

M&S's Rose Faces New Shareholder Vote on Dual Role

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Marks & Spencer boss Stuart Rose faces a new shareholder vote on his controversial dual management role after an investor filed a resolution to the firm's annual general meeting calling on him to share power.

The Local Authority Pension Fund Forum (LAPFF), which says its members own over 1 percent of M&S's shares, said on Monday its resolution required the clothing, food and homewares group to appoint an independent chairman by July 2010.

The resolution will be voted on at M&S's annual shareholder meeting in July. As a so-called "special resolution," it will need the support of investors owning 75 percent of M&S shares to be passed.

Some 22 percent of investors abstained or voted against Rose's election as executive chairman last July in one of the biggest shareholder rebellions in recent UK corporate history.

The appointment flouted UK corporate governance guidelines, which call on the posts of chairman and chief executive to be separate. M&S said it wanted to retain Rose to lead it through the economic downturn and there was no obvious successor.

But discontent has continued, with institutional investors expressing concerns about Rose's power in the boardroom at an introductory meeting with M&S's new non-executive director Jan du Plessis earlier this month.

The National Association of Pension Funds (NAPF) has also said it supports separating the posts of chairman and CEO.

"The separation of powers at the head of a company is a fundamental governance principle, and one that is accepted by the rest of the market," LAPFF Chairman Ian Greenwood said in a statement.

The LAPFF, which houses 49 public sector pension funds and has combined assets of over 75 billion pounds (\$107 billion), said it remained supportive of Rose himself and had no plans to recommend its members vote against his re-election.

M&S said it welcomed the LAPFF's support of Rose's leadership, but was disappointed it had filed the resolution.

"The M&S board is fully aware of its obligations and believes it has the appropriate succession timetable in place and that it has the right leadership to steer the company through this period," a spokesman said.

Rose said in March 2008, when his move to executive chairman was announced, that he planned to stay in the post until 2011.

The Observer newspaper said on Sunday that Archie Norman and Allan Leighton, who led the turnaround of supermarket group Asda in the 1990s, might be interest in becoming M&S's chairman.

Brought in to defend M&S against a 400-pence-a-share bid from retail tycoon Philip Green in 2004, Rose presided over a recovery which drove the shares to a record high of 759 pence in April 2007.

The stock has since slumped to as low as 191.9 pence as an economic downturn was exacerbated by what Rose has admitted were mistakes.

M&S is set to report another big fall in underlying sales in a fourth-quarter trading update on Tuesday.

Its shares closed at 265.25 pence on Friday, valuing the business at about 4.3 billion pounds.