

CORPORATE GOVERNANCE STATEMENT 2024

The following statement is for Marks and Spencer Group plc ('Marks & Spencer'; 'M&S'; the 'Company') for the year ended 30 March 2024. All page references in this statement refer to page numbers in the Annual Report and Financial Statements 2024.

The Board's role has been to guide, support and constructively challenge management and has been especially focused on the delivery of our strategic priorities and underlying change programmes. We remain mindful of the impact of decisions made on the business' various stakeholders and on its long-term, sustainable success, in line with S.172(1) of the Companies Act 2006 ("S.172"). We have outlined how the Board has had regard to the matters set out in Section 172(1) of the Companies Act 2006 on pages 80 to 82 of the Annual Report. Our governance framework facilitates responsive and effective decision-making while supporting the development of good governance practices across the Group. Further details on our governance arrangements can be found on pages 76 to 77 of the Annual Report.

We confirm that throughout the year ended 30 March 2024, the Company has complied with all principles and provisions of the UK Corporate Governance Code 2018 (the 'Code'), which applies to all companies with a premium listing on the London Stock Exchange.

This statement outlines the processes the Company has undertaken throughout the year to apply the Code and demonstrates compliance with each provision. The statement supplements the information given on our governance approach and key issues in our 2024 Annual Report.

A copy of the Code is available from the Financial Reporting Council's website.

Board Leadership and Company Purpose

Provision 1. In accordance with the Directors' duty under Section 172 of the Companies Act 2006, the Board considers the likely consequences of any decision in the long-term. The Board incorporates the basis on which the Company generates and preserves value when considering overall strategy and decision-making.

Further details of compliance with Provision 1 are contained within the following pages of the Annual Report:

- The Company's governance framework and its contribution to responsive and effective decision-making is outlined on pages 76 to 77.
- The Company's approach to risk management, including its assessment of long-term viability over three years, can be found on pages 62 to 71.
- The Board delegates oversight of the effectiveness of the risk management process to the newly renamed Audit & Risk Committee. Further details are laid out in the Audit & Risk Committee Report on pages 89 to 94.
- An overview of our business model can be found on page 8, with further details for each business unit on pages 12 to 27.
- The contribution of governance to the delivery of the Company's strategy is integrated through the report, with specific details on pages 45 to 46, 72 to 73 and 78 to 82.

Provision 2. The Board is responsible for establishing a clear purpose and for setting the strategic direction of the M&S Group. They ensure our culture is aligned with our strategy, oversee our conduct and affairs, and promote the success of M&S for the benefit of our members and stakeholders.

- An overview of the Company's cultural progress can be found in the People & Culture section on pages 38 to 41 of the Annual Report.
- The Board's activities for the year can be found on pages 78 to 79 of the Annual Report. These have included: execution of the 'reshaping' plans for each main business; addressing the issues in data and technology; reshaping our end-to-end Clothing & Home supply chain; and, the development of our Executive Committee ("ExCo"), talent and people. The Board holds two strategy away days a year with the ExCo, at which in depth discussions were had on major transformation programmes including our approach to loyalty and health.

- The Company's approach to reward, including alignment of senior leadership remuneration with the wider organisation, can be found in the Remuneration Report on pages 95 to 113. Full details of share-based payments are laid out on pages 105 to 109 of the Annual Report.

In addition to competitive reward and benefits, such as employee discount and share schemes, the Company also invests in our colleagues by offering performance coaching and an extensive catalogue of training through the M&S e-Learning Hub. Details on company initiatives in place to invest in talent and strengthen a diverse pipeline of leadership candidates are set out on pages 40 and 86.

Provision 3. The Chair of the Board and Chairs of the respective principal Board Committees (the 'Committees') ensure there is regular engagement with major shareholders on matters related to their areas of responsibility. In addition to general meetings, there are also investor road shows, written and face-to-face consultations on significant issues and the Board is updated on major investors' views following these meetings. The Chairs of each Committee also provide an update on its activities at each Board meeting following a Committee meeting. Each year the Board reviews an independent report into major investors' views on the Company's management and performance provided by capital markets advisory firm Makinson Cowell.

- An overview of the principal Committees' areas of responsibility can be found on page 76 of the Annual Report and further details are found within their Terms of Reference which are available on our corporate website.
- Presentations for major investors and all interested stakeholders are published on our corporate website including our Capital Markets Day.
- An overview of how the Board engages, considers and responds to shareholders and other stakeholders' views and interests can be found on pages 8 to 11 and 80 to 82 of the Annual Report.

Provision 4. Following a general meeting, voting results are published on the Company's website. There were no resolutions with a 20% or more vote against at the 2023 AGM. Details of all resolutions at the Company's forthcoming AGM can be found within the 2024 Notice of Meeting on pages 202 to 213 and are summarised in a video guide to the Notice on our corporate website.

Provision 5. In accordance with the Code, pages 80 to 82 of the Annual Report describe how the Board engages, considers and responds to the views and interests of the Company's key stakeholders set out in section 172 of the Companies Act 2006. The key priorities relating to shareholders, colleagues, suppliers, partners, customers, and the wider community are explained and the Company's and Board's engagement with each is detailed on pages 8 to 11. How each of these parties has been considered is explored generally and also in detail in relation to some of the Board's key strategic decisions during the year. Further details of engagement with colleagues specifically can be found on pages 9, 38 to 41, 98 to 99, and 116 to 117 of the Annual Report, including the formal workforce advisory panel, National BIG.

Provision 6. The Audit & Risk Committee has reviewed the Company's whistleblowing procedures including the reporting and follow-up of any concerns by employees regarding possible improprieties in matters of financial reporting, other fraud-related matters and bribery. Our policies and procedures are detailed in full on our corporate website and summarised on pages 59 to 61 of the Annual Report.

Our Code of Conduct outlines the behaviours that M&S expects of our colleagues and advises them to report any concerns or suspected wrongdoing by the Company, colleagues or others involved with the Company, by reporting it to a manager, calling a confidential employee helpline, emailing a designated confidential address, or reporting it to the General Counsel & Company Secretary, who will inform the Chief Executive and the Audit & Risk Committee Chair of any serious issues as a matter of urgency. The Company's Code of Conduct sets a floor of commitments and responsibilities for business conduct based on the Group's principal risks and regulatory requirements. During the course of the year, the Audit & Risk Committee has monitored compliance with the Code, and the Company believes this has provided sufficient visibility to monitor and assess risk and produced an overall improvement in the Company's non-financial controls.

Provision 7. The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with Marks & Spencer, they should notify the Board in writing or at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving directors, or their connected parties, are conducted on an arm's length basis. Directors have a continuing duty to report any changes to these conflicts.

Provision 8. Where directors have concerns about the operation of the Board or management of the Company

that cannot be resolved, this would be recorded in the Board minutes by the General Counsel & Company Secretary. On resignation, non-executive directors are required to provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns. This year, no such concerns have been recorded.

Division of Responsibilities

Provision 9. The Chairman, Archie Norman, was deemed independent on appointment in 2017. The role of Chairman is separate to that of Chief Executive Officer (“CEO”), which has been exercised by Stuart Machin since May 2022, with Katie Bickerstaffe reporting to Stuart as Co-CEO also since May 2022. Both continue to serve in their roles at year end however Katie will be retiring from her role as Co-CEO after this year’s AGM.

Provision 10. The non-executive directors are identified on pages 74 and 75 of the Annual Report and short biographies are provided for each. Full biographies are available on the corporate website. The Board has determined that each non-executive director is independent in character and judgement, commits sufficient time and energy to the role and continues to make a valuable contribution to the Board and its Committees. The Board keeps under review whether there are relationships or circumstances which are likely to affect, or could appear to affect, their independence. The Nomination Committee had commenced succession planning during the year for Andrew Fisher, noting that in December 2024 he would have served for nine years. More detail can be found on pages 84 to 86 of the Annual Report. We have since announced Andrew Fisher will be stepping down from the Board following the AGM.

Provision 11. Independent non-executive directors, excluding the Chairman, constitute the majority of the Board. The independence of the non-executive directors was reviewed as part of this year’s external Board Review, details of which can be found on page 83 of the Annual Report. The non-executive directors also meet annually, led by the Senior Independent Director (‘SID’), to conduct the Chairman’s appraisal. The results of the meeting are then fed back to the Chairman by the SID.

Provision 12. This year, Andrew Fisher as SID provided a communication channel between the Chairman and the non-executive directors. He ensured the views of each non-executive director were given due consideration. He was an additional contact point for shareholders if they had reason for concern that could not be addressed through the normal channels of Chairman, Chief Executive or other executive directors or for which such contact would be inappropriate. The SID chaired a meeting of the non-executive directors, without the Chairman present, to review the performance of the Group generally and the Chairman in particular. With Andrew Fisher’s impending retirement from the Board, identification of a successor as SID is underway.

See page 76 of the Annual Report for more information.

Provision 13. The recommendation of new executive appointments is delegated to the Nomination Committee, which solely comprises the non-executive directors. This year, the Committee recommended two new recruits to the ExCo, Mark Lemming and Rachel Higham, both of whom have the skills to deliver against our strategic pillars. The Board as a whole is responsible for overseeing and holding management to account against agreed performance objectives. The Chairman meets the non-executive directors without the executives present to scrutinise and evaluate the performance of management and individual executive directors and to receive further insight into the performance of the Group and management. Further information on the activities of the Nomination Committee can be found on pages 84 to 86 of the Annual Report.

Provision 14. The responsibilities of the Chairman, Chief Executive, Co-Chief Executive, SID, Board and Committees are set out in the Governance Framework, which is reviewed by the Board, available to view on the corporate website, and detailed on pages 76 to 77 of the Annual Report.

The number of Board and Committee meetings held during the year and details of individual attendance by the directors are disclosed in the Chairman’s Governance Overview on page 73 of the Annual Report.

Provision 15. The directors have ensured that they have sufficient time to carry out their duties. The Chairman’s job specification included an assessment of the time commitment expected and an overview of the Chairman’s role is available to view in the Governance Framework on our corporate website and on pages 76 to 77 of the Annual Report. The Chairman’s other significant commitments were disclosed to the Board before his appointment and are included on page 74 of the Annual Report and in the full Board biographies on our corporate website. Any changes to these commitments will be reported to the Board as they arise and published in the subsequent Annual Report.

The appointment letter for non-executive directors sets out their terms and conditions of appointment, detailed information on the Group and the expected time commitment, including dates of future Board meetings and AGMs. Their other significant commitments are disclosed to the Board before appointment, with a broad indication of the time involved. The Board is informed of any subsequent changes. Their letters of appointment are available for inspection through the General Counsel & Company Secretary and via our AGM.

No full-time executive director has taken on more than one non-executive directorship of a FTSE 100 company, or the chair role of such a company.

Provision 16. All directors have access to the advice and services of the General Counsel & Company Secretary, who plays a key role in the promotion of good governance and is responsible for ensuring that Board procedures are complied with. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

Additionally, the Company has in place an established procedure whereby the Board or any of its Committees may take independent professional advice when appropriate. Any individual director wishing to do so in the furtherance of their duties may take independent professional advice through the General Counsel & Company Secretary at the Company's expense.

Composition, Succession and Evaluation

Provision 17. The Nomination Committee, which comprises the Chairman (who also chairs the Committee) and the non-executive directors, reviews the leadership and succession needs of the organisation and ensures appropriate procedures are in place for nominating, inducting and evaluating directors. The Chairman of the Board does not chair the Committee when it is discussing matters relating to their succession.

Due regard is given to the benefits of diverse senior leadership, including gender, social background and ethnicity. This year the priorities included overseeing the evolution of the top-level leadership structure and longer-term Board composition. The Nomination Committee continued to play a crucial role in planning for talent and succession, as well as supporting the development of the ExCo and its members and developing a diverse pipeline of candidates for senior management roles. Further details can be found in the Nomination Committee report on pages 84 to 86.

In addition, the Committee ensures the Group's governance framework facilitates efficient, effective and entrepreneurial management that can deliver shareholder value over the long term. This year the Committee recommended to the Board the appointment of Cheryl Potter to the ESG Committee, agreeing her experience working for not-for-profit organisations alongside her past and present executive and non-executive director positions on global retail boards, would be valuable in the evolution and implementation of our ESG strategy. Appointments are made on merit and against objective criteria to ensure that the Board maintains a balance of skills, knowledge, and experience. An overview of the NED succession process can be found on pages 84 and 86 of the Annual Report.

The Committee's performance was reviewed as part of the 2023/24 Board Review, which is covered on page 83. The Committee's Terms of Reference are available on our corporate website and an overview of its activities during the year, are provided on pages 84 to 86 of the Annual Report.

Provision 18. Under the Company's current Articles of Association, all directors seek election at their first AGM following appointment and all directors are subject to annual re-election by shareholders at each AGM thereafter. All directors were subject to election by shareholders at the 2023 AGM, and all will again stand for re-election by shareholders at the 2024 AGM, with the exception of Katie Bickerstaffe and Andrew Fisher who will both be retiring from the Board after the meeting. Directors' biographies are given on pages 74 and 75 of the Annual Report and can be viewed on our corporate website, enabling shareholders to take an informed decision when determining their re-election.

It is the Board's view that the directors' biographies (in the Annual Report and on our corporate website) alongside the skills and experience matrix on page 85 of the annual report, illustrate why each director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Provision 19. The current Chairman, Archie Norman, was appointed to the role in September 2017.

Provision 20. There were no new NED appointments made in the year 2023/24. However, the Committee's succession search process is to appoint and work with independent executive search firms, including Russell Reynolds. These firms do not have any other connections with the Company or its directors aside from the provision of recruitment services. The Board supports the provisions of the Voluntary Code of Conduct for Executive Search Firms and only engages executive search firms who are signatories to this code.

Provision 21. The Board is committed to best practice in its governance activities. The annual Board effectiveness review provides a useful opportunity for the directors to take a step back and reflect on their collective and individual effectiveness, consider where improvements can be made and chart progress. The 2023/24 review was externally facilitated by Gurnek Bains and Anita Kirpal of Global Future Partners. An overview of the review process can be found on page 83 of the Annual Report. The Board and Committee reviews were conducted against the principles set out in the Code. The review found that, overall, the Board operates to very high standards and continues to add real value to the business with a particular strength of the Board being its composition of high-calibre individuals, who bring a diverse range of experiences.

Externally facilitated Board reviews are held at least every three years. The Company's last externally facilitated Board Review took place in 2021.

Provision 22. The 2024 Board Review concluded with the agreement of an action plan to address the areas of improvement highlighted during the review process. The Board action plan for 2024/25, with which all Board members are fully engaged, is set out on page 83 of the Annual Report.

Provision 23. The Annual Report describes the work of the Nomination Committee including:

- The process used in relation to appointments, its approach to succession planning and how both support a diverse pipeline on pages 84 to 86.
- How the Board evaluation has been conducted, the outcomes and actions taken on page 83.
- The Board Diversity Policy, its objectives and links to strategy, how it has been implemented and progress on achieving the objectives on pages 85 and 86. The full policy can be found on the Company's corporate website.
- The gender balance of those in senior management and their direct reports on pages 41 and 73.

Audit, Risk and Internal Control

Provision 24. The Audit & Risk Committee comprises three independent non-executive directors: Evelyn Bourke, Justin King, and Ronan Dunne. The Board has satisfied itself that Evelyn Bourke and Ronan Dunne have recent and relevant financial experience and that the Audit & Risk Committee as a whole has competencies relevant to the sectors in which the Company operates. Detailed information on the experience, qualification and skillsets of all Committee members can be found on pages 74, 75 and 85 of the Annual Report. The Committee also has access to the financial expertise of the Group and its external and internal auditors and can seek further professional advice at the Company's expense, if required.

Provision 25. The main roles and responsibilities of the Audit & Risk Committee, which include those described in provision 25 of the Code, are set out in written Terms of Reference which are available on our website. During the year, the Committee's core duties remained largely unchanged and the usual cadence of activities relating to financial reporting, risk, assurance and internal controls remained in place. Other prominent themes this year included: Assessing the suitability of accounting policies relating to issues such as the UK store estate programme and reviewing evolving corporate governance and reporting requirements, particularly relating to ESC assurance and non-financial reporting. An overview of the Committee's activities during the year, along with how its performance was rated, is provided on pages 89 to 94 of the Annual Report.

At the Board's request for advice on the matter, the Audit & Risk Committee confirmed that the 2024 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further information can be found on page 92 of the Annual Report.

Provision 26. The work undertaken by the Audit & Risk Committee in discharging its responsibilities during 2023/24 is described in the Audit & Risk Committee Report on pages 89 to 94 of the Annual Report. In accordance with the Code, this includes:

- Significant issues considered by the Committee in relation to the financial statements and how these issues were addressed (pages 91 to 92).
- An explanation of how the Committee has assessed the effectiveness of the external audit process, the approach taken to the reappointment of the Company's auditor, Deloitte LLP, and information on their length of tenure (appointed in 2014) and when a tender was last conducted (page 94).
- The Audit & Risk Committee's recommendation regarding the re-appointment of the external auditor. As authorised by shareholders at the 2023 AGM, the Audit & Risk Committee determines the level of remuneration for the external auditor on behalf of the Board. Details of this year's fees are given in note 4 to the financial statements on page 147 in the Annual Report.
- A description of the Company's Auditor Engagement Policy and how this safeguards the auditor's objectivity and independence. This policy is reviewed annually and is available on our website.

Provision 27. The responsibilities of the directors in preparing the Financial Statements are set out on pages 118 to 119 of the Annual Report, as is confirmation that the directors consider the Annual Report and Financial Statements, taken as a whole, to be fair, balanced and understandable.

Provision 28. The Board has confirmed on pages 62 to 63 of the Annual Report that it has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its values, reputation, business model, future performance, solvency or liquidity. Descriptions of those risks and how they are mitigated are set out on pages 64 to 70.

Provision 29. On behalf of the Board, the Audit & Risk Committee has completed its annual review of the effectiveness of the Group's risk management process and systems of internal control, and has reported on that review on page 93 of the Annual Report. No significant failings or weaknesses were identified in respect of the year ended 30 March 2024 and up to the date of the Annual Report. Where the Committee has identified areas requiring improvement, processes have been put in place to ensure that the necessary action is taken and progress is monitored.

Provision 30. The directors' going concern statement is given on page 118 of the Annual Report. Based on the Group's cash flow forecasts, the Board expects the Group to have adequate resources to continue in operation, meet its liabilities as they fall due, retain sufficient available cash and operate within the level of its facilities for the foreseeable future, being a period of at least 12 months from the approval of the financial statements.

Provision 31. The Board explains on page 71 of the Annual Report how it has assessed the prospects of the Company over the longer term and why it considers a three-year period to be appropriate for the purposes of this assessment. On page 118 of the Annual Report, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over this period.

Remuneration

Provision 32. During the year, the Remuneration Committee was comprised of four independent non-executive directors – Andrew Fisher (Chair), Tamara Ingram, Archie Norman and Fiona Dawson. Archie Norman's membership is deemed appropriate as he was considered independent on appointment and does not Chair the Committee.

The Committee met four times during the year under review. The Committee attendance table can be found on page 73 of the Annual Report. An overview of what the Committee has done during the year, along with how their performance was rated, is provided on pages 83 and 95 to 97 of the Annual Report.

Provision 33. The Remuneration Committee's primary role, on behalf of the Board, is to set the senior remuneration strategy and framework, giving due regard to the financial and commercial health of the Company and to ensure the executive directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance. Shareholders approved the Remuneration Policy at the AGM in 2023 and a summary of the policy and its implementation for the coming 2024/25 year can be found on pages 100 to 101. The policy's application throughout 2023/24 can be found in the Remuneration Report on pages 102 to 113.

The Committee continually review the senior remuneration framework to ensure 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. This framework includes recruitment and termination arrangements, approving the design, targets and payments for all annual incentive schemes that include executive directors and senior managers. In addition, the Committee agrees the design, targets and annual awards made for all share incentive plans requiring shareholder approval. The Committee also discussed workforce remuneration and supported the investment of £89m in our UK Retail colleague pay. The Remuneration Committee report can be found on pages 95 to 113 of the Annual Report.

Provision 34. The fees paid to our non-executive directors recognise the responsibility of the role, the time commitments required and are not performance related nor pensionable. Non-executive directors do not participate in any of the Company's share schemes nor the Annual Bonus Scheme. The basic annual fee which includes membership of Committees was £76,611 per annum with effect from 1 July 2023. The additional fee for acting as Chair of the Audit & Risk, Remuneration or ESG Committees was £20,000 with effect from 1 January 2022 and has not changed during this year.

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. 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. Each of the non-executive director fees are disclosed on page 112 of the Annual Report.

Provision 35. Full details of advice provided to the Remuneration Committee by its internal support, external advisers, and review of surveys and bespoke benchmarking data is detailed on page 113 of the Annual Report. This statement includes identification of PwC as external consultants and their connection with the Company. The Remuneration Committee exercises independent judgement when evaluating advice from external third parties and receiving views from executive directors and senior management. Executive directors and senior management are not present for discussions that relate directly to their own remuneration.

Provision 36. Performance-related elements of remuneration form a significant proportion of the total remuneration package of executive directors. M&S is committed to ensuring its remuneration arrangements motivate participants to strive for exceptional performance while also protecting shareholder value from unnecessary risk-taking. As such, clawback and malus provisions apply to these incentive arrangements. The malus 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 are not limited to, a material misstatement of the Company's audited results. The clawback provisions enable the Committee, in its absolute discretion, to reclaim awards paid to individuals for up to two years after the respective vesting or payment date where specified events occur. The Executive Directors' shareholding requirements stipulate that they must hold any shares awarded for two years after vesting.

Further detail of the Remuneration Policy including information on holding periods, clawback, and post-cessation periods can be found on pages 100 to 101 of the Annual Report.

Provision 37. Recent world events have highlighted the importance of having a flexible Remuneration Policy that has the appropriate permissible discretions to ensure that M&S senior pay arrangements truly reflect the performance of the Company and are aligned with shareholder interests. Page 96 to 97 of the Annual Report outlines the discretions applied to ensure that the Remuneration Committee was able to act in the best interests of the business and our shareholders in unknown and unpredictable circumstances.

The Remuneration Committee has the ability to apply malus, clawback and responsible application of discretion to override formulaic outcomes of the incentive schemes to ensure that pay outcomes are appropriate in the wider business and economic climate beyond the relevant performance measures. During the year, the Committee discussed the breadth of provisions in place and agreed that these provide the Committee with sufficient capacity to act appropriately in unforeseen circumstances. The clawback provisions, which have been in place since 2015 and may be exercised by the Committee under a number of circumstances, include, but are not limited to, financial misstatement, calculation errors, gross misconduct or events/behaviour having a detrimental impact on the reputation of any member of the Group.

During the year, the Committee 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 2023/24 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. More information can be found on pages 96 and 100 of the Annual Report.

Provision 38. Executive directors may participate in M&S' defined contribution arrangement on the same terms as other colleagues. The cash supplement in lieu of pension contributions has been removed under the terms of the Remuneration Policy which was approved at the 2020 AGM for any future director.

Provision 39. 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.

The Chairman has an agreement for service which can be terminated on six months' notice by either party. Non-executive directors have agreements for service with the Company for an initial three-year term, subject to annual re-election, which can be terminated on three months' notice by either party. Details of each executive director's and non-executive director's contract terms are set out on pages 111 and 113 of the Annual Report.

Provision 40.

The Remuneration Committee continues to have a strong focus on setting remuneration policy and practices that are designed to support strategy and promote the long-term success of M&S, while following the below 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 – remuneration practices 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 drive behaviours consistent with M&S' purpose, values and strategy.

Provision 41. The work of the Remuneration Committee is detailed on pages 95 to 113 of the Annual Report and included:

- The strategic rationale for executive directors' Remuneration Policy, including structures and performance metrics, detailed in pages 100 to 101.
- Reasons why the remuneration is appropriate using internal and external measures, pay ratios and pay gaps is detailed on pages 102 to 113.
- A description, with examples, of how the Remuneration Committee has addressed the factors in Provision 40 on page 97 and throughout the Remuneration Committee report on pages 95 to 113.
- Confirmation that the Remuneration Policy has operated as intended with the Committee applying robust and proactive discretion to the 2023/24 application of the policy.
- Engagement with shareholders and the impact this has had.
- Engagement with the workforce, including collaboration with BIG, on page 98.
- The extent to which discretion has been applied to remuneration outcomes and why throughout the Remuneration Committee report and specifically on pages 96 to 97.