

## Criticism grows of M&S's plan for Rose promotion

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The Local Authority Pension Fund Forum has added its name to the growing list of critics of Marks & Spencer's plan to promote its chief executive Sir Stuart Rose to the post of executive chairman.

The LAPFF will reveal today that it has written to M&S asking it to rethink its plans, which contravene the Combined Code on corporate governance. The code says companies should not, under normal circumstances, combine the roles of chairman and chief executive.

The LAPFF, which represents 48 public sector pension funds, many of which are M&S shareholders, said the retailer had failed to convince it that Sir Stuart's promotion was necessary, particularly since it has said the arrangement will last until 2011, rather than only for a short period.

Lord Burns, the chairman of M&S, has written to all its shareholders – including more than 250,000 private investors – explaining that Sir Stuart's promotion had come about because the retailer's succession planning was not likely to produce a candidate of sufficient quality and experience for the chief executive's role by next year. With Lord Burns himself due to stand down in June this year, the retailer decided to ask Sir Stuart to assume both roles until 2011.

In concessions to shareholders angered by the breach of the Combined Code, M&S has said Sir Stuart will stand for re-election each year and also pointed out that he will not receive a pay rise. It has also promised to recruit two additional non-executive directors and that the non-executive team will meet twice a year.

But Ian Greenwood, the chairman of the LAPFF, said it remained unconvinced by M&S's arguments. He said there was no reason why Sir Stuart could not remain as chief executive while the retailer sought his replacement and warned that the annual re-election promise would personalise the governance process.

"The recommendation that there should not be a concentration of power at the head of a company is in the Combined Code because of previous governance failures," Mr Greenwood said.

"In addition, there is a significant risk for investors that the decision to breach a key principle will send a message to the market as a whole."

M&S has explained why it has contravened the combined code. It has consulted leading shareholders who have expressed their support.