

## FRAUD POLICY

### POLICY STATEMENT

M&S operates a zero-tolerance approach to fraud. We require everyone to act with honesty and integrity, to safeguard the resources for which they are responsible and to protect our customers, shareholders, suppliers, colleagues and brand from fraudulent activity in any form.

#### BACKGROUND

##### Fraud Act 2006

From a legal perspective, the Fraud Act 2006 defines three classes of fraud:

- **False representation:** a person commits fraud by intentionally and dishonestly making a false statement.
- **Failing to disclose information:** a person commits a fraud if they dishonestly fail to disclose pertinent information.
- **Abuse of position:** a person commits a fraud if they dishonestly abuse their position.

To commit fraud a person must have acted dishonestly and with the intent to (i) make a gain for themselves or someone else and/or (ii) cause loss to another or expose another to a risk of loss.

Fraud in the workplace affects us all by reducing company profits, damaging our culture and potentially tarnishing the M&S Brand. The consequences can be wide reaching and include increased prices for customers, reduced staff benefits, poor returns for investors, reputational damage and fines.

Fraud is a deliberate act (or deliberately assisting / allowing one by another person) to create, falsify, destroy, deface or conceal any account, balance, record or document, or impersonate, deceive, or misuse their position with the intention of:

- obtaining money, discounts, assets, services, information or any other benefit which would otherwise be denied;
- distorting personal or business performance irrespective of reason;
- causing a loss to M&S or another party (such as a supplier, third party contractor, customer or colleague); and/or
- prejudicing the business's rights, competitive position or business reputation, or those of another party.

#### OUR COMMITMENT

Our commitments as a business are:

- to set a clear 'tone at the top' and communicate a zero tolerance approach to managing fraud across all parts of M&S;
- to establish policies, procedures and controls as part of an effective control environment to mitigate the risk of fraud in our day-to-day activities – recognising this may not always prevent fraudulent acts;
- to maintain an environment and processes that both rely on and are supportive of colleagues in identifying and reporting suspected fraud;
- to maintain an effective, independent and confidential whistleblowing channel for the reporting of allegations;
- to fully investigate whenever fraud is suspected - irrespective of monetary value due to the corrosive impact on values and behaviours;
- to report instances of significant or serious fraud to the M&S leadership;
- where confirmed, to enforce appropriate sanctions including disciplinary action that may lead to dismissal, civil recovery proceedings to recover losses: and
- where appropriate, to report criminal acts to the police or other authorities.

#### YOUR RESPONSIBILITIES

All colleagues have a responsibility to:

- be aware of what is happening around them to help prevent and detect fraud;
- report any suspected wrongdoing – whether involving colleagues, suppliers or other third parties; and
- to think 'what is the right thing to do?' – challenging whether existing ways of working are acceptable and reporting anything that appears inappropriate.

This mindset needs to be applied to all potentially fraudulent activities – ranging, for example, from staff discount abuse or inappropriately accepting gifts through to falsely reporting on performance, abusing a position of power or obtaining services dishonestly.

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Where fraud is suspected, colleagues should report their concern immediately to either their line manager, another member of the management team, the Head of Internal Audit & Risk, the General Counsel or through the confidential reporting process. (Further details are below in 'Reporting & queries').

Colleagues **should not**:

- confront individuals suspected of fraud;
- discuss the suspicion more widely;
- take any personal action to address, nor
- begin any local investigation.

It is important to note that **UK legislation protects colleagues from dismissal or being disadvantaged when they report wrongdoing by their employer or other colleagues**. For example, there may be instances where fraud is suspected but no wrongdoing is found when investigated. In these circumstances, protection will be given and no disciplinary action taken if the disclosure was reasonable, made in good faith, believed to be true and indicative of the individual's concern for the Company's best interests.

### COMPLIANCE

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#### Applicability

This policy is applicable to all parts of M&S's wholly owned business activities in both the UK and Overseas.

For business operations which are not wholly owned, such as Joint Ventures and other significant undertakings, the respective business and functional leadership teams are required to satisfy themselves that the underlying entity has appropriate fraud policies and procedures in place. Where there are individually significant fraud risks or issues which could impact M&S, these should be reported to the Head of Internal Audit & Risk.

#### Consequences

Fraud is deemed gross misconduct. As described above, all reported concerns of fraud or potential fraud will be subject to investigation. Where confirmed, the business will enforce appropriate sanctions including disciplinary action that may lead to dismissal, civil recovery proceedings to recover losses and reporting criminal acts to the police or other authorities.

#### Compliance reporting

The Head of Internal Audit & Risk is responsible for collating details of significant frauds identified by the business or from confidential reporting and providing details to the Audit Committee. Each business/functional leadership team is responsible, therefore, for reporting significant issues in their part of the business to the Head of Internal Audit & Risk as soon as they are identified or suspected.

### REPORTING AND QUERIES

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Any colleague's suspicion of fraud should be reported immediately to their line manager, another member of the management team or through the Company's confidential reporting process:

- Calls from the UK: Freephone: 08000 150 281
- Calls from ROI: Freephone 1800 812 740
- Weblink: [www.safecall.co.uk/report](http://www.safecall.co.uk/report)
- Via the My Safety app
- (Other international numbers are published on the M&S intranet site)

Any manager contacted about a suspicion of fraud should report the incident directly to the Head of Internal Audit & Risk or via the Confidential Reporting process explained above.

If considered appropriate, reports can also be submitted directly to the General Counsel.

### FURTHER INFORMATION

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Policy Owner	CFO
Compliance Lead	Head of Internal Audit & Risk
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Review frequency	Annually
Next review date	April 2021