

Principle Two - Composition

For me, one of the key problems in Board composition of private unlisted companies is that of the appointment of directors, particularly non-executive directors, who simply have a business connection to or a friendship with an existing board member. Whilst there is nothing wrong with recommending a friend for a job, if they have the right skills and experience, I think we all know that there are times when the wrong candidate gets the job, often because they are well-connected.

To counteract this culture, an additional final paragraph is required in the section relating to the 'Composition' principle, about the process for appointing directors to the Board. My suggestion would be:

"The process for appointing directors to the board of a company should be transparent and fair and should adhere to a clearly defined process, which has been agreed by the whole board."

In general terms I feel that the principles are good and cover the most important elements of a code for large private companies. My only other comment would be that you may wish to consider making the Chairperson responsible for governance.

I hope my input is helpful and I wish you well in your important role.

Kind regards

Carolyn Pollard