EXECUTIVE BOARD TERMS OF REFERENCE

Membership:
The Executive Board (EB) comprises the Chief Executive and all executive directors. The quorum is three members, including the Chairman of the Committee.

Steve Rowe                     Chairman
Patrick Bousquet-Chavanne
Laura Wade-Gery
Helen Weir

Paul Friston                  Secretary

Attendees:
• Attendees may be invited as and when required and will only attend for relevant agenda items.

Meetings:
• The EB will meet weekly or bi-weekly as required.
• The EB Chairman will keep the Group Board updated on its activities.
• Key decisions of the EB will be circulated as appropriate.

Main Responsibilities:
The EB exists to run the business and deliver the Group’s strategy as approved by the Group plc Board:

• To develop and review strategic opportunities and initiatives for the Group; to evaluate the Group’s competitive position and determine strategies to protect M&S, its sub-brands, values and business principles and to consider the impact on key stakeholders;

• To manage the day to day business, responding to market conditions and trends with appropriate plans for pricing and promotions;

• To agree and deliver the Group’s financial and operational plans and forecasts; and to deliver these plans and monitor performance against the Group plan, financial forecasts and quarterly revisions;

• To act as the authorising Board for all non-property expenditure (including non-retail property investments e.g. warehousing) subject to the authority set out below. To recommend to the Group Board all expenditure in excess of this authority;

• To regularly monitor performance against pre-determined criteria to ensure non-property investments deliver required returns;

• To monitor the Group’s business processes systems and controls;

• To identify, evaluate, monitor and manage the Group’s risks (including financial, commercial, information security, HWDB, ethics and compliance, business continuity, fire, health and safety) to enhance the Group’s performance and its assets;

• To review leadership development and succession across the Group; to review HR strategy, including reward framework, employee bonus (excluding those determined by the Remuneration Committee), conditions of employment and pension schemes and people matters;

• To drive overall Group performance through setting and tracking their own clear objectives which are cascaded throughout the Group and changing ways of working;
• To review and update annually its terms of reference, recommending any changes to the Group Board and to evaluate its own membership and performance on a regular basis.

Authority:
Delegated authority limits from the Group Board are as stated below. Approval for all non-property investments falling into the categories below must be sought from the EB before a Business Unit/Channel/Function commits to expenditure on implementation or enters into a contract with a third party.

• All non-property expenditure greater than £1m lifetime capital plus revenue up to £15m. All capital plus revenue expenditure greater than £15m requires Group Board approval;
• All non-property expenditure (capital or revenue) greater than agreed individual BU/Channel/Function Operating Plan or Forecast;
• Re-classification of non-property expenditure from revenue to capital and vice versa greater than £0.5m or H1/ H2 revenue movement greater than £0.5m within the current Operating Plan/ Forecast;
• Re-approval of all non-property investments with:
  o The lower of 10% increase in investment costs or an increase greater than £1m; ;
  o The lower of 10% reduction or more than £1m reduction in investment benefits;
  o More than 6 months slippage in the delivery of benefits; ;
• All non-property expenditure (capital or revenue) of a “strategic” brand, reputational or sensitive nature, prior to Group Board approval, or that result in a risk to the Business Unit/Channel/Function operating cost Plan or Forecast;
• Any work with potential to have strategic/brand implications or commitment that leads to overspend against Business Unit/Channel/Function operating expenditure Plan/Forecast, including trials/investigative work;
• Working capital impacts as a result of specific investments or specific changes in sourcing strategy greater than £5m pa but less than £15m;
• New external debt/capital injections greater than £1m unto subsidiary or JV entities. All inter-company funding via debt/capital can be signed off by the Group Chief Finance Officer. New external debt/capital injections greater than £15m require Group Board approval;
• All new or renewed non-property financial and operating lease approvals greater than £1m lifetime cost. All non-property financial and operating lease approvals with a lifetime cost greater than £15m require Group Board approval;
• Non-merchandise third party non-property contracts greater than £10m in lifetime value or greater than 3 years in duration. All non-merchandise contracts greater than £15m or 5 years and above in duration require Group Board approval.