

GOVERNANCE FRAMEWORK

This page sets out the individual Board profiles, matters reserved to the Board and Committee terms of reference. It has been endorsed by the Board and is published on our website so you can see how Marks & Spencer is governed.

SENIOR INDEPENDENT DIRECTOR

Role

To support the Chairman on all governance issues including the annual review of Board effectiveness.

To provide a communication channel between the Chairman and non-executive directors and, when required, principal shareholders including representative bodies. This communication channel is in addition to and does not replace existing channels.

Main Responsibilities

1. To provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary.
2. To meet with the non-executive directors at least annually, without the Chairman present, to appraise the Chairman's performance, taking into account the views of the executive directors. To meet on such other occasions as deemed appropriate.
3. To ensure that the views of each non-executive are given due consideration and to be available for confidential discussions with those who may have concerns which they believe have not been properly considered by the Board as a whole.
4. Chair the Nomination Committee when considering succession to the role of Chairman of the Board.
5. To be available to shareholders, and other stakeholders, if they have reason for concern which contact through the normal channels of Chairman, Chief Executive or Chief Finance Officer has failed to resolve or for which contact is inappropriate. To attend sufficient meetings with a range of major shareholders to listen to their views to help develop a balanced understanding of their issues and concerns.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by the Senior Independent Director:

- Maintains sound judgement under pressure and takes difficult decisions dispassionately.
- Generates constructive relationships with investors to listen to their concerns and maintain their support.
- Upholds the highest standards of integrity and probity.
- Demonstrates the courage to take a stand and challenge other's assumptions, beliefs or viewpoints as necessary for the good of the business.

Performance reviewed by the Chairman and non-executive directors

Remuneration set by the Chairman and Chief Executive

NON-EXECUTIVE DIRECTORS (NED)

Role

To bring an independent and external dimension to the Board's activities and play their part in relation to strategy, performance, risk and people.

Within the spirit of partnership and mutual respect on the unitary Board, to support as well as constructively challenge and monitor the executive team.

Main Responsibilities

1. To promote the long-term success of the Company for the benefit of its shareholders as a whole and protect shareholder interests through the corporate governance Committees.
2. To ensure that the Company acts responsibly having due regard to its reputation and that we do the right thing, the right way, for our shareholders and wider stakeholders, including employees, suppliers, customers, local communities and the environment.
3. To challenge constructively and help develop proposals on strategy. To contribute to the Board's discussions on the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.
4. To keep informed on shareholder views through feedback at Board meetings, attending meetings with institutional investors on request and meeting shareholders at the annual general meeting.
5. To scrutinise the performance of the executive team in meeting agreed goals and objectives and monitor the reporting of performance.
6. To ensure there is an appropriate succession plan in place which pays due regard to the benefits of diversity. To support individual development and to have a prime role in appointing, and where necessary removing, executive directors.
7. To satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
8. To determine remuneration strategy for the Group and appropriate levels of remuneration for executive directors and senior management.
9. To undertake a tailored initial induction programme and to regularly update and refresh their skills, knowledge and familiarity with the business. To participate in and respond to the Board's annual review of its effectiveness.
10. In those areas in which the NED has particular knowledge, skill and experience, to ensure that they have applied the necessary care, skill and diligence required of a Director.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by non-executive directors:

- Empowers the executives to implement strategic decisions.

- Questions intelligently, debates constructively, challenges rigorously and decides dispassionately.
- Demonstrates independence of judgement through courage of convictions.
- Strength of character to seek and obtain full and satisfactory answers within a collegiate environment to enhance executive performance.
- Listens sensitively to the views of others.
- Commands respect through their leadership in other roles and sectors.
- Uses their wide range of experience, knowledge and insight to assist the executives in developing the business.
- Brings an external dimension whilst complementing the skills and experience of the executives.

Performance reviewed by the Chairman

Remuneration set by the Chairman and Chief Executive

COMPANY SECRETARY

Role

To assist the Chairman in promoting the highest standards of corporate governance. This includes ensuring good information flows within the Board and its committees and between the executive team and non-executive directors, as well as facilitating induction and professional development of directors.

To give independent, impartial advice to the Board on issues of process and governance. All directors have access to the Company Secretary, who is responsible to the Board for ensuring that its procedures are complied with. Both the appointment and removal of the secretary is a matter for the Board as a whole.

Main Responsibilities

Board

1. To act as a confidential sounding board to the Chairman, Chief Executive and individual directors and to support them in their roles. This includes their duty to promote the success of the Company for the benefit of shareholders, taking into account the interests of wider stakeholders.
2. To be secretary to the Board and corporate governance committees (Nomination & Governance, Audit and Remuneration). To assist the Chairman in ensuring members are equipped for robust debate and informed decision-making and that they allocate their time to the right things.
3. To provide a central source of guidance and advice on policy, procedure and ethics.
4. To alert directors to matters which warrant their attention having due regard to the Company's reputation.
5. To facilitate the appointment, induction, ongoing development and retirement of directors.

Business

6. To support the Chief Executive in his executive accountabilities, including the effectiveness of the Executive Board and operational governance and keeping the Board informed.
7. To maintain up-to-date Company records including the shareholder register, minutes of Board, Committee and General meetings, Articles of Association and service contracts. To ensure proper administration of subsidiary companies, maintaining an up-to-date record of the Group structure.
8. To ensure compliance with all legal and regulatory matters including the Company's listing on the London Stock Exchange, the American Depositary Receipt (ADR) programme and OTCQX listing, Companies House filing requirements and other statutory requirements in the UK and overseas.

Shareholders

9. To assist the Chair, Committee Chairs and Chief Executive with institutional investor engagement and to keep the Board informed on the ownership, voting intentions and views

of principal institutional investors and representative bodies (including ABI, IVIS and PIRC).

10. To ensure that the Company acts with the interests of shareholders in mind, including payment of dividends, keeping them informed and holding the AGM.
11. To provide a high-quality service for shareholders with the support of the Registrars and provide support for our private investors and advice on any shareholder-related customer issues.

Governance

12. To support the Chairman in making sure our governance is meaningful, relevant and focused on improving the business, both in the UK and overseas. To advise the Chairman of any changes or initiatives which could improve the governance of the Company.
13. To lead the Corporate Governance team which supports the business on governance, legal and operational matters, helping people to do the right thing, the right way. To have executive accountability for Legal, Pensions, Insurance, Corporate Archive and Secretariat.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by the Group Secretary:

- Is socially responsible showing we care for all stakeholders.
- Confidently makes high quality decisions that demonstrate our brand values.
- Acts with integrity at all times.
- Coaches, develops and motivates teams to achieve their full potential through effective performance management.
- Inspires and builds trust in relationships and teams that leads to commitment and support.
- Is trusted and accountable to deliver commitments and ensures others do the same.
- Is inquisitive, seeking constant improvements, never satisfied with good enough.
- Fast, flexible, adaptable.

Performance reviewed by Chairman and Chief Executive.

Remuneration set by Remuneration Committee on recommendation of the Chairman.

CHIEF EXECUTIVE OFFICER (CEO)

Role

To keep the Chairman regularly informed on all matters that may be of importance to the Board, including the Group's current trading, progress against strategic initiatives, competitive landscape, emerging risks, the performance of the executive team and succession planning for key roles within the business.

To be accountable to the Board for all aspects of the performance and management of the Group. This includes developing business strategies for Board approval and achieving timely and effective implementation whilst managing the risks.

Main Responsibilities

1. To lead corporate strategic direction to develop appropriate business strategies for Board consideration and approval. To develop annual operating and capital plans for Board approval for each business unit consistent with agreed strategies.
2. To update the Board regularly on progress against these plans and KPIs including UK sales, profits and market share; customer data; store, online and international performance; carbon, energy and waste data.
3. To maintain an effective framework for internal controls and risk and ensure that the Group Risk Profile is reviewed quarterly by the Executive Board and half-yearly by the Group Board.
4. To ensure the Board has adequate access to accurate, timely and clear information for decision-making.

Business

5. To lead the business, promote the M&S brand values and ensure company policies and procedures are followed in the UK and overseas, including behaviours set out in the M&S Code of Conduct. To ensure that the business complies with all relevant legislation and regulation.
6. To chair the Executive Board to ensure that appropriate strategies are developed and successfully implemented; that risks are effectively assessed and managed; that the necessary financial and human resources are in place; and that performance is effectively monitored.
7. To ensure our Plan A commitments are monitored and delivered.

People

8. As a member of the Nomination Committee, to ensure succession plans are in place for appointments to the executive team and the Board and presented half-yearly to the Committee or Board. To pay due regard to the benefits of diversity.
9. To review the performance of the executive team, allocating responsibilities to individuals and making recommendations to the Remuneration Committee regarding individual pay and long-term performance incentives. Together with the Chairman to review non-executive director fees at least every 3 years.
10. To lead the Company's processes for informing, involving and consulting with employees.

Governance

11. To oversee investor relations and keep the Board informed. To regularly update institutional investors on the Group's business strategies, performance objectives and risk management and to keep them updated on progress. To give a business presentation to private shareholders at the Annual General Meeting.

Behaviours and Competencies

M&S has developed a competency framework for all employees. The following behaviours and competencies reflect the M&S leadership brand attributes and governance accountabilities for the Chief Executive:

- Sets a clear vision for strategic direction, builds consensus and translates it into actions consistent with customer expectations.
- Quickly recognises the impact of broad trends and emerging patterns in social, environmental and economic activity.
- Delivers commercially successful business decisions within ambiguous and complex business environments.
- Demonstrates a clear commitment to people development, diversity and succession to take the business forward and get the best from our people.
- Commands respect and trust of Board members, executive team and our people and inspires them to achieve their best.
- An inspirational leader who articulates the business vision and values to our people, customers, shareholders and key opinion formers.
- Achieves Board expectations and commercial targets by using entrepreneurial ability to create business opportunities whilst managing the risks.
- Drives new approaches to capitalise on emerging trends and motivates the executives to exceed customer expectations through innovative products and services.

Performance reviewed by the Chairman

Remuneration set by the Chairman and Chief Executive

CO-CHIEF EXECUTIVE OFFICER (CO-CEO)

Role

To bring a commercial dimension to the Board's activities and play their part in relation to strategy, performance, risk and people.

To be accountable to the Chairman for their contribution on the Board and to the Chief Executive for their respective specific business areas and delivery of Board approved operating and capital plans.

Main Responsibilities

1. To promote the long-term success of the Company for the benefit of its shareholders as a whole.
2. To ensure that the Company acts responsibly having due regard to its reputation and that we do the right thing, the right way, for our shareholders and wider stakeholders, including employees, suppliers, customers, local communities and the environment.
3. To challenge constructively and help develop proposals on strategy. To contribute to the Board's discussions on the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.
4. To keep informed on shareholder views through feedback at Board meetings, attending business briefings with institutional investors and meeting shareholders at the annual general meeting.
5. To ensure that agreed strategies are successfully implemented and that risks are effectively assessed and managed.
6. To keep the Board informed of business performance, developments in competitors and other industries/markets and changes in customer profile and requirements over the longer term.
7. To support the Chief Executive in communicating to our people the Board's expectations in relation to the company's culture, values and behaviours and for ensuring that the appropriate standards of governance are adopted at all levels.
8. To establish highly effective teams and identify, promote and develop the individuals required to meet future business challenges and senior management succession. To pay due regard to the benefits of diversity, including gender.
9. To undertake a tailored initial induction programme and to regularly update and refresh their skills, knowledge and familiarity with the business. To participate in and respond to the Board's annual review of its effectiveness.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by an executive director:

- Creates real purpose, direction and long term strategy.

- Comprehensively analyses a broad range of business and market information to position their area competitively.
- Cuts through complexity to create clarity.
- Identifies and nurtures the people who will be critical to our success.
- Is influential and engages others with impact and presence.
- Demonstrates confidence, remains optimistic and focussed taking bold actions when there is uncertainty.
- Is tuned in to our customer's current and future needs translating knowledge of emerging trends to drive margin and profits.
- Builds commitment and momentum for change.

Performance reviewed by the Chairman and Chairman

Remuneration set by the Chairman and Chief Executive

NON-EXECUTIVE CHAIRMAN

Role

To promote the highest standards of corporate governance, assisted by the Group Secretary, which is meaningful, relevant and understood throughout the business so that we all do the right thing, the right way.

To be accountable to shareholders for the effectiveness of the Board and that it builds a sustainable business through consistent, profitable growth, while taking account of the interests of wider stakeholders.

Main Responsibilities

Board

1. To lead the Board and to chair its meetings, having agreed a balanced agenda with the Chief Executive covering business performance, strategy, risk and people. To ensure directors receive accurate, timely and clear information for robust debate and high-quality decision-making and that their time is allocated to the right things.
2. To create the conditions for overall Board and individual director effectiveness so that the Board achieves its full potential. To facilitate and encourage active engagement of and appropriate challenge by the Board, particularly on business strategy and risk. To ensure that once a Board decision is reached, there is appropriate delegation of authority to the executive.
3. To review the annual performance of the Chief Executive, Senior Independent Director, non-executive directors and Company Secretary. Together with the Chief Executive to review non-executive fees at least every 3 years.
4. To chair the Nomination Committee which ensures there are succession plans in place for the Board and the business; that the Board has a balance of skills, experience, independence and knowledge appropriate for the needs of the business; and that committee membership is refreshed.

Business

5. To be a sounding board for the Chief Executive and in particular in the formulation of strategy and in succession planning for key roles within the business.
6. Together with the Chief Executive to provide coherent leadership of the Group to employees, customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.
7. To promote constructive relations and open communication between the directors, executive team, management and employees, both inside and outside the boardroom.

Shareholders

8. To create a forum of open dialogue on governance and Board matters with institutional investors and representative bodies based on a mutual understanding of objectives and to keep the Board informed. This is in addition to the Chief Executive's regular business updates. To take into account private shareholder interests.

9. To chair general meetings of the Company making sure that they are conducted in a proper and efficient manner; that shareholders have an opportunity to debate business issues with all shades of opinion given a fair hearing; that shareholder questions are answered and that they can lodge their votes effectively.

Governance

10. To lead all governance matters to ensure they are conducted in accordance with best practice and that there is a clear structure for, and effective running of, the Board and its committees.
11. To lead the annual review of Board effectiveness and ensure that committee chairs do the same. To determine, in consultation with the Board, whether the evaluation should be externally facilitated. To put in place tailored induction for new directors and regularly review and agree with each director their training and development needs.

Behaviours and Competencies

M&S has developed a competency framework for all employees. The following behaviours and competencies reflect the M&S leadership brand attributes and governance accountabilities for the Non-Executive Chairman:

- Challenges established thinking to ensure long term value and sustainability.
- Sets the style and tone of Board meetings to promote a culture of integrity and respect, a collegiate atmosphere and high level debate.
- Maintains sound judgement under pressure and takes difficult decisions dispassionately.
- Generates constructive relationships with investors to listen to their concerns and maintain their support.
- Navigates politically sensitive situations in a high profile organisation.
- Upholds the highest standards of integrity and probity.
- Asks searching questions which are focused on the key value and risk issues for the Group.
- Demonstrates the courage to take a stand and challenge other's assumptions, beliefs or viewpoints as necessary for the good of the business.

Performance reviewed by the Senior Independent Director and non-executive directors

Remuneration set by the Remuneration Committee

EXECUTIVE DIRECTORS

Role

To bring a commercial dimension to the Board's activities and play their part in relation to strategy, performance, risk and people.

To be accountable to the Chairman for their contribution on the Board and to the Chief Executive for their respective business areas and delivery of Board approved operating and capital plans.

Main Responsibilities

10. To promote the long-term success of the Company for the benefit of its shareholders as a whole.
11. To ensure that the Company acts responsibly having due regard to its reputation and that we do the right thing, the right way, for our shareholders and wider stakeholders, including employees, suppliers, customers, local communities and the environment.
12. To challenge constructively and help develop proposals on strategy. To contribute to the Board's discussions on the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.
13. To keep informed on shareholder views through feedback at Board meetings, attending business briefings with institutional investors and meeting shareholders at the annual general meeting.
14. To ensure that agreed strategies are successfully implemented and that risks are effectively assessed and managed.
15. To keep the Board informed of business performance, developments in competitors and other industries/markets and changes in customer profile and requirements over the longer term.
16. To support the Chief Executive in communicating to our people the Board's expectations in relation to the company's culture, values and behaviours and for ensuring that the appropriate standards of governance are adopted at all levels.
17. To establish highly effective teams and identify, promote and develop the individuals required to meet future business challenges and senior management succession. To pay due regard to the benefits of diversity, including gender.
18. To undertake a tailored initial induction programme and to regularly update and refresh their skills, knowledge and familiarity with the business. To participate in and respond to the Board's annual review of its effectiveness.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by an executive director:

- Creates real purpose, direction and long term strategy.

- Comprehensively analyses a broad range of business and market information to position their area competitively.
- Cuts through complexity to create clarity.
- Identifies and nurtures the people who will be critical to our success.
- Is influential and engages others with impact and presence.
- Demonstrates confidence, remains optimistic and focussed taking bold actions when there is uncertainty.
- Is tuned in to our customer's current and future needs translating knowledge of emerging trends to drive margin and profits.
- Builds commitment and momentum for change.

Performance reviewed by the Chairman and Chairman

Remuneration set by the Chairman and Chief Executive

COMMITTEE CHAIRS

Chairs of the corporate governance Committees (Nomination, Audit, Remuneration and ESG) will have the following additional responsibilities:

1. To agree agenda items in advance with the Company Secretary, who will issue the agenda/detailed papers the week before the meeting to maximise everyone's contribution at the meeting.
2. To agree an annual schedule of meetings in advance and where a member is unable to attend a meeting, to capture their input beforehand.
3. To report Committee activities and recommended changes to their remit or membership to the Group Board.
4. To review and update annually each Committee's terms of reference. To ensure membership is refreshed and that undue reliance is not placed on particular individuals. To evaluate each Committee's performance on a regular basis.

Behaviours and Competencies

M&S has developed a competency framework for all employees which is aligned to our leadership brand attributes. The following describe the behaviours and competencies required by a Committee Chair:

- Sets the style and tone of Committee meetings to promote a culture of integrity and respect, a collegiate atmosphere and high level debate.
- Generates constructive relationships with investors to listen to their concerns and maintain their support.
- Navigates politically sensitive situations in a high profile organisation.
- Upholds the highest standards of integrity and probity.

DIRECTORS' DUTIES

Background

The principal role of all directors is to manage the company for the benefit of its shareholders. This has been derived from extensive case law over 250 years and is rooted in the 18th century law of trusts. All directors are responsible for the stewardship of the company's assets and have a monitoring role to ensure that the necessary controls are in place and working. There is no distinction in law between executive and non-executive directors.

Shareholders rely on the directors and auditors to act in the long-term interests of the company in which they have invested their money. The independence of auditors and of non-executive directors is paramount in making sure the necessary safeguards are in place. Institutional investors are also encouraged to engage directly with companies when necessary.

Executive Directors

In addition to their monitoring role described above, executive directors have specific strategic and operational accountabilities for their respective areas of responsibility. They assist the Chief Executive in carrying out his or her delegated authority from the Board to ensure that agreed strategies are successfully implemented and that risks are effectively assessed and managed.

Directors' Duties

The Companies Act 2006 introduced the statutory codification of directors' duties to make the law more certain and accessible and to increase the level of directors' knowledge and understanding of their duties. Broadly these reflect the previous common law position, with the exception of section 172 - the duty to promote the success of the company - which introduces the wider stakeholder approach. However, directors continue to owe their duty to the company, i.e. shareholders generally, not to individual shareholders or to third parties. These duties apply to board directors only. However, they will want to ensure these wider considerations are understood within the company and that these factors are taken into account as part of the overall commercial decision-making process.

Marks & Spencer already embraces the wider stakeholder approach, as reflected in our Code of Conduct which applies to all employees. We also manage our impact on society and the environment through our Plan A programme.

Companies Act 2006

The codified duties are:

1. To act within powers (s171);
2. To promote the success of the company (s172). A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

the likely consequences of any decision in the long term;

the interests of the company's employees;

the need to foster relationships with suppliers, customers and others;

the impact of the company's operations on the community and the environment;
the desirability of maintaining a reputation for high standards of business conduct;
the need to act fairly between members of the company.

3. To exercise independent judgment (s173);
4. To exercise reasonable care, skill and diligence (s174);
5. To avoid conflicts of interest (s175);
6. Not to accept benefits from third parties (s176); and
7. To declare an interest in a proposed transaction or arrangement (s177).