

## REMUNERATION COMMITTEE

The Remuneration Committee ('the Committee') is a committee of the Board of Directors of M&S Group plc ('the Group') from which it derives its authority and to which it regularly reports.

In carrying out their responsibilities, Committee members must act in accordance with the statement of Directors' Duties set out in Sections 171-177 of the Companies Act 2006 and the UK Corporate Governance Code.

In order to achieve its duties, the Committee should be regularly informed on remuneration trends across the Group, gender comparative remuneration, remuneration market trends and practices and overall remuneration trends and practices for other employees.

<b>Membership</b>	The Board shall establish a Remuneration Committee of independent non-executive directors, with a minimum of three members. The Company Chair may also be a member but only if they were considered independent at the time of appointment as Chair.
<b>Appointment</b>	Members of the Remuneration Committee shall be appointed by the Board on the recommendation of the Nominations Committee and in consultation with the Remuneration Committee Chair and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the Chair of the Board, if they are a member of the committee) continue to be independent.
<b>Committee Chair</b>	The Board, on the recommendation of the Nominations Committee, shall appoint the Committee Chair from amongst the independent non-executive directors who have served on a Remuneration Committee for at least 12 months. The Company Chair shall not be appointed Chair of the Committee.
<b>Secretary</b>	The Group Secretary (or their nominee) shall act as Secretary to the Committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
<b>Authority</b>	<p>The Committee is authorised by the Board to:</p> <ul style="list-style-type: none"><li>a) seek any information it requires from any employee of the Company in order to perform its duties;</li><li>b) obtain at the Company's expense, any outside legal or other professional advice on any matters within its terms of reference.</li></ul>
<b>Delegated Authority</b>	The Committee has delegated the authority of joining and leaving arrangements for senior colleagues below those roles under the authority of the RemCo, as detailed in 2.1.a to the CEO, the CFO, General Counsel

& Company Secretary and the Head of Reward, as appropriate or their nominee. In doing so, the Committee has approved the overarching framework by which agreements shall be agreed. This will include any and all cash payments to be made, together with treatment of buyout arrangements and, on leaving, share schemes. In doing so, similar principles to those outlined in the approved Remuneration Policy shall be applied.

## **1. Meetings arrangements**

### **1.1 Attendance**

- a) Only members of the Committee and the Group Chair have the right to attend Committee meetings.
- b) The Committee may invite any Director, employee, and relevant internal and external specialists to advise on specific issues. The Secretary will provide advice and guidance on statutory, regulatory and governance requirements. The Committee shall receive input on setting financial measures and assessing outturns including adjustments and judgements considered by the Audit Committee.

### **1.2 Meetings**

- a) The quorum for meetings is two members, including the Committee Chair or their delegate.
- b) The Committee Chair shall ensure that the Committee meets with sufficient notice and frequency. The Committee shall meet at least three times a year or as required.
- c) The Secretary shall minute the proceedings of all meetings and resolutions of all committee meetings, including the names of those present and in attendance. Minutes will be available to all Board Directors, except where in the opinion of the Committee Chair a conflict of interest exists.
- d) The Committee Chair will attend the AGM to respond to any Shareholder questions on the Committee's activities.

## **2. Responsibilities**

In carrying out its responsibilities the Committee must act in accordance with the UK Corporate Governance Code and shall: -

### **2.1 Remuneration Policy**

- a) Determine and agree with the Board, taking such external advice as necessary, the appropriate framework or broad policy for the remuneration of the executive directors and Executive Committee Directors.

In determining the Remuneration Policy and practices, the Committee should consider any factors which it deems necessary to support strategy and promote the long-term sustainable success of M&S and align with the long-term shareholder interests.

## **2.2 Total Remuneration**

- a) Within the terms of the agreed Remuneration Policy, and in consultation with the Chief Executive as appropriate, approve the total individual remuneration packages for the executive directors and Executive Committee Directors, including bonuses, pensions, incentive payments and share awards and link to performance, development and succession.
- b) Approve the remuneration of the Company Chair to reflect the time commitment and responsibilities of the role together with the experience of the individual.
- c) Approve the remuneration of the General Counsel & Company Secretary to assure his or her independence.
- d) Ensure no director or senior manager is involved in any decision related to their own remuneration. The Company Chair and the Executive Directors shall set the remuneration of the non-executive Directors within the limits set out in the Group's Articles of Association.
- e) Review pension contribution rates for executive directors and Executive Committee directors, or payments in lieu, considering those available to the wider workforce.
- f) Approve any major changes in employee benefits structures which impact the executive directors and Executive Committee directors.
- g) Note the total budgeted salary expenditure across M&S for salary review, along with the principles for reward allocation.
- h) Review workforce remuneration and related policies.

## **2.3 Performance related pay schemes**

- a) Approve the design of, and determine targets for, and conditions of, any performance-related pay schemes operated by the Group.
- b) Approve the total annual payments made to executive directors and Executive Committee under such any performance-related pay schemes.
- c) Note M&S's approach to Performance Management and its link to performance-related incentive schemes.
- d) Ensure performance-related elements of remuneration have performance conditions that are transparent, stretching and rigorously applied.
- e) Note the total budgeted expenditure across M&S for performance-related pay schemes along with the principles for reward allocation.

## **2.4 Share incentive plans**

- a) Approve the design of all share-based incentive plans and where applicable, seek final approval by Shareholders.
- b) Ensure remuneration schemes promote long-term shareholding by executive directors and are aligned with long-term shareholder interests.
- c) Review the achievement of performance targets for all share incentive schemes to determine if the level of achievement is appropriate when considered against the intention of the targets and whether any factors should be considered that would make an alternative outcome more appropriate and aligned to the interests of Shareholders.
- d) Approve whether annual awards will be made, and if so, the overall amount of such awards.

- e) Approve individual awards for the executive directors and Executive Committee directors and the performance measures and targets to be used.
- f) Ensure performance-related elements for executive directors and Executive Committee directors are transparent, stretching and rigorously applied.
- g) Note the total budget expenditure for all share-based incentive schemes across M&S.

## **2.5 Joining M&S**

- a) Approve the recruitment framework and general terms and conditions of service contracts for a new Company Chair, executive director or Executive Committee Director.
- b) Approve the specific terms of service contracts for a new Company Chair, executive director or Executive Committee Director.
- c) Discuss with the Nominations Committee the remuneration terms for the appointment of executive directors and Company Chair recruited on the recommendation of the Nominations Committee.
- d) Note the remuneration terms for other Senior Managers in accordance with the M&S framework.

## **2.6 Leaving M&S**

- a) Approve termination payments for the executive directors in accordance with the Remuneration Policy.
- b) Approve termination payments to Executive Committee directors in accordance with the M&S framework.
- c) Ensure that contractual terms on termination of an executive director or Executive Committee Director are contractually compliant, and any payments made are fair to the individual and the company, ensuring that failure is not rewarded and that the duty to mitigate loss, as defined in an individual's contract, is recognised.

## **2.7 Employee engagement**

- a) Receive direct feedback from the Business Involvement Group (BIG), the Group's employee representative body to ensure that all employee views are received and considered by the Board when making remuneration and reward decisions. The Chair of BIG will be invited to attend one meeting per annum.
- b) Note employee voice surveys and management reports to gauge employee feedback and culture.
- c) Note any significant changes to employee-related policy to ensure appropriate arrangements and fairness across the organisation.
- d) Note initiatives relating to diversity and inclusion and note the Group's diversity policy.

## **2.8 Remuneration consultants**

- a) Approve the criteria for selection, appointment and setting terms of reference for any remuneration consultants who advise the Committee.

### **3. Reporting Requirements**

- a) Update the Board on its proceedings following each meeting on all matters within its duties and responsibilities, unless in the opinion of the Committee it would be inappropriate to do so.
- b) Make recommendations to the Board as deemed appropriate on any area within its duties and responsibilities where action or improvement is needed.
- c) Ensure all provisions regarding disclosure are fulfilled, having regard to the latest legislation, corporate governance best practices, FCA Listing Rules, and the key principles of the Remuneration Policy, and ensuring accountability, transparency and linkage of rewards to performance.
- d) On behalf of the Board, prepare and place before shareholders at each Annual General Meeting, a Directors' Remuneration Report setting out the Company's policy and disclosure on executive remuneration as required by the Directors' Remuneration Report Regulations 2013 and other associated legislative or regulatory requirements. The Committee should also describe the work of the Committee in discharging its responsibilities in the Annual Report.
- e) Seek shareholder approval of any changes to the Remuneration Policy and review the policy at least every three years in accordance with regulatory requirements.
- f) Bring to each Annual General Meeting any aspect of the Remuneration Policy that requires shareholders' approval, e.g. share schemes, in addition to the Directors' Remuneration Report which will be submitted to shareholders annually for approval.
- g) Undertake appropriate discussions as necessary with institutional investors on policy or any other aspects of senior remuneration.
- h) Note employee-related external reporting, including but not limited to Gender Pay reporting.

### **4. Other matters**

- a) Ensure periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it deems necessary to the Board for approval.
- b) Undertake other projects relating to its remit as appropriate or requested by the Board, including reviewing the talent and succession planning framework for the organisation and noting updates on succession planning, top talent and remuneration arrangements for Senior Managers.