awards not subject to performance conditions is included and is reflected in the chart below. The Committee continues to keep shareholding requirement guidelines and actual director shareholdings under review and will take appropriate action should it feel this is necessary.

To support the Committee's intention to drive long-term, sustainable decision-making for the benefit of M&S and our shareholders and in line with the 2018 UK Corporate Governance Code changes and the Investment Association's updated guidelines, in 2020 the Committee approved the extension of shareholding guidelines to beyond the time at which an executive director leaves M&S. Directors are required to maintain their minimum shareholding requirement, or, if their level of shareholding is below this, their actual shareholding, for two years after leaving M&S. For the avoidance of doubt, the Committee has approved all vesting awards from 2020 grants onwards to be held in a nominee vehicle to ensure the successful operation of this policy.

For the purposes of this calculation, an average share price is used to reduce the impact of share price volatility on the results. The average share price for the year was £1.34, with resultant shareholdings illustrated in the chart below.

**EMPLOYEE SHARE SCHEMES****ALL-EMPLOYEE SHARE SCHEMES (AUDITED)**

Executive directors may participate in ShareSave, the Company's save as you earn (SAYE) scheme, and ShareBuy, the Company's share incentive plan, on the same basis as all other eligible colleagues. Further details of the schemes are set out in note 13 of the financial statements on pages 173 to 175.

DILUTION OF SHARE CAPITAL BY EMPLOYEE SHARE PLANS

Awards granted under the Company's SAYE scheme and discretionary share plan can be met by the issue of new shares when the options are exercised or through market purchase shares.

The Company monitors the number of shares issued under these schemes and their impact on dilution limits. The Company's usage of shares compared with the dilution limits set by the Investment Association in respect of all share plans (10% in any rolling 10-year period) and executive share plans (5% in any rolling 10-year period) as at 1 April 2023 is shown in Figure 23 and 24:

FIGURE 23: ALL SHARE PLANS**FIGURE 24: EXECUTIVE SHARE PLANS**

REMUNERATION REPORT CONTINUED

FIGURE 25: EXECUTIVE DIRECTORS' INTERESTS IN THE COMPANY'S SHARE SCHEMES (AUDITED)

	Maximum receivable at 3 April 2022	Awarded during the year	Exercised during the year	Lapsed during the year	Dividend equivalents accrued	Maximum receivable at 1 April 2023
Stuart Machin						
Performance Share Plan	2,519,703	1,432,562	–	615,312	–	3,336,953
Deferred Share Bonus Plan	–	401,900	–	–	–	401,900
Restricted Share Plan	703,120	–	253,120	–	–	450,000
SAYE	21,951	–	–	–	–	21,951
Total	3,244,774	1,834,462	253,120	615,312	–	4,210,804
Katie Bickerstaffe						
Performance Share Plan	1,722,471	1,343,027	–	–	–	3,065,498
Deferred Share Bonus Plan	–	393,439	–	–	–	393,439
Restricted Share Plan	700,000	–	–	–	–	700,000
SAYE	21,951	–	–	–	–	21,951
Total	2,444,422	1,736,466	–	–	–	4,180,888
Steve Rowe						
Performance Share Plan	3,861,479	–	–	2,432,822	–	1,428,657
Deferred Share Bonus Plan	–	573,528	–	–	–	573,528
SAYE	21,951	–	–	21,951	–	–
Total	3,883,430	573,528	–	2,454,773	–	2,002,185
Eoin Tonge						
Performance Share Plan	2,032,049	1,181,863	–	3,213,912	–	–
Deferred Share Bonus Plan	–	412,363	–	412,363	–	–
Restricted Share Plan	789,252	–	526,168	263,084	–	–
SAYE	21,951	–	–	21,951	–	–
Total	2,843,252	1,594,226	526,168	3,911,310	–	–

The market price of the shares at the end of the financial year was £1.67; the highest and lowest share prices during the financial year were £0.93 and £1.67 respectively.

Figure 26 shows the time horizons of outstanding discretionary share awards (including dividend equivalent shares accrued during the performance period) for all directors serving on the Board during the year.

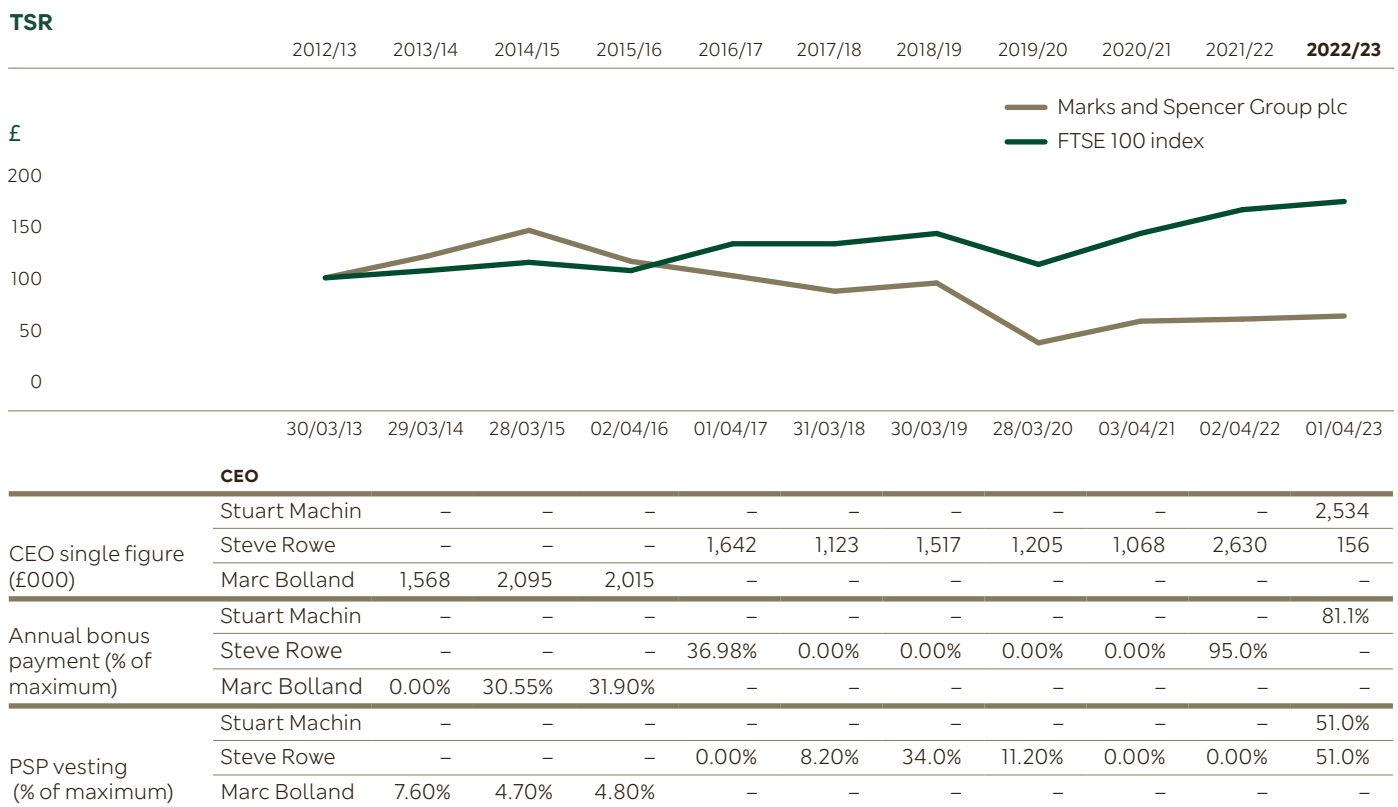
FIGURE 26: VESTING SCHEDULE OF EXECUTIVE DIRECTORS' OUTSTANDING DISCRETIONARY SHARE AWARDS

	Maximum receivable at 1 April 2023 (all discretionary schemes)	2023/24		2024/25		2025/26	
		Maximum receivable	Lapsed	Maximum receivable	Lapsed	Maximum receivable	Lapsed
Stuart Machin							
Performance Share Plan	3,336,953	463,895	445,704	994,792	–	1,432,562	–
Deferred Share Bonus Plan	401,900	–	–	401,900	–	–	–
Restricted Share Plan	450,000	50,000	–	400,000	–	–	–
Katie Bickerstaffe							
Performance Share Plan	3,065,498	371,116	356,563	994,792	–	1,343,027	–
Deferred Share Bonus Plan	393,439	–	–	393,439	–	–	–
Restricted Share Plan	700,000	200,000	–	500,000	–	–	–
Steve Rowe							
Performance Share Plan	1,428,657	496,308	476,846	455,503	–	–	–
Deferred Share Bonus Plan	573,528	–	–	573,528	–	–	–

As reported on page 121, the 2020 PSP awards included within the totals shown in Figure 25 will vest at 51.0% in July 2023. This has been reflected above in the 2023/24 Maximum receivable / Lapsed columns.

FIGURE 27: PERFORMANCE AND CEO REMUNERATION COMPARISON

This graph illustrates the Company's performance against the FTSE 100 over the past 10 years. While M&S is not currently a constituent of the FTSE 100 Index, the Committee feels that this remains the most appropriate comparator. The calculation of TSR is in accordance with the relevant remuneration regulations. The table below the TSR chart sets out the remuneration data for directors undertaking the role of CEO during each of the last 10 financial years.

**FIGURE 28: PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION**

	2022/23			2021/22			2020/21		
	% change 2021/22-2022/23			% change 2020/21-2021/22			% change 2019/20-2020/21		
	2021/22 Base salary/fees	Benefits	Annual bonus	2020/21 Base salary/fees	Benefits	Annual bonus	2019/20 Base salary/fees	Benefits	Annual bonus
Stuart Machin	-	-	-	-	-	-	-	-	-
Katie Bickerstaffe	-	-	-	-	-	-	-	-	-
Steve Rowe (until 25 May 2022)	0%	15%	-	1%	-20%	-	0%	-37%	-
Eoin Tonge (until 19 January 2023)	9%	61%	-	1%	-33%	-	0%	-	-
Archie Norman	3%	-100%	-	1%	100%	-	0%	-74%	-
Andy Halford	3%	-	-	1%	-	-	0%	-	-
Andrew Fisher	3%	-100%	-	1%	-	-	0%	-	-
Justin King	3%	-	-	1%	-	-	0%	-	-
Tamara Ingram	3%	-	-	1%	-	-	0%	-	-
Sapna Sood	3%	-	-	1%	-	-	0%	-	-
Evelyn Bourke	3%	-100%	-	1%	-	-	-	-	-
Fiona Dawson	3%	-	-	1%	-	-	-	-	-
Ronan Dunne	-	-	-	-	-	-	-	-	-
Cheryl Potter	-	-	-	-	-	-	-	-	-
UK colleagues (average FTE)	6%	0%	-6%	2%	-	100%	0%	0%	-

- The table is blank for Stuart Machin and Katie Bickerstaffe as there is no prior year single figure to compare to as they were not executive directors in 2021/22.
- Steve Rowe and Eoin Tonge left M&S in 2022/23, no bonus was paid in respect of 2022/23, however it is not possible to display a percentage increase due to no bonus being paid in 2020/21.
- Eoin Tonge only received salary and benefits to his departure on 19 January 2023, the arrangements for Steve Rowe are fully disclosed in the payments for the loss of office section on page 126.
- See figure 31 on page 127 for details of Non-Executive Director Remuneration which support the percentage changes above.

REMUNERATION REPORT CONTINUED

FIGURE 29: RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the Company's expenditure on pay in comparison with profits before tax and distributions to shareholders by way of dividend payments and share buyback. Total colleague pay is the total pay for all Group colleagues. Group PBT before adjusting items has been used as a comparison, as this is the key financial metric that the Board considers when assessing Company performance.

	2021/22 £m	2022/23 £m	% change
Total colleague pay	1,487.5	1,586.2	6.6%
Total returns to shareholders	Nil	Nil	–
Group PBT before adjusting items	522.9	482.0	-7.8%

Group PBT before adjusting items as disclosed on page 103.

FIGURE 30: SERVICE AGREEMENTS

In line with our policy, directors have rolling contracts which may be terminated by the Company giving 12 months' notice or the director giving six months' notice.

	Date of appointment	Notice period
Stuart Machin	25/05/2022	12 months/6 months
Katie Bickerstaffe	25/05/2022	12 months/6 months

CHANGES TO EXECUTIVE MEMBERSHIP OF THE BOARD DURING 2022/23

DIRECTORS APPOINTED TO THE BOARD

As reported in the 2021/22 report, on 25 May 2022 Stuart Machin and Katie Bickerstaffe were appointed to the Board as CEO and Co-CEO, respectively. Remuneration arrangements upon appointment were fully disclosed in the 2021/2022 report.

PAYMENTS FOR THE LOSS OF OFFICE (audited)

As reported in the 2021/22 report, Steve Rowe stepped down as CEO after the preliminary results on 25 May 2022 and ceased full-time employment with M&S on 5 July 2022. As reported in the single figure table on page 116 he was paid £156,012 for the period that he served as a director in the 2022/23 financial year. For the period 26 May to 5 July where Steve was employed but no longer a director he received salary and benefits (car and pension) of £75,862. Steve did not participate in the 2022/23 ABS.

Remuneration terms on leaving were in line with the approved Termination Policy. Steve was contractually entitled to receive salary, and benefits (car and pension), by way of phased monthly payments from 6 July 2022 for a maximum of 12 months, subject to mitigation. In respect of 2022/23 Steve received £695,358 comprising nine months phased payments. In line with his contractual arrangements, Steve also received a payment of £173,758 in respect of accrued but untaken holiday as per the Company's standard holiday policy for leavers.

The Committee determined good leaver treatment in line with the plan rules, and therefore his unvested conditional shares awarded under the 2020 and 2021 PSP were time pro-rated to 5 July 2022. As reported last year, the PSP awards granted in 2019 vested in June 2022 at 0%, resulting in the award lapsing in full. As detailed earlier in the report on page 121, 51.0% of PSP awards granted in 2020 will vest in July 2023. For Steve Rowe, the award is pro-rated so 496,308 shares will vest at an estimated value of c.£753,147 based on the average share price of £1.52 between 3 January 2023 and 31 March 2023. Steve has one further unvested PSP award (455,503 shares), granted in 2021. To the extent that performance conditions are met, the subsequent vesting of this award will be reported in next year's report.

As announced in July 2022, Eoin Tonge resigned from his position of CFO, he stepped down from the Board on 9 December 2022 and ceased full-time employment with M&S on 19 January 2023. As reported in the single figure table on page 116 he received £548,154 in fixed pay up to the date of his departure and for the purposes of his share awards was treated as a bad leaver so all awards lapsed on leaving. No payment was made in respect of the of 2022/23 ABS.

PAYMENTS TO PAST DIRECTORS (audited)

There were no payments made to past directors during the period.

EXTERNAL APPOINTMENTS

The Company recognises that executive directors may be invited to become non-executive directors of other companies, and that these appointments can broaden their knowledge and experience to the benefit of the Company. The Policy is for the individual director to retain any fee.

Katie Bickerstaffe is a non-executive director of the England and Wales Cricket Board (ECB) and Barratt Developments plc. Katie received fees of £20,000 from the ECB and £92,974 from Barratt Developments in 2022/23 in respect of these external appointments.

FIGURE 31: NON-EXECUTIVE DIRECTORS' TOTAL SINGLE FIGURE REMUNERATION (AUDITED)

Non-executive directors receive fees reflecting the time commitment, demands and responsibilities of the role. Fees paid to the non-executive directors and Board Chairman for 2022/23 and 2021/22 are detailed in the table below.

Benefits include expense reimbursements relating to travel, accommodation and subsistence in connection with the attendance at Board and Committee meetings during the year, which are deemed by HMRC to be taxable.

The amounts in the table below include the grossed-up cost of UK tax paid by the Company on behalf of the non-executive directors. Non-taxable expense reimbursements have not been included in the table.

As reported last year, the basic non-executive fee increased by 3% to £74,380 with effect from 1 July 2022. The Board Chairman was similarly awarded an increase of 3% with effect from 1 July 2022. The total aggregate fee for the Board Chairman increased to £636,540.

In line with pay increases across the business, non-executive director fees will increase by 3% to £76,611 with effect from 1 July 2023. The Board Chairman was also awarded an increase of 3% bringing the total aggregate fee to £655,636.

Fee levels will again be reviewed in the year, ahead of any changes which would be effective 1 July 2024.

Director	Year	Basic fees £000	Additional fees £000	Benefits £000	Total £000
Archie Norman	2022/23	74	558	0	632
	2021/22	72	544	10	626
Andy Halford (until 31 December 2022)	2022/23	55	23	0	78
	2021/22	72	31	0	103
Andrew Fisher	2022/23	74	28	0	102
	2021/22	72	17	1	90
Justin King	2022/23	74	0	0	74
	2021/22	72	0	0	72
Tamara Ingram	2022/23	74	20	0	94
	2021/22	72	17	0	89
Sapna Sood	2022/23	74	0	0	74
	2021/22	72	0	0	72
Evelyn Bourke	2022/23	74	16	0	90
	2021/22	72	0	1	73
Fiona Dawson	2022/23	74	0	0	74
	2021/22	62	0	0	62
Ronan Dunne (from 1 August 2022)	2022/23	50	0	0	50
	2021/22	0	0	0	0
Cheryl Potter (from 1 March 2023)	2022/23	6	0	0	6
	2021/22	0	0	0	0

REMUNERATION REPORT CONTINUED

FIGURE 32: NON-EXECUTIVE DIRECTORS' SHAREHOLDINGS (AUDITED)

The non-executive directors are not permitted to participate in any of the Company's incentive arrangements. All non-executive directors are required to build and maintain a shareholding of at least 2,000 shares in the Company upon joining M&S.

The table below details the shareholding of the non-executive directors who served on the Board during the year as at 1 April 2023 (or upon their date of retiring from the Board), including those held by connected persons.

Changes in the current non-executive directors' interests in shares in the Company and its subsidiaries between the end of the financial year and 23 May 2023 (or upon their date of retiring from the Board) are shown in the table below.

Director	Number of shares held as at 1 April 2023	Number of shares held as at 23 May 2023
Archie Norman	148,600	No change
Andy Halford	25,200	No change
Andrew Fisher	4,243	No change
Justin King	64,000	No change
Tamara Ingram	2,000	No change
Sapna Sood	2,000	No change
Evelyn Bourke	50,000	No change
Fiona Dawson	12,352	No change
Ronan Dunne	25,000	No change
Cheryl Potter	-	No change

FIGURE 33: NON-EXECUTIVE DIRECTORS' AGREEMENTS FOR SERVICE

Non-executive directors have an agreement for service for an initial three-year term which can be terminated by either party giving three months' notice (or six months' notice for the Chairman).

The table below sets out these terms for all current members of the Board.

Director	Date of appointment	Notice period
Archie Norman	01/09/2017	6 months/6 months
Andrew Fisher	01/12/2015	3 months/3 months
Justin King	01/01/2019	3 months/3 months
Tamara Ingram	01/06/2020	3 months/3 months
Sapna Sood	01/06/2020	3 months/3 months
Evelyn Bourke	01/02/2021	3 months/3 months
Fiona Dawson	25/05/2021	3 months/3 months
Ronan Dunne	01/08/2022	3 months/3 months
Cheryl Potter	01/03/2023	3 months/3 months

NON-EXECUTIVE DIRECTOR CHANGES TO THE BOARD DURING 2022/23 ROLE CHANGES WITHIN THE BOARD

As reported in the 2021/22 report Andy Halford retired as the Chair of the Audit Committee on 7 June 2022; and on 31 December 2022 he retired from the role of Senior Independent Director and stepped down from the Board.

Andrew Fisher became Senior Independent Director with effect 31 December 2022, he continues in his role of Chair of the Remuneration Committee. His fee increased from £94,380 to £125,380 (£127,611 from 1 July 2023).

Fiona Dawson became a member of the Remuneration Committee with effect 16 January 2023. No additional fees were payable on joining the Committee.

During the year Ronan Dunne joined the Board on 1 August 2022 and Cheryl Potter on 1 March 2023.

REMUNERATION COMMITTEE COMMITTEE ADVISERS

In carrying out its responsibilities, the Committee is independently advised by external advisers. The Committee was advised by PwC during the year. PwC is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at remunerationconsultantsgroup.com.

The Committee has not explicitly considered the independence of the advice it receives, although it regularly reflects on the quality and objectivity of this advice. The Committee is satisfied that any conflicts are appropriately managed.

PwC was appointed by the Committee as its independent adviser in 2014, following a rigorous and competitive tender process. PwC provides independent commentary on matters under consideration by the Committee and updates on legislative requirements, best practice and market practice. During the year, PwC charged £62,000 for Remuneration Committee matters. This is based on an agreed fee for business as usual support, with additional work charged at hourly rates. PwC has provided tax, consultancy and risk consulting services to the Group in the financial year. PwC's advisory team has no connection with any individual director of the Group.

The Committee also seeks internal support from the CEO, Co-CEO, CFO, General Counsel & Company Secretary, Group HR Director, Head of Organisational Effectiveness and the Head of Reward as necessary. All may attend the Committee meetings by invitation but are not present for any discussions that relate directly to their own remuneration.

The Committee also reviews external survey and bespoke benchmarking data, including that published by Aon Hewitt Limited, KPMG, PwC, FIT Remuneration Consultants, Korn Ferry and Willis Towers Watson.

REMUNERATION COMMITTEE STAKEHOLDER AND SHAREHOLDER ENGAGEMENT

The Committee is dedicated to ensuring that executive pay remains competitive, appropriate and fair in the contexts of the external market, Company performance and the pay arrangements of the wider workforce. In collaboration with the Head of Reward, the Committee gives colleagues, through colleague representatives, the opportunity to raise questions or concerns regarding the remuneration of the executive directors. During the year, colleague representatives were given the opportunity to raise their views with the Remuneration Committee via the BIG Chair. Details of the directors' pay arrangements were discussed in the context of the reward framework for the rest of the organisation and external factors; no concerns were raised either during these discussions or subsequently.

The Committee is dedicated to a continuous, open and transparent dialogue with shareholders on the issue of executive remuneration. As described in the Committee Chair's letter, dialogue on the proposed measures and weightings of the PSP continued during the year. Shareholders were positive in their feedback and confirmed that the targets set aligned with their expectations.

SHAREHOLDER SUPPORT FOR THE REMUNERATION POLICY AND 2021/22 DIRECTORS' REMUNERATION REPORT

At the Annual General Meeting on 5 July 2022, 70.89% of shareholders voted in favour of the advisory resolution to approve the Directors' Remuneration Report for 2021/22. The Committee noted the number of votes cast against the resolution, and proactively engaged with the top 40 shareholders to understand the reasons why some shareholders voted against the resolution. An update on the engagement was published to our corporate website in January 2023, and for the purposes of Provision 4 of the UK Corporate Governance Code, this is the final summary on the vote. The feedback received from shareholders was largely supportive of the Company's approach, and the concerns raised by a minority of shareholders related to the specific leaving arrangements for outgoing CEO, Steve Rowe. The Board believes strongly that it acted in shareholders' interests and consistent with the values and integrity of the business. There is no expectation that this set of circumstances will be repeated, and therefore the Board believes this 29% vote against an AGM resolution to be an isolated occurrence.

FIGURE 34: VOTING OUTCOMES FOR THE REMUNERATION POLICY AND 2021/22 REMUNERATION REPORT

Member	% Votes for	% Votes for	Votes against	% Votes against	Votes withheld
Remuneration Policy (at the 2020 AGM)	1,125,697,134	97.14%	33,187,602	2.86%	942,792
2021/22 Remuneration Report (at the 2022 AGM)	930,901,466	70.89%	382,304,226	29.11%	27,809,219

APPROVED BY THE BOARD

Andrew Fisher Chair of the Remuneration Committee
London, 23 May 2023

This Remuneration Policy and these remuneration reports have been prepared in accordance with the relevant provision of the Companies Act 2006 and on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("the Regulations"). Where required, data has been audited by Deloitte, and this is indicated appropriately.