

## **Retail: M&S investors prepare a fresh challenge to Rose's role**

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Sir Stuart Rose will face a fresh challenge to his position as executive chairman of Marks & Spencer after enduring one of the biggest investor rebellions in recent years this month.

A group of investors is preparing to raise the issue at the retailer's annual meeting next year by tabling a resolution calling for an independent chairman.

Rose is the former chief executive and combines the position with that of chairman in contravention of City corporate governance codes while M&S seeks a successor as chief executive by 2011.

The Local Authority Pension Fund Forum, which represents 48 local authorities managing £95bn of assets, wants to table the resolution as a way of protesting against Rose holding dual roles and to avoid having to vote against his election to the board.

At this year's annual meeting this month, investors registered their disapproval of Rose's role. One in five shareholders failed to back his reappointment to the board, either by voting against it or by withholding their vote, the route preferred by some City investors to demonstrate their anger.

The LAPFF is threatening to table the resolution if the roles are not split by the time of the next annual meeting in July 2009. But it will not be able to do so alone because it needs a 5% stake or to be part of a band of 100 shareholders who each own at least £100 of shares to table a resolution.

The LAPFF has an approximate 2% stake in M&S.

Ian Greenwood, chairman of the LAPFF, said: "As a representative body of large institutional investors in Marks & Spencer, the forum believes that the risk of the company continuing downhill from its current shaky position has been increased as a result of the combined roles. All this takes place in an unfavourable retail market environment."

M&S stunned the City before this year's meeting by issuing a profits warning and revealing grim sales figures that drove its shares lower. The company pointed out that the next meeting was a year away and said the City's combined code on corporate governance was not a set of unbreakable rules. The code sets out best practice for boardrooms and favours independent, non-executive chairmen appointed from outside the business. It discourages chief executives from being

appointed chairmen and recommends that the roles should be held by different people.

Rose has agreed to put himself up for a vote to the board each year, more often than is required, to try to defuse the row.