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## **M&S: Pension funds say it's risk, not Rose**

Local authority pension funds have told Marks & Spencer that they do not support the company's decision to appoint Sir Stuart Rose as executive chairman.

In a response to the company's recent letter to shareholders, the Local Authority Pension Fund Forum has stated that it does not believe that the company has provided sufficient justification for a significant breach of the Combined Code. In a letter to the current M&S chair Lord Burns, the Forum states that whilst investors might tolerate a temporary combination of the roles of chair and chief executive, it is not convinced that the company has provided grounds for a breach of best practice that will last three years. It has also queried why Sir Stuart cannot remain as chief executive whilst the company continues to plan for succession.

The Forum also says that the announcement that Sir Stuart Rose will face annual re-election, whilst welcome in ordinary circumstances, may personalise the governance issue in an unhelpful way. The Forum says it believes that this will frustrate investors who wish to maintain the focus on the importance of good governance and may result in a damaging vote at the company's AGM in July.

Cllr Ian Greenwood, chair of the Forum, said: "This is about risk, not box-ticking. 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. 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. As such, welcome as the company's recent letter is, it does not provide sufficient justification for us to support the proposed approach. We want the focus to remain on the importance of good governance, rather than turning into a personal referendum on Sir Stuart Rose. We are therefore exploring alternative routes to addressing our concerns."

The Combined Code states:

- "The roles of chairman and chief executive should not be exercised by the same individual." (A.2.1)
- "A chief executive should not go on to be chairman of the same company." (A.2.2)

## About LAPFF:

The Local Authority Pension Fund Forum (LAPFF), which was set up in 1991, is a voluntary association of 48 public sector pension funds based in the UK. It exists 'to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.' The Forum's members currently have combined assets of over £95 billion.

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