

RESULTS OF THE LATEST IN-DEPTH FINANCIAL HEALTH CHECK.

The Scheme is a defined benefit (DB) pension arrangement which means your pension is paid from a single pot, known as the fund.

We keep a close eye on the Scheme's financial health to make sure there's enough money set aside in the fund today to make all future pension payments.

Every three years, we complete an in-depth financial health check known as an actuarial valuation. We ask the independent Scheme Actuary to check the difference between how much the Scheme needs to be able

to pay the pensions built up (liabilities) and the total amount set aside in the fund to pay those pensions (assets). It takes a few months to work out the results and agree them with M&S. It shows whether the Scheme is in surplus and the assets are worth more than the liabilities, or if it is in deficit and the assets are worth less than the liabilities. It's important because it tells us whether the Scheme's investments are on track or if we need to take action.

It's useful to keep up to date with this information. We believe it shows that the Scheme is well-run and financially secure.

THE LATEST RESULTS.

The results of the in-depth financial health check as at 31 March 2021 and the annual health check as at 31 March 2022 were as follows:

	31 March 2018 (£m)	31 March 2021 (£m)	31 March 2022 (£m)
Assets	10,542	10,693	10,380
Liabilities	9,890	10,006	9,554
Funding surplus	652	687	826
Funding level	107%	107%	109%

We're pleased to confirm that since the previous in-depth financial health check in 2018, the Scheme remained in surplus for both the in-depth financial health check in 2021 and the annual health check in 2022. The funding level remained relatively stable, showing that our investment strategy remains on track and the investments

continue to grow at a similar rate to the Scheme's liabilities.

We have to pay pensions for a very long time, so the surplus doesn't mean the Scheme has more money than it needs, but it does tell us it is currently in a healthy financial position for the future.

WHEN IS THE NEXT FINANCIAL HEALTH CHECK?

We'll provide the results of the annual financial health check in next year's newsletter. The next in-depth financial health check will be calculated as at 31 March 2024.

ADDITIONAL INFORMATION WE MUST TELL YOU:

In the unlikely event that M&S stopped trading, we assume that the Trustee would use the Scheme's funds to buy members' pensions from an insurance company that would then pay pensions going forward.

As at 31 March 2021, 82% of the pensions built up in the Scheme would be covered by the money set aside in the fund. This is lower than the funding level because it costs more to buy pensions from an insurance company.

M&S would be expected to fund the gap, but if it wasn't able to, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members. This compensation is likely to be less than the benefits members are currently entitled to.

We're including this information as we're required to consider what would happen if M&S stopped trading, not because we have reason to think that it will.

WE MUST ALSO CONFIRM:

- The Scheme has not made any payments to M&S since the last update provided in 2020.
- The Pensions Regulator has not been required to use any of its powers in relation to the Scheme.

MORE INFORMATION.

For detailed information about the latest in-depth financial health check from the Scheme Actuary, members can request a copy of the full Actuarial Valuation Report by contacting the Pensions Administration Team.

To find out more about the PPF go to www.ppf.co.uk or write to the PPF at PO Box 254, Wymondham, NR18 8DN.