

REMUNERATION COMMITTEE REPORT



Using reward to drive our high performance culture has been a guiding principle for the Committee.

ANDREW FISHER
Chair of the Remuneration Committee

WHERE TO FIND OUT MORE

MEMBERSHIP

- ➔ Details of Committee members and their attendance at all meetings can be found on **page 73**.
- ➔ Information on the skills and experience of all Committee members can be found on **pages 74 to 75 and 85**.

RESPONSIBILITIES

- ➔ The role and responsibilities of the Committee can be found on **page 76**.
- The Committee's full Terms of Reference and compliance with the UK Corporate Governance Code can be found at **corporate.marksandspencer.com**.

EFFECTIVENESS

- ➔ Details of the Committee's annual performance review can be found on **page 83**.

YEAR IN REVIEW

In a year of strong financial results, with improved trading, a strengthened balance sheet and a return to shareholder dividends, our focus as the Remuneration Committee has been ensuring our remuneration policy and practices support and promote M&S' strategy of reshaping for growth. In doing so, our guiding principles have been to ensure pay is competitive across M&S, our lower paid colleagues are supported through the current inflationary environment, and reward is used as a tool for driving our high performance culture.

Concentrating on the rigour and integrity of our performance assessment processes, we have ensured that individual and business objectives are appropriately challenging and vesting outcomes are considered in the context of our wider colleague experience and stakeholder expectations.

Alongside this priority, the Committee has continued to fulfil its core duties, ensuring our remuneration policy and practices support and promote M&S' strategy of reshaping for growth. Key discussions included:

- Investment of £89m in our UK Retail colleague pay, representing a 10% increase in hourly pay since last year. Our Customer Assistant population also made up the majority of participants in our 2020 ShareSave maturity, having saved in the scheme throughout the Covid-19 lockdowns and recovery. We are pleased that our hard-working frontline colleagues have benefitted directly from their contribution to M&S' transformation and resulting share price improvement. Further details on page 98.
- Disciplined application of our remuneration framework during leadership changes, while ensuring packages for those joining are appropriately competitive. This was considered in the recruitment and promotion of Executive Committee members and in the exit arrangements for Katie Bickerstaffe. Read more on page 111.

- The setting and monitoring of stretching performance objectives, and consideration of pay-based incentives as a driver for continued growth. This resulted in annual pay reviews for salaried colleagues being differentiated by performance, with higher performing colleagues receiving larger percentage increases on their base pay. The Remuneration Report has been streamlined this year, in keeping with the rest of the Governance section; more information is available on our corporate website.

ON THE COMMITTEE'S AGENDA 2023/24

The Committee's agenda followed its usual cadence of activities this year, with time divided between the following areas, as detailed overleaf:

- Annual Bonus Scheme
- Long-term incentives
- Pay arrangements
- Governance and external market

Month	Annual Bonus Scheme	Long-term incentives	Pay arrangements	Governance and external market
April	30%	20%	35%	15%
May	38%	25%	6%	31%
September	25%	15%	10%	50%
January	17%	24%	24%	35%

KEY DISCUSSIONS IN THE YEAR

When considering and determining Directors' Remuneration Policy and practices, the Committee considers the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

Improving outturns

As outlined in the Financial Review on pages 29 to 37, this year has seen strong results in all areas with profit before tax and adjusting items at £716.4m. Performance exceeded both the budget and external expectations due to strong volume and

REMUNERATION COMMITTEE REPORT CONTINUED

value performance, leading to growth in market share in both Clothing & Home and Food. With performance improving throughout the year, the Committee has been focused on ensuring that scheme outturns are appropriate in the context of financial performance and wider stakeholder experience.

Investments in pay

Recognising ongoing inflationary cost challenges for colleagues, the Committee has been focused on ensuring our pay framework supports M&S' fundamental value of fairness, where everyone in the business is appropriately recognised and rewarded for hard work and delivering financial results. More detail on page 98.

● PAY ARRANGEMENTS

The Committee reviewed budgeted salary expenditure and the principles for reward allocation across M&S, also considering the appropriateness of the senior remuneration framework in the context of wider workforce pay. Talent and succession pipeline needs were also discussed when reviewing remuneration packages for senior leadership changes. In particular, this year, this has included:

- Review and support of management's proposed approach to pay reviews across the business. In doing so, the Committee considered market data and the need to stay competitive amongst peers. Wider workforce experience given continued inflationary pressures was also a key factor in discussions, with the Committee supportive of management's proposals to introduce minimum salaries for lower reward level roles, and also to award higher increases to lower paid colleagues. The Committee also agreed with management's approach to differentiating pay increases based on year-end performance ratings, in support of the business' high performance culture. More details on the Committee's consideration of colleague pay increases are on page 98.
- Consideration of Katie Bickerstaffe's exit arrangements. As announced on 7 March 2024, Katie will retire from her role as Co-CEO on the Executive Committee following the Annual General Meeting in July 2024. The Committee adhered to M&S' remuneration policy in full when setting Katie's exit arrangements. More on page 111.
- Review and approval of an increase of 3% in the CEO's pay, effective from 1 July 2024. The Committee considered this increase in the context of pay decisions for the wider workforce, agreeing that while it was below the average pay increase across the business, this was appropriate when considering the CEO's overall remuneration. See Figure 3 on page 102 and Figures 22 and 23 on page 110 for more details.
- Assessing the remuneration packages for incoming Executive Committee members, alongside packages for other senior leadership changes. The talent and succession pipeline was discussed in these senior leader updates, with the Committee emphasising the importance of discipline when setting remuneration while being mindful of the need to attract the talent required to continue reshaping M&S for growth.

● ANNUAL BONUS SCHEME (ABS)

In addition to assessing the achievement of objectives for this year's ABS, and noting the total budgeted expenditure as a result, the Committee set transparent and stretching targets for the 2024/25 ABS. This involved:

2023/24 ABS OUTCOME

- Robust assessment of achievements against 2023/24 performance objectives for executive directors and the Executive Committee. With improving business performance, the Committee continuously monitored performance outturns and projected bonus expenditure, focusing on ensuring performance management processes were rigorous and individuals were appropriately rewarded for their contribution. This included consideration of whether it would be appropriate to apply discretion to outcomes. The 2023/24 ABS remained focused on driving profitable growth, with performance for executive directors concentrated on Group Profit Before Tax (PBT) (70%) and individual objectives set against delivery of M&S' transformation (30%). On assessment, and in the context of business performance and wider stakeholder experience, the Committee was satisfied that outturns were appropriate, and no application of discretion was required. See pages 103 to 105 for more details.

2024/25 ABS DESIGN

- Approving the scheme design, operation and targets for the 2024/25 ABS. The Committee agreed the maximum opportunity under the scheme should remain at 200% of base salary, and performance should continue to be measured against PBT (70%) and individual objectives (30%), believing this remains appropriate when considering the continuing drive to reshape M&S for growth. More details on page 105.

● LONG-TERM INCENTIVES

The Committee assessed the achievement of objectives and corresponding vesting level of the 2021 Performance Share Plan (PSP) awards, alongside approving the 2024 PSP awards and targets to ensure appropriate alignment between driving exceptional performance and retaining talent. This consisted of:

- Monitoring all in-flight PSPs against targets and ensuring performance measures were rigorously assessed when approving the vesting level of the 2021 PSP award. The Committee closely monitored projected vesting levels and scheme costs in the context of improving business performance during the year, this included considering the appropriateness of applying discretion to the vesting outcomes. Consequently, it determined the vesting outcome of the store staff cost to sales ratio should be reduced by 50%. The 2021 PSP award therefore vested at 90% and the Committee agreed it was satisfied that this outcome was appropriate and no application of discretion was required.
- Approving the scheme design and targets for the 2024 PSP, ensuring the targets struck an appropriate balance between motivating individuals and setting stretching targets. The Committee's priority has been to ensure M&S' remuneration framework is aligned with shareholder interests. The Committee agreed the 2024 PSP should maintain the financial measures applied to the 2023 PSP awards; being 30% adjusted earnings per share, 30% return on capital employed and 20% relative total shareholder return. The remaining 20% will continue to be subject to a basket of three strategic measures. See page 107 for more details.

- Discussing the appropriateness of introducing an ESG-related component to the performance measures for the 2024 PSP award, given recent market developments and some investor expectations. The Committee considered the business' development of an ESG reputation tracker (see pages 87 and 88 for more details) and whether this would provide a suitable PSP measure, agreeing it would not be appropriate given the tracker was in the early stages of its development. In addition, as ESG commitments are embedded in our business operations, they are already reflected in the achievement of our existing basket of PSP strategic measures, so the Committee agreed that inclusion of a separate ESG measure would not further our Plan A ambitions. This will remain under consideration for future PSP awards.
- Approving the level of 2024 PSP awards to be granted, mindful of the need to incentivise executives and ensure they remain aligned with the long-term interests of shareholders. The Committee intends to grant 2024 PSP awards of 250% of salary to the CEO in July 2024.
- Discussion of ongoing cost-of-living pressures on lower paid colleagues in particular, combined with lowering unemployment rates, and the consequent need to ensure hourly-pay for retail and warehouse colleagues remains competitive in the market to aid recruitment and retention.
- Engagement with our Business Involvement Group (BIG), hearing colleague feedback directly from the BIG Chair on pay packages, bonus allocations and the 2020 ShareSave outcome, which was eagerly anticipated by colleagues saving in the scheme. Read more on page 98.
- Consideration of regulatory updates and evolving investor guidance and expectations, including discussion on the proposed changes to the UK Corporate Governance Code. Shareholder feedback on executive shareholder requirements was also reviewed, with the Committee concluding executive and senior leadership shareholding requirements should use current salary as the basis for calculation, rather than salary on appointment.

GOVERNANCE AND EXTERNAL MARKET

As well as its annual approval of the Directors' Remuneration Report, and review of Committee performance and Terms of Reference, the Committee considered colleague expectations and external market conditions when making remuneration and reward decisions (supported by its Remuneration advisers, PwC; further details on page 113). This included:

➔ See Figure 1, on pages 100 and 101 for further details on how the Director's Remuneration Policy will be implemented in 2024/25.

The policy, schemes and practices referred to in the Remuneration Committee overview on page 76, are designed to support our strategy and promote the long-term success of M&S, while following the principles:

<p>Clarity Remuneration arrangements are transparent and promote effective engagement with shareholders and the workforce.</p>	<p>Simplicity Remuneration structures are uncomplicated, and their rationale and operation are easy to understand.</p>	<p>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.</p>	<p>Predictability The range of possible values of rewards to executive directors is identified and explained at the time of approving the policy.</p>	<p>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.</p>	<p>Alignment with culture Incentive schemes that drive behaviours consistent with M&S' purpose, values and strategy.</p>
---	---	---	--	--	---

REMUNERATION IN CONTEXT

COLLEAGUE ENGAGEMENT

The Committee strongly believes in the key role colleague voice plays in contextualising remuneration decisions. Committee members receive colleague feedback directly or as part of Board meetings.

The Committee also engages with colleagues directly via BIG. Since 2018, the Chair of BIG has been invited to attend a Remuneration Committee meeting each year to share colleague feedback and contribute to reward discussions.

This engagement gives the Committee greater visibility of the things that really matter to our colleagues. It also gives the Committee the opportunity to explain and discuss our pay practices, and how executive pay aligns with pay across the wider workforce.

Examples of colleague engagement can be found throughout this Annual Report, but particularly on pages 38 to 41.

CONSIDERATION OF COLLEAGUE PAY

The Committee monitors and reviews the application and effectiveness of M&S' executive reward policy and its compatibility with remuneration policies in the wider workforce. To do so, management provides the Committee with updates on pay arrangements and their proposed approach to forthcoming pay reviews. The Committee then considers the executive directors' pay in line with these arrangements.

This year, this included discussion of a further investment in pay of £89m for our UK Retail colleagues, which took effect in April 2024. This represents an increase in the M&S national rate for Customer Assistants of 10%, when compared to the equivalent rate in April 2023. For salaried colleagues a tailored approach was agreed with salary increases ranging from 7-11% for our lower-paid salaried colleagues and 4-7% for management roles; 3% for the most senior.

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 the Executive Committee in the context of rewarding the wider workforce for financial performance.

Colleagues who were not eligible for the Group bonus this year received a one-off M&S e-gift card in recognition of their contribution to trading during our peak period over Christmas.

SHARE OWNERSHIP ACROSS OUR COLLEAGUES

M&S is a proud advocate of employee share ownership. The Board believes this supports colleagues sharing in M&S' success, being owners of our business, and aligned with our shareholders' interests.

Across our UK colleagues, M&S has a significant number of participants in all-employee share schemes; colleagues hold over 42m save as you earn (SAYE) options in our ShareSave scheme and over 3,500 colleagues hold shares in our share incentive plan (SIP) ShareBuy.

In February 2024, our 2020 ShareSave scheme matured. Over 9,200 colleagues were participants, the majority being Customer Assistants. As at year end, 68m shares have been exercised under the scheme, with participants saving a typical £150 per month able to realise a gain in share price representing over £10,000.

Additionally, all colleagues eligible under the annual bonus scheme receive a portion of their bonus in shares with deferred vesting after three years. For our most senior colleagues, 50% of the bonus award is deferred, while for less senior colleagues this deferred element represents a third of their total award.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee is dedicated to an open and transparent dialogue with shareholders on the issue of executive remuneration. The Committee actively engaged with shareholders and shareholder representative bodies ahead of its review of the Directors' Remuneration Policy, which was subsequently approved at our AGM on 4 July 2023 with a vote in favour of 97.74%.

The Committee, led by the Chair, annually engages with investors ahead of our AGM, to answer remuneration queries and provide additional context for decisions. This typically takes place in written format, but can include face-to-face meetings, telephone and video calls where requested.

CEO PAY RATIO

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2024	Option A	200:1	183:1	154:1
2023	Option A	131:1	120:1	102:1
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 in prior years, the Committee approved the use of Methodology A, as set out in the regulations, believing this to be the simplest, 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 30 March 2024. This is calculated on the same basis as the CEO total single figure of remuneration, except that the individual performance element of the ABS that is applicable to the relevant colleagues (when applicable), is the estimated actual value. This requires:

- starting with colleague pay 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 2023/24 financial year and does not include the value of any deferred shares vesting in the year; and
- adding in the employer pension contribution from the Your M&S Pension Saving Plan or the Pay in Lieu of Pension as appropriate.

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 30 March 2024.

To calculate the ratios in the table above, colleague pay at the given percentiles has been compared to the CEO total single figure remuneration as disclosed in Figure 3 on page 102. We believe the median pay ratio this year is consistent with pay, reward and progression policies for UK colleagues, as it reflects M&S' policy of paying for performance. The increase in pay ratio this year is due to an increase in the variable element of the CEO remuneration structure with bonus of 192% of salary and 90% of the PSP award vesting. The remuneration of the CEO consists of a high proportion of variable pay, and therefore the pay ratio fluctuates in line with incentive outturns each year.

Pay data	Salary (£000)	Total pay and benefits ¹ (£000)	Salary (£000)	Total pay and benefits (£000)
	2022/23	2022/23	2023/24	2023/24
CEO remuneration	809	2,864	818	4,729
UK colleague 25th percentile	21	22	22	24
UK colleague 50th percentile	22	24	24	26
UK colleague 75th percentile	27	28	29	31

1. Restated to reflect value of PSP at time of vesting.

GENDER PAY GAP

The M&S median gender pay gap for the year to April 2023 is 6.2%, compared with 8.3% for the Retail sector. The M&S mean gap for the same period is 12.6%.

Our Diversity, Equity and Inclusion (DE&I) strategy is built on two pillars: driving improved diverse representation at all levels of the business; and developing a continually evolving and inclusive culture. Our colleagues are central to the design of our plans, with our eight Inclusion and Diversity Networks at the heart of bringing our communities together, amplifying the voice of our colleagues and guiding the business. Our Gender Equality, Menopause and Family & Carers networks continue to be the fastest growing with over 5,000 members involved.

Acknowledging that progress needs to be driven from the top down, we've taken steps to increase accountability amongst our leaders and build a more robust framework of KPIs to help us analyse progress and impact, which is reviewed regularly with the Executive Committee. We have introduced new ways of working and developed tools to equip key stakeholders with the skills, knowledge and confidence to drive action in the areas of the business they are responsible for.

Women are well represented in our talent pipelines at all levels, and we have strong female talent in the pipelines for our top and most critical business roles. Redesigning our future leader programmes has proven to have sustainable impact as we continue to see women make up the majority of participants.

Providing a safe space for colleagues is a fundamental principle, with respect for each other being the foundation of our DE&I approach. We are clear that any forms of discrimination, harassment, bullying and victimisation are not tolerated at M&S, with processes in place to ensure any allegations are handled effectively.

We have made progress in our ambition to become the leading employer for women in retail; reinforcing our commitment to promote flexible working options and increasing awareness and support for women's health, in particular menopause where we achieved our Menopause Friendly Employer accreditation. We have also improved our family leave proposition for all colleagues, investing in industry leading Maternity, Paternity and Adoption leave whilst also working hard to understand and improve the experience for colleagues too.








We know there is more to do, and continue to take a forensic approach to understanding the challenges faced by women – particularly in the areas considered “male dominated industries” – and taking action to ensure any barriers faced are addressed so women feel supported in having the career they want at M&S.

SUMMARY OF REMUNERATION POLICY

Our current Directors' Remuneration Policy, which was approved by shareholders on 4 July 2023, is summarised in the table below. The full policy can be found on pages 108 to 115 of the 2023 Annual Report, available on our corporate website.

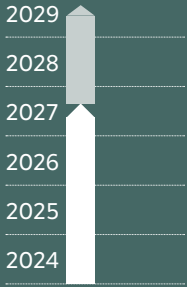
The Policy took effect from this date and is designed to attract, retain and motivate our leaders within a framework aligned to our shareholders interests and designed to promote the long-term success of M&S.

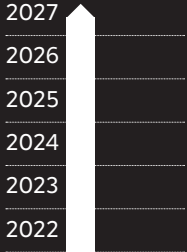
FIGURE 1: SUMMARY OF POLICY AND IMPLEMENTATION IN 2024/25

FIXED PAY	Remuneration Policy	Implementation in 2024/25
2029	<p>Salary</p> <ul style="list-style-type: none"> Salaries are payable in cash and are reviewed annually by considering a number of factors, including external market data, historic increases and salary review principles applied to the rest of the business. <p>Pension</p> <ul style="list-style-type: none"> Directors may participate in the Your M&S Pension Saving Plan (a defined contribution arrangement), on the same terms as all other colleagues: maximum employer contribution of 12% of salary where the employee contributes 6% of salary. An alternative cash in lieu of pension payment is available (capped at 5% of salary). The defined benefit pension scheme is closed to new members. None of the current directors are members. <p>Benefits</p> <ul style="list-style-type: none"> As with all colleagues, directors are offered benefits including colleague discount, salary sacrifice schemes and participation in all-employee share schemes. 	<ul style="list-style-type: none"> 3% increase for the CEO, below that of the wider workforce. Further salary details are on page 103.
2028		
2027		
2026		
2025		
2024 		
ANNUAL BONUS SCHEME (ABS)	<p>Remuneration Policy</p> <p>ABS</p> <ul style="list-style-type: none"> Directors participate in this non-contractual, discretionary scheme. Performance is measured against one-year financial and individual performance targets linked with delivery of the business plan. At least half of awards are measured against financial measures, which typically include Group PBT before adjusting items (PBT). Corporate and individual elements may be earned independently, no part of the individual objectives may be earned unless a threshold level of PBT has been achieved, after which up to 40% of the maximum may be payable for the achievement of individual objectives. Total maximum annual potential of up to 200% of salary for each director. The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award is appropriate. 	<p>Implementation in 2024/25</p> <ul style="list-style-type: none"> CEO maximum bonus opportunity of 200% of salary. 70% will be measured against PBT and 30% will be payable for the achievement of individual objectives. Targets will be disclosed retrospectively for reasons of commercial sensitivity. An overview of personal objectives for 2024/25 is provided on page 105.
CASH BONUS		
2028		
2027		
2026		
2025 		
2024 		
Link to strategy 		
DEFERRED SHARE BONUS PLAN (DSBP)	<p>Remuneration Policy</p> <p>DSBP</p> <ul style="list-style-type: none"> Not less than 50% of any bonus earned is paid in shares which are deferred for three years. Malus provisions apply to the deferred share awards. Cash bonus payments are subject to two-year clawback provisions. Clawback applies in circumstances such as, but not limited to, a material misstatement of the Company's audited results, an error in calculation of the award, gross misconduct, or events or behaviour that have a detrimental impact on the reputation of any member of the Group. 	<ul style="list-style-type: none"> 50% of any bonus earned by the CEO in respect of 2024/25 will be deferred into shares for three years.
2029		
2028 		
2027		
2026		
2025 		
Link to strategy 		

STRATEGIC PRIORITIES KEY

- Deliver profitable sales growth
 ■ Improve operating margins
 ■ Disciplined investment choices
 ■ Drive shareholder returns

PERFORMANCE SHARE PLAN (PSP)	Remuneration Policy	Implementation in 2024/25
 <p>2029</p> <p>2028</p> <p>2027</p> <p>2026</p> <p>2025</p> <p>2024</p> <p>Link to strategy</p>	PSP <ul style="list-style-type: none"> – Directors are eligible to participate in the PSP. This is a non-contractual, discretionary plan and is M&S' main long-term incentive scheme. – Performance may be measured against appropriate financial, non-financial and/or strategic measures. Financial measures must comprise at least 50% of awards. – Malus and clawback provisions apply to these awards. Clawback triggers include, but are not limited to, a material misstatement of the Company's audited results, an error in calculation of the award, gross misconduct or events or behaviour that has a detrimental impact on the reputation of any member of the Group. – The maximum value of shares at grant is capped at 300% in respect of a financial year. – Awards are subject to a further two-year holding period after the vesting date. 	<ul style="list-style-type: none"> – Award of 250% of salary for the CEO. – 20% of the PSP award is based on strategic transformation goals relevant to the achievement of the business strategy over the next three years and the remaining 80% of the award is based on EPS (30%), adjusted ROCE (30%) and relative TSR (20%). – Further details are on pages 107 and 108.

SHARE OWNERSHIP	Remuneration Policy	Implementation in 2024/25
 <p>2027</p> <p>2026</p> <p>2025</p> <p>2024</p> <p>2023</p> <p>2022</p> <p>Link to strategy</p>	Shareholding requirements <ul style="list-style-type: none"> – 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. 	<ul style="list-style-type: none"> – For the CEO this requirement is 250% of salary. – For all other executive directors, the requirement is 200%.
	Post-cessation holding requirements <ul style="list-style-type: none"> – 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. 	

RECRUITMENT POLICY

- **Service contract.** 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.
- **Base salary.** 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 details of pension, benefits, ABS and PSP see pages 103 to 108.
- **Buy-out awards.** The Committee may offer compensatory payments or buy-out awards, determined on a case-by-case basis. The specifics of any buy-out awards would be dependent on the individual circumstances of recruitment. The Committee's intention would be that the expected value awarded is no greater than the expected value forfeited by the individual.

TERMINATION POLICY

- **Salary, pension and benefits.** Payment made in line with contractual notice periods.
- **ABS.** There is no contractual entitlement to payments under the ABS. If the director is under notice or not in active service at either the relevant year-end or on the date of payment, awards (and any unvested deferred bonus shares) may lapse. The Committee may use its discretion to make a bonus award.
- **Long-term incentive awards.** The treatment of outstanding awards is determined in accordance with the plan rules.
- **Repatriation.** M&S may pay for repatriation where a director has been recruited from overseas.
- **Legal expenses & outplacement.** Where a director leaves by mutual consent, M&S may reimburse reasonable legal and outplacement services.

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 business.

In its discussions, the Committee aims to ensure not only that the remuneration framework is 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 28 and 2 and 5.

Figure 2 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 3) and later in this report.

FIGURE 2: REMUNERATION STRUCTURE 2023/24

FIXED PAY	+	ANNUAL BONUS	+	PSP	=	TOTAL PAY FOR 2023/24
BASE SALARY		200% of salary maximum bonus opportunity (with 50% deferral)		225% of salary awarded in 2021 ¹		Total payments are between 90.2%-93.7% of maximum potential
BENEFITS		Measured against Group PBT before adjusting items and individual performance		Measured against adjusted EPS, adjusted ROCE, TSR and strategic measures		
PENSION BENEFITS						
Salary increase effective 1 July 2023		Outcomes are between 85%-96% of maximum bonus opportunity		90% of award vested		
		Read more on pages 104 to 105.		Read more on page 107.		

1. The awards for Stuart Machin and Katie Bickerstaffe were made prior to Board appointment at a level of 225% of salary.

FIGURE 3: TOTAL SINGLE FIGURE REMUNERATION (AUDITED)

Director	Year	Salary £000	Benefits ² £000	Total bonus £000	Total PSP vested ³ £000	Pension benefits £000	Total pay £000	Total fixed pay £000	Total variable pay £000
Stuart Machin	2023/24	818	0	1,570	2,251	90	4,729	908	3,821
	2022/23	669	0	1,081	878	80	2,708	749	1,959
Katie Bickerstaffe ¹	2023/24	767	46	1,304	2,251	38	4,406	851	3,555
	2022/23	626	34	989	702	31	2,382	691	1,691

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

2. As disclosed in the 2022/23 Remuneration Report, Katie Bickerstaffe is permitted to claim travel and accommodation costs between home and her normal work location until 25 May 2024. The 2022/23 benefits figure has been restated to include the grossed up value of accommodation costs of £18,000.

3. 2022/23 values restated based on share price of £1.89 at time of PSP vesting.

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 business.

For salaries effective July 2024, the Committee has awarded an increase of 3% to Stuart Machin and his new salary will be £848,720. Across the wider population, salary increases ranged from 3% to 11% for the wider salaried population and 10% for Customer Assistants. Katie Bickerstaffe did not participate in the annual salary review.

The next annual salary review for the CEO will be effective in July 2025. The table on the next page details the executive directors' salaries as at 1 July 2023 and salaries which will take effect from 1 July 2024.

FIGURE 4: SALARIES

	Annual salary as of 1 July 2023 (£000)	Annual salary as of 1 July 2024 (£000)	Change in salary % increase
Stuart Machin	824.0	848.7	3%
Katie Bickerstaffe	772.5	772.5	0%

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 receives 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 is detailed in Figure 3 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 100. During the year, Stuart contributed 6% and then 3% of his salary into the scheme, and the Company matched this with a contribution of 12% then 6%. The change took effect in February 2024. The maximum level of contribution offered by M&S to all other colleagues is 12%.

During the year, Katie Bickerstaffe received a 5% of salary cash payment in lieu of participation in the M&S pension scheme.

The value of the Company's contribution in the year for Stuart and Katie shown in the single figure table in Figure 3 on the previous page.

DEFERRED ANNUAL BONUS (AUDITED)**FIGURE 5: DSBP AWARDS MADE IN RESPECT OF 2022/23**

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 face value shown in the table below relates to the total number of shares granted in July 2023.

	Basis of award	Face value of award £000 ¹	End of deferral period
Stuart Machin	50% of bonus	£634	07/07/2026
Katie Bickerstaffe	50% of bonus	£579	07/07/2026

1. We note that the value shown for the 2022/23 bonus awards in the single figure table on page 102 represents the bonus earned for the period that they served as executive directors only, following their appointment on 25 May 2022.

ANNUAL BONUS SCHEME 2023/24 (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 determinant, being an important measure of overall performance and is consistent with how business performance is assessed internally by the Board and the 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. For threshold PBT performance up to 10% of bonus opportunity can be earned.

PBT outturn for the year was £716.4m, which was above the target set to trigger awards under both the corporate and individual elements of the scheme. Targets were set at the start of the year amongst much ongoing uncertainty and were stretching versus consensus at the time. Performance has exceeded both the budget and external expectations due to strong volume and value performance, leading to growth in market share in both Clothing & Home and Food. As shown in Figures 6 and 7 pages 104 and 105, executive directors were awarded 70% of maximum opportunity under the corporate element of the scheme and 15%–26% of the maximum for individual performance. The Co-CEO's bonus was agreed as part of her exit arrangements. Overall bonus achievement was 192% of opportunity for the CEO and 170% 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 6 and 7 set out the extent to which each director achieved their individual objectives, worth up to 30% of maximum bonus opportunity, along with the achievement against Group PBT targets up to a maximum 70% of awards. Total awards shown directly correspond to the figure included in the single figure table (Figure 3) on page 102.

REMUNERATION REPORT CONTINUED

FIGURE 6: INDIVIDUAL OBJECTIVES (AUDITED)

Director	Individual
Stuart Machin	<ul style="list-style-type: none"> <li data-bbox="325 324 1476 504">– Continued leadership and governance of the Executive Committee and developing a high performing leadership team. Continuation of regular cadence with Executive Committee; key discussion topics include performance, strategy, culture, talent, health and safety and driving shareholder value. Time spent on talent and high performance culture significantly upweighted. Operating boards across key business areas established, with focus on driving growth. New vision, purpose and set of behaviours to drive a high performance culture established. Executive coach in place to support the Executive Committee's leadership development, each member of the team paired with non-executive director 'mentor'. <li data-bbox="325 510 1476 660">– Embed simplified organisational structure changes and realise financial benefits. Promoted Mark Lemming to Managing Director, International and recruited Rachel Higham as Chief Data, Digital and Technology Officer, both Executive Committee roles. Delivered financial savings through simplification of the support centre. Improved focus on tackling under-performance to drive a high performance culture. Simplified the Home category by rationalising some "bulky" furniture lines, reducing cost and complexity in the supply chain and stores, and repurposing space to drive core Home. <li data-bbox="325 667 1476 846">– Solidify ways of working with Ocado to recover and grow online presence as identified through the three-year plan. Established ways of working between M&S and Ocado Retail. Continued to be a member of the Ocado Retail Board providing challenge and support. Coaching the CEO Ocado Retail and played a critical role in recruiting a new Chief Financial Officer and Chief Commercial Officer to bolster the management team. M&S range has grown by over 1,000 lines increasing the range from 69% to over 86%, which covers over 90% of the addressable sales. Availability of M&S lines has improved and delivered seven joint marketing activities in the year. M&S sales on Ocado.com in Q4 ahead of total Ocado Retail sales. <li data-bbox="325 853 1476 1055">– Delivery of the next phase of the end-to-end supply chain across Food, and Clothing & Home. Improved productivity, achieving the target two years early. Led the recruitment of Gist CEO to drive further improvements and lead the Food network strategy. All Chilled lines (c.3,000, 50% of the total Food range) are now live in the Food Forecasting, Ordering and Allocation platform. "One Best Way" trial commenced in Leeds region for Food and completed in C&H. Improved stock integrity and stock file accuracy, supporting a reduction in stock loss. Capital investment approved for automation investments in Castle Donington and Bradford, and contract signed for implementation of new end-to-end planning system. Improved financial performance in both businesses with cost per case better than Budget. <li data-bbox="325 1061 1476 1189">– Accelerate the property store rotation programme targeting five years into three. Continued rollout of renewal programme with an omni-channel focus. Significant progress made in year, across openings, closures and renewals. 20% of the store estate is now in the 'renewed' format. In the year, five destination stores in Liverpool, Manchester, Thurrock, Birmingham and Leeds were opened, all delivering strong sales uplifts and investment returns ahead of plan. Continued progress on store closures in line with plan. <li data-bbox="325 1196 1476 1350">– Step-change digital plans to benefit customer engagement and experience through efficient use of capital investment which delivers financial efficiencies. We have executed a more modern digital marketing strategy in Food and Clothing & Home, using influencers, M&S ambassadors and social media channels to increase engagement with customers. Implemented the roll-out of digital click and collect hubs across more than 90% of the estate, making it easier for customers to collect and return products at the stores. Recruited a Head of Customer to step-change both customer experience and engagement.
Katie Bickerstaffe	<ul style="list-style-type: none"> <li data-bbox="325 1359 1476 1435">– Increase online sales penetration and improve operating margin to ensure M&S can make channel agnostic decisions. Online sales penetration increased. Operating margin improved through the delivery of increased supply chain efficiencies. <li data-bbox="325 1442 1476 1491">– Drive customer engagement through M&S Connect. Active Sparks members plateaued and as a result, loyalty programme to drive customer engagement being reset. <li data-bbox="325 1498 1476 1547">– Deliver step-change in omni-channel experience. M&S Active App users grew. Rolling out digital click and collect hubs. <li data-bbox="325 1554 1476 1603">– Drive growth in Clothing & Home market share. Growth in Clothing market share delivered with an increase of 20 basis points. Decrease seen in Home market share. <li data-bbox="325 1610 1476 1659">– Commence restructure of the international business operating model for growth. Supported promotion of Mark Lemming as the Managing Director, International. <li data-bbox="325 1666 1476 1715">– Integrate the initial phase of Clothing & Home to reset category management an end-to-end forecasting technology solution. Commenced the end-to-end planning programme. The programme is in early stages. <li data-bbox="325 1722 1476 1783">– Deliver digital and technology return on investment. External consultant reviewed current ways of working, efficiency and return of capital investment. This has resulted in a reset of the function.

FIGURE 7: ANNUAL BONUS SCHEME 2023/24 (AUDITED)

Director	CORPORATE GROUP PBT (70%)		INDIVIDUAL (30%)	TOTAL AWARD	
	Target/performance		Performance	Achievement	
	Min £482m	Max £550m		% of salary	£000
Stuart Machin	70% of max opportunity		26% of max opportunity	192%	1,570
		£716.4m	87%		
Katie Bickerstaffe	70% of max opportunity		15% of max opportunity	170%	1,304
		£716.4m	50%		

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. The table below provides details of share awards in respect of bonus payments made in 2023/24. The face value of each award reflects half of the value shown for 2023/24 bonus payments in the single figure table Figure 3 on page 102.

FIGURE 8: DSBP AWARDS IN RESPECT OF 2023/24

	Basis of award	Face value of award £000	End of deferral period
Stuart Machin	50% of bonus	£785	03/07/2027
Katie Bickerstaffe	50% of bonus	£652	03/07/2027

ANNUAL BONUS SCHEME FOR 2024/25

During the year, the Committee reviewed the 2024/25 scheme, considering the next phase of growth together with bonus arrangements elsewhere in the business.

The Committee was satisfied that the structure of the ABS, as approved by shareholders at the 2023 AGM (and unchanged from 2023/24), remains appropriate. Subject to the achievement of stretching targets, set in line with the 2024/25 financial plan, the scheme provides for a competitive bonus opportunity with a strong focus on stretching PBT performance.

The CEO is eligible to receive a bonus award of up to 200% of salary. The Co-CEO is not participating in the 2024/25 scheme.

Performance will be focused on Group PBT before adjusting items (70%). The remaining 30% will be measured against a scorecard of individual objectives, identified as the measurable key priorities required to drive the continued growth of M&S. 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 performance targets for the 2024/25 scheme are deemed by the Board to be too commercially sensitive to disclose in this report but, where possible, they will be disclosed in next year's. 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 justified and clearly disclosed.

FIGURE 9: EXECUTIVE DIRECTOR OBJECTIVES FOR 2024/25 ANNUAL BONUS SCHEME

Director	CORPORATE TARGETS		INDIVIDUAL OBJECTIVES
	Group PBT before adjusting items PBT	Scorecard of individual measures	Measures
	% bonus	% bonus	
Stuart Machin	70%	30%	<ul style="list-style-type: none"> – Continued leadership and governance of Executive Committee and development of a high performing leadership team. – Continue to restructure the cost base, delivering a permanent reduction. – Accelerate the supply chain strategies across Food and Clothing & Home. – Deliver a revised Data, Digital & Technology strategy. – Improve the online C&H performance. – Role model and embed the M&S purpose, vision and behaviours across the business.

REMUNERATION REPORT CONTINUED

PERFORMANCE SHARE PLAN (PSP)**PSP AWARDS MADE IN 2023/24 (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 2023 PSP award is 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 is based on EPS (30%), adjusted ROCE (30%) and relative TSR (20%).

For the 2023 PSP awards, the store staff cost to sales ratio was replaced with a broader operating costs to sales ratio. The Committee agreed this revised measure provides greater focus on M&S' simplification agenda and better measures efficiency across the whole business.

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 remain appropriately aligned to M&S' business operations. These companies are listed in Figure 11.

For the 2023 PSP, grants of 250% of salary for the CEO and Co-CEO were approved by the Committee and were made on 5 July 2023.

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 would not be appropriate. Detailed targets can be seen in Figure 10.

FIGURE 10: PERFORMANCE CONDITIONS FOR PSP AWARDS MADE IN 2023/24 (AUDITED)

2023/24 award measures	WEIGHTING	DETAILS	
		THRESHOLD	MAXIMUM
Adjusted EPS in 2025/26 (p)	30%	16.7p	25.7p
Adjusted 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 11: TSR COMPARATOR GROUP 2023/24 AWARDS

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

FIGURE 12: PSP AWARDS MADE IN 2023/24 (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	28/03/2026	05/07/2026
Katie Bickerstaffe	250%	20%	1,875	28/03/2026	05/07/2026

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 2023 award, the share price was calculated as £1.924, being the average share price between 28 June 2023 and 4 July 2023.

FIGURE 13: PSP AWARDS VESTING IN 2023/24 (AUDITED)

For directors in receipt of PSP awards granted in 2021, the awards will vest in June 2024, based on three-year performance over the period to 30 March 2024. For threshold performance, 20% of the 2021/22 award would vest, increasing to 100% on a straight-line basis between threshold and maximum performance. Despite achieving the store staff cost to sales ratio target, this measure is also underpinned by a requirement there is no significant increase in central headcount over the period. The Committee considered the impact of additional central costs and determined that the vesting outcome of this strategic measure should be reduced by 50%. Otherwise, performance was assessed and the Committee determined that 90% 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 14 directly correspond to the figure included in the single figure table Figure 3 on page 102.

	Final Year Adjusted EPS (p)	Final Year Adjusted ROCE (%)	TSR (Relative Ranking)	Strategic Measures			Overall vesting
				M&S.com growth	Food like-for-like sales	Store staff cost: Sales ratio	
Target and weighting	30%	30%	20%		20%		
Threshold performance	15p	10.5%	Median	N/A	N/A	N/A	
Maximum performance	24p	13.5%	Upper quartile	15.0%	1.5%	10.5%	
Actual performance achieved	24.1p	13.9%	Above upper quartile	7.9%	8.4%	9.9%	
Percentage of maximum achieved	30%	30%	20%	0%	6.7%	3.3%	90%

FIGURE 14: VESTING VALUE OF AWARDS VESTING IN 2023/24 (AUDITED)

	At the end of performance period (30 March 2024)						
	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	994,792	225%	3,796	898,729	99,859	47.6%	£2,251
Katie Bickerstaffe	994,792	225%	3,796	898,729	99,859	47.6%	£2,251

Total vesting values are based on a share price of £2.504 (the average share price from 2 January 2024 to 30 March 2024). A dividend of 1p per share was paid during the performance period in January 2024; dividend equivalents accrued during the performance period are shown in the table above.

PSP AWARDS TO BE MADE IN 2024/25

During the year, the Committee reviewed the long-term incentive framework at M&S, assessing the extent to which it remained suitable. The 2024 PSP will maintain the measures used for the 2023 PSP awards (30% adjusted EPS, 30% adjusted ROCE, 20% relative TSR and 20% strategic measures).

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 11, was thoroughly reviewed to ensure the constituents remained appropriate and aligned to M&S' business operations. The TSR comparator group of 12 companies for the 2024/25 award can be found in Figure 16. EPS and adjusted ROCE targets have been set with reference to business plan and are reflective of stretching ambitions.

Following careful consideration and discussion on the need to incentivise the most senior leaders of M&S and reward truly exceptional performance, the Committee approved a 250% of salary award for the CEO in 2024. The Co-CEO is not participating in the 2024/25 scheme.

Performance will be measured as shown in Figure 15 below, with 20% of awards vesting for threshold performance and 100% for maximum.

REMUNERATION REPORT CONTINUED

FIGURE 15: PERFORMANCE CONDITIONS FOR PSP AWARDS TO BE MADE IN 2024/25

2024/25 award measures	WEIGHTING	DETAILS	
		THRESHOLD	MAXIMUM
Adjusted EPS in 2026/27 (p)	30%	30.5p	39.5p
Adjusted ROCE in 2026/27 (%)	30%	15.9%	18.4%
Relative TSR	20%	Median	Upper quartile
Strategic measures	20%	M&S.com growth Food like-for-like sales Operating cost to sales ratio	

FIGURE 16: TSR COMPARATOR GROUP 2024/25 AWARD

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

FIGURE 17: 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 30 March 2024.

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 and 21 May 2024. No director had an interest in any of the Company's subsidiaries at the statutory end of the year.

	Unvested				
	Shares owned outright ¹	With performance conditions	Without performance conditions		
		Performance Share Plan ²	Deferred Share Bonus Plan ³	Restricted Share Plan ⁴	Unvested unexercised options ⁵
Stuart Machin	522,932	3,480,085	734,272	401,716	Nil
Katie Bickerstaffe	350,940 ⁷	3,324,992	697,058	501,908	4,535

1. Includes shares owned by connected persons.

2. Performance Share Plan (PSP) awards were made as conditional share awards, the performance conditions have previously been disclosed.

3. Awards under the Deferred Share Bonus Plan (DSBP) relate to half of the annual bonus earned in respect of 2021/22 and 2022/23, deferred into shares for three years.

4. Awards under the Restricted Share Plan (RSP) were granted to Stuart Machin and Katie Bickerstaffe in June 2021 prior to their appointment to the Board.

5. These are HMRC approved ShareSave awards.

6. The figures in the table above include dividend equivalents that are accrued on awards under the PSP, DSBP and RSP.

7. On 29 April 2024, Katie Bickerstaffe purchased 57 shares under the Company's SIP. As at 21 May 2024 her holding of shares owned outright increased to 350,997 shares.

FIGURE 18: SHAREHOLDING REQUIREMENTS INCLUDING POST-CESSATION (AUDITED)

All executive directors are required to build a holding of 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.

The chart below shows the extent to which each executive director has met their target shareholding as at 30 March 2024. For Stuart Machin and Katie Bickerstaffe, their shareholding requirement is measured from their date of appointment as 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 consider it 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. 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 £2.207, with resultant shareholdings illustrated in the chart below.

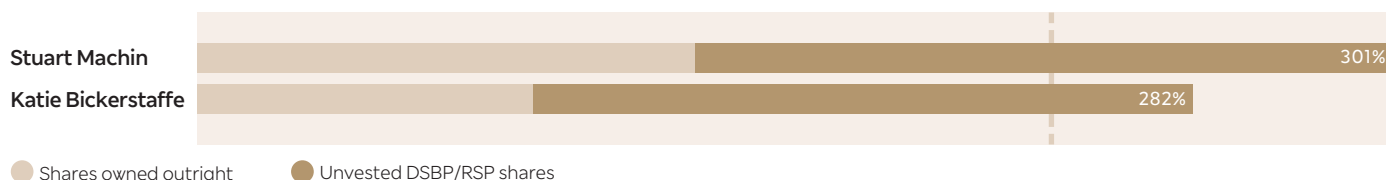


FIGURE 19: EXECUTIVE DIRECTORS' INTERESTS IN THE COMPANY'S SHARE SCHEMES (AUDITED)

	Maximum receivable at 1 April 2023	Awarded during the year	Exercised during the year	Lapsed during the year	Dividend equivalents accrued	Maximum receivable at 30 March 2024
Stuart Machin						
PSP ¹	3,336,953	1,039,501	463,895	445,704	13,230	3,480,085
DSBP	401,900	329,582	–	–	2,790	734,272
RSP ²	450,000	–	50,000	–	1,716	401,716
SAYE ³	21,951	–	21,951	–	–	Nil
Total	4,210,804	1,369,083	535,846	445,704	17,736	4,616,073
Katie Bickerstaffe						
PSP ¹	3,065,498	974,532	371,116	356,563	12,641	3,324,992
DSBP	393,439	300,970	–	–	2,649	697,058
RSP ²	700,000	–	200,000	–	1,908	501,908
SAYE ³	21,951	4,535	21,951	–	–	4,535
Total	4,180,888	1,280,037	593,067	356,563	17,198	4,528,493

1. The share price on the date of vesting for the PSP awards was £1.89.

2. The share price on the date of vesting for Stuart Machin's RSP award was £2.59. The share price on the date of vesting for Katie Bickerstaffe's RSP award was £1.89.

3. The option price for the SAYE options exercised was £0.82, the share price on the date of exercise was £2.31.

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 159 to 161.

DILUTION OF SHARE CAPITAL BY EMPLOYEE SHARE PLANS

Awards granted under the Company's SAYE scheme and discretionary share plans 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.

**FIGURE 20: ALL SHARE PLANS
(AS AT 30 MARCH 2024)**

Actual		6.70%
Limit		10%

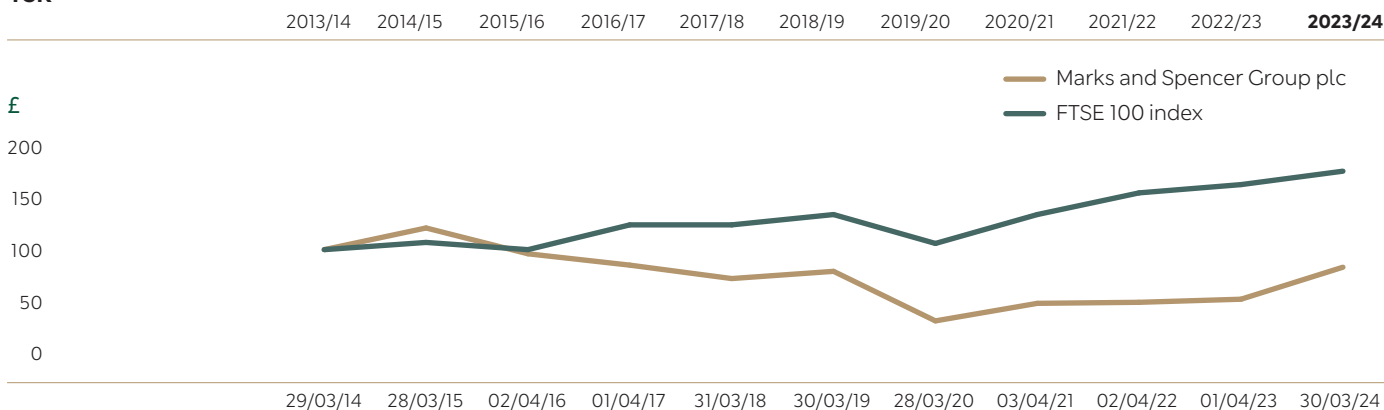
**FIGURE 21: EXECUTIVE SHARE PLANS
(AS AT 30 MARCH 2024)**

Actual		0.99%
Limit		5%

REMUNERATION REPORT CONTINUED

FIGURE 22: PERFORMANCE AND CEO REMUNERATION COMPARISON

This graph illustrates the Company's performance against the FTSE 100 over the past 10 years. M&S re-entered the FTSE 100 Index on 18 September 2023. 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.

TSR

	29/03/14	28/03/15	02/04/16	01/04/17	31/03/18	30/03/19	28/03/20	03/04/21	02/04/22	01/04/23	30/03/24
CEO											
CEO single figure (£000)	Stuart Machin	-	-	-	-	-	-	-	-	2,708	4,729
	Steve Rowe	-	-	1,642	1,123	1,517	1,205	1,068	2,630	156	-
	Marc Bolland	2,095	2,015	-	-	-	-	-	-	-	-
Annual bonus payment (% of maximum)	Stuart Machin	-	-	-	-	-	-	-	-	81.1%	96%
	Steve Rowe	-	-	36.98%	0.00%	0.00%	0.00%	0.00%	95.0%	-	-
	Marc Bolland	30.55%	31.9%	-	-	-	-	-	-	-	-
PSP vesting (% of maximum)	Stuart Machin	-	-	-	-	-	-	-	-	51.0%	90%
	Steve Rowe	-	-	0.00%	8.20%	34.0%	11.20%	0.00%	0.00%	51.0%	90%
	Marc Bolland	4.70%	4.80%	-	-	-	-	-	-	-	-

FIGURE 23: PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

	2023/24			2022/23			2021/22			2020/21		
	% change 2022/23-2023/24			% change 2021/22-2022/23			% change 2020/21-2021/22			% change 2019/20-2020/21		
	2022/23 Base salary/fees	Benefits	Annual bonus	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	3%	12.5%	21%	-	-	-	-	-	-	-	-	-
Katie Bickerstaffe	3%	29%	10%	-	-	-	-	-	-	-	-	-
Archie Norman	3%	-	-	3%	-100%	-	1%	100%	-	0%	-74%	-
Andrew Fisher	3%	-	-	3%	-100%	-	1%	-	-	0%	-	-
Justin King	3%	-	-	3%	-	-	1%	-	-	0%	-	-
Tamara Ingram	3%	-	-	3%	-	-	1%	-	-	0%	-	-
Sapna Sood	3%	-	-	3%	-	-	1%	-	-	0%	-	-
Evelyn Bourke	3%	-	-	3%	-100%	-	1%	-	-	-	-	-
Fiona Dawson	3%	-	-	3%	-	-	1%	-	-	-	-	-
Ronan Dunne	3%	-	-	-	-	-	-	-	-	-	-	-
Cheryl Potter	3%	-	-	-	-	-	-	-	-	-	-	-
UK colleagues (average FTE)	8.5%	17%	23%	6%	0%	-6%	2%	-	100%	0%	0%	-

1. See Figure 3 on page 102 for details of executive director remuneration which support the percentage changes above.
2. See Figure 26 on page 112 for details of non-executive director remuneration which support the percentage changes above.
3. Change in benefit is blank where the benefit value was zero in prior year as no figure to compare to.
4. No changes were made to benefits during the year. The increase in the benefit % for UK colleagues represents the consolidation of car allowances into base salary and the increase to company pension contributions following the investment in colleague pay during the year.

FIGURE 24: 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.

	2022/23 £m	2023/24 £m	% change
Total colleague pay¹	1,712.7 ¹	2,040.1	19.1%
Total returns to shareholders	Nil	19.6	–
Group PBT before adjusting items²	453.3 ³	716.4	58%

1. Last year's figure has been restated to reflect certain employee costs related to Gist Limited and Gist Distribution Limited.

2. Group PBT before adjusting items as disclosed on page 2.

3. Comparative information has been restated due to a change in adjusting items classification.

FIGURE 25: 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 2023/24 PAYMENTS FOR THE LOSS OF OFFICE (AUDITED)

As announced on 7 March 2024, Katie Bickerstaffe will retire from her role as Co-CEO, step down from the Board and cease to be a Director on 10 July 2024. Katie will continue to receive her normal remuneration in terms of salary, pension and company benefits in accordance with her service agreement, up to and including 10 July 2024. In determining Katie's exit arrangements, the Committee did not want to pay excessively in the context of the remainder of her notice period following her departure. To achieve this, Katie will not receive any of her fixed pay elements (salary, pension and Company benefits) from 10 July 2024. Katie is not participating in the 2024/25 ABS and is not eligible for a 2024 PSP award.

The Committee determined good leaver treatment in line with the plan rules, and therefore her unvested conditional shares awarded under the 2021, 2022 and 2023 PSP awards, the Restricted Share Plan (RSP) and the 2022 and 2023 DSBP awards will be time pro-rated to 10 July 2024. They will vest on the relevant normal vesting date to the extent that performance has been achieved, where applicable. The deferred element of the 2023/24 ABS is outlined in Figure 8 on page 105 and will vest on the normal timescales.

To the extent that performance conditions are met for the 2022 PSP award, the subsequent vesting of this award will be reported in next year's report along with confirmation of the vesting of Katie's RSP award and 2022 DSBP award.

In line with policy, Katie will be subject to post-cessation holding requirements and will continue to maintain her in-employment shareholding requirement for two years after leaving M&S.

PAYMENTS TO PAST DIRECTORS (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 last year, 51% of the PSPs granted in 2020 vested on 6 July 2023. For Steve Rowe, based on the share price at the time of vesting of £1.89, the 496,308 shares that vested had a value of £938,022.

As detailed earlier in the report on page 107, 90% of PSP awards granted in 2021 will vest in June 2024. For Steve Rowe, the award is pro-rated so of the 455,503 shares and 5,215 dividend equivalents accrued during the performance period 414,646 shares will vest at an estimated value of c.£1,038,274 based on the average share price of £2.504 between 2 January 2024 and 30 March 2024. Steve has no further PSP awards outstanding.

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 £29,167 from the ECB and £96,269 from Barratt Developments in 2023/24 in respect of these external appointments.

REMUNERATION REPORT CONTINUED

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 2023/24 and 2022/23 are detailed in Figure 26.

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 are the taxable expenses that the Company grossed up and paid the UK tax on, for the non-executive directors. Non-taxable expense reimbursements have not been included in the table.

In line with pay increases across the business, non-executive director fees will increase by 3% to £78,909 with effect from 1 July 2024. The Board Chairman was also awarded an increase of 3% bringing the total aggregate fee to £675,305.

To reflect the time commitment, demands and responsibilities of Committee members, with effect from 1 July 2024, a membership fee of £5,000 will be payable to non-executive directors serving on a Board Committee. The membership fee will not be paid to the Chair of our committees, the Board Chairman or to members of the Nomination Committee.

Fee levels will again be reviewed in the year, ahead of any changes which would be effective 1 July 2025.

FIGURE 26: NON-EXECUTIVE DIRECTORS' TOTAL SINGLE FIGURE REMUNERATION (AUDITED)

Director	Year	Basic fees £000	Additional fees £000	Benefits £000	Total £000
Archie Norman	2023/24	76	575	1	652
	2022/23	74	558	0	632
Andrew Fisher	2023/24	76	51	1	128
	2022/23	74	28	0	102
Justin King	2023/24	76	0	1	77
	2022/23	74	0	0	74
Tamara Ingram	2023/24	76	20	0	96
	2022/23	74	20	0	94
Sapna Sood	2023/24	76	0	0	76
	2022/23	74	0	0	74
Evelyn Bourke	2023/24	76	20	0	96
	2022/23	74	16	0	90
Fiona Dawson	2023/24	76	0	0	76
	2022/23	74	0	0	74
Ronan Dunne	2023/24	76	0	0	76
	2022/23	50	0	0	50
Cheryl Potter	2023/24	76	0	0	76
	2022/23	6	0	0	6

FIGURE 27: 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 30 March 2024, 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 21 May 2024 are shown in the table below.

Director	Number of shares held as at 30 March 2024	Number of shares held as at 21 May 2024
Archie Norman	148,600	148,600
Andrew Fisher	4,243	4,243
Justin King	64,000	64,000
Tamara Ingram	2,000	2,000
Sapna Sood	2,000	2,000
Evelyn Bourke	50,000	50,000
Fiona Dawson	21,432	21,432
Ronan Dunne	25,000	25,000
Cheryl Potter	100,000	100,000

FIGURE 28: 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

REMUNERATION COMMITTEE MEMBERS

The Committee members during the year were Andrew Fisher (Committee Chair), Archie Norman, Fiona Dawson and Tamara Ingram. The role and responsibilities of the Committee can be found on page 76.

REMUNERATION 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 £50,000 for Remuneration Committee matters. This is based on an agreed fee for business as usual support, with additional work charged at hourly rates. PwC's advisory team has no connection with any individual director of the Group.

The Committee also seeks internal support from the CEO, CFO, General Counsel & Company Secretary, People Director, 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.

SHAREHOLDER SUPPORT FOR THE REMUNERATION POLICY AND 2022/23 DIRECTORS' REMUNERATION REPORT

At the Annual General Meeting on 4 July 2023, 97.83% of shareholders voted in favour of the advisory resolution to approve the Directors' Remuneration Report for 2022/23. In addition, 97.74% of shareholders voted in favour of the Remuneration Policy. The Committee believes this illustrates the strong level of shareholder support for the senior remuneration framework. Figure 29 below shows full details of the voting outcomes for the 2022/23 Directors' Remuneration Report and Remuneration Policy.

FIGURE 29: VOTING OUTCOMES FOR THE REMUNERATION POLICY AND 2022/23 REMUNERATION REPORT

Member	Votes for	% Votes for	Votes against	% Votes against	Votes withheld
Remuneration Policy (at the 2023 AGM)	1,286,748,793	97.74	29,785,038	2.26	261,392
2022/23 Remuneration Report (at the 2023 AGM)	1,280,489,585	97.83	28,445,795	2.17	7,859,859

APPROVED BY THE BOARD

Andrew Fisher Chair of the Remuneration Committee

21 May 2024

The Remuneration Policy and this Remuneration Report have been prepared in accordance with the relevant provisions 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 our external auditor, Deloitte, and this is indicated appropriately.