



← Visit to Cheshire Oaks Store

The second part of the October strategy day. The Board discussed the development of Plan A, the store modernisation programme and held a session on the future of retail. The Board met with engineers and toured the store, one of our first Plan A sustainable learning stores, to understand some of the specific environmental initiatives undertaken in the build.



← Strategy meeting in Istanbul

The Board met in Istanbul in February to review and discuss the International strategy. The directors met with our franchise partners in the region, the regional sourcing team and visited a number of stores in Istanbul. The Board received presentations on the regional sourcing strategy and key growth plans.

Oversight of succession

Securing succession and developing leadership of future talent have once again been key considerations for the Board. A number of significant changes were made to the Board and senior management during the year to bring further strength and expertise to the executive team and ensure continued independent oversight. Both new appointments to the Board were made against objective criteria and in line with the Board's diversity policy which we introduced last year. We have reported our progress against the policy on page 54. Tailored induction programmes were provided to both executive and non-executive directors, details of which can be found on our corporate website, marksandspencer.com/thecompany.

The development of the senior leadership team across the business has continued, with all of the Top 100 employees having now completed our flagship leadership development programme, Lead to Succeed. We have introduced a

Leadership Development Service, a personalised coaching service, which recognises the specific needs of individuals and addresses them through a tailored set of initiatives. One such initiative is the facilitating of non-executive roles outside M&S for key individuals who we believe would benefit from gaining valuable Board experience.

Our MBA Leadership Programme, which aims to recruit and develop talented MBA graduates from a range of international business schools, towards senior management and leadership roles in ambitious timescales, is proving an effective way of developing talented international leaders with experience across a range different industries. A balance of developing our internal talent while accessing key external talent where necessary is enabling us to build a stronger and more dynamic pool of leaders across the business.

Board activity 2012/13

The Board's key priority this year was providing oversight of and challenge to the progress of its strategy to be an international multi-channel, retailer. Key activities for the Board during the year included

Leadership and employees

- Discussed changes in the composition of the Board and its Committees;
- Considered succession planning and approved the appointment of a new executive director and one new non-executive director.
- Reviewed employee engagement across the business – Annual 'Your Say' survey and quarterly pulse surveys; received updates on initiatives taking place across the Company including the BIG Idea, director presentations, roundtable director discussions and Women in Business forums.
- Discussed and reviewed high potential talent across the business, held non-executive director lunches with successional and high performing senior management.

Customers

- Debated and challenged performance in Womenswear. Received and considered updates on the new GM strategy and initiatives across Womenswear.
- Received regular updates from the Customer Insight Unit on the economic environment, the retail sector, competition and customers.
- Considered and approved the launch of M&S Bank current accounts and an in-store branch network.

Strategy

- Two strategic awaydays:
 - i) October 2012: Reviewed investments in the new supply chain programme, considered the future of multi-channel and shopping channels, reviewed the store modernisation programme and the impact and future development of Plan A. Included visits to Castle Donington distribution centre and Cheshire Oaks store.
 - ii) February 2013: Held in Istanbul, it provided an opportunity for the Board to meet our franchise partner and review, discuss and develop the International strategy.
- Reviewed the new strategy in GM and the structural changes made across Womenswear.
- Considered, scrutinised and approved the Group's three year strategic and operating plan.
- Discussed the ongoing store modernisation programme.
- Debated the property strategy and the impact of multi-channel.
- Reviewed the long term funding strategy for the DB pension scheme.

Governance

- Considered, challenged and identified how we continue to manage and monitor risk appetite;
- Reviewed the formal evaluation of the Board and its Committees in 2013, facilitated internally by the Group Secretary.
- Considered, challenged and approved the optimum capital structure for the business.
- Scrutinised and approved a number of capital spending projects.
- Reviewed and challenged the Group's Treasury policies.
- Provided input into the BIS (Business, Innovation & Skills) consultations on the new remuneration and narrative reporting framework.
- Launched an independent investigation into the Q3 leak and reviewed and discussed the recommendations.

Trust and values

- Reviewed and promoted the business values and culture ensuring that they remain relevant and core to the business.
- Considered the impact of the European wide horsemeat scandal on the food industry and M&S.
- Received updates on the Plan A agenda and reviewed initiatives such as the launch of the Shwopping campaign.

Shareholder relations

- Discussed the Annual Independent Investor Audit undertaken by Makinson Cowell.
- Actively engaged our top 20 shareholders and investor bodies at our annual governance event in June 2012 in which the Board invited discussion on matters of concern.
- Discussed our International strategy with investors in Istanbul.
- Engaged retail shareholders at the AGM.
- Helped protect our shareholders by launching a share fraud awareness campaign.

