

Ms C Woods
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By email

5 December 2013

Dear Ms Woods

Directors' Remuneration – Consultation Document

We have considered the Consultation Document on Directors' Remuneration issued in October 2013 and set out below our main comments.

Extended Clawback Provisions

We recognise that provisions to allow for the reduction in incentives are important in supporting the principle that incentives should reward performance and not failure.

We agree that it would be helpful for the Code to use the terminology used in the Regulations and to refer to the "recovery of sums paid" and the "withholding of sums to be paid" rather than "clawback" and "malus", which are less clearly understood and often confused.

Many companies have introduced either or both of these provisions, taking into consideration the specific legal and practical considerations relating to their incentives, and companies should be able to determine how to implement these provisions in their own circumstances. However, the Code could provide a clearer indication of circumstances in which the recovery of sums paid and/or the withholding of sums to be paid may be appropriate to provide additional best practice guidance in this area.

Taking account of the points noted above, the provisions of the Code should be sufficient given the wide range of legal and practical considerations, and circumstances that different companies may face.

Remuneration Committee Membership

We do not consider that the Code needs to incorporate changes aimed at deterring the appointment of executive directors to the remuneration committees of other listed companies.

There is no evidence to support that this practice impacts adversely on the quality of remuneration committee governance and, in our experience, having the experience of non-executive directors who are executives elsewhere can benefit the work of the remuneration committee e.g. in reviewing performance measures.

That boards are comprised of directors with a mixture and balance of different experiences and perspectives is an important part of ensuring sound governance. The Code includes a number of provisions relating to the independence of non-executive directors, the evaluation of directors and board committees, etc. and we consider it unnecessary to introduce provisions that prevent a non-executive director from serving on the remuneration committee purely on the grounds that they are an executive director of an unrelated company.

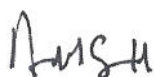
Practically, we consider that it would be difficult for a non-executive director who is an executive director elsewhere to fulfil the role of the chair of the remuneration committee on an on-going basis. However, this should be a matter for boards to consider and it is already expressly covered in the Code's requirement that "all directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively."

Votes Against the Remuneration Resolutions

We do not consider that the Code needs to incorporate any additional explicit reporting requirements where a company fails to obtain a substantial majority in support of a resolution on remuneration. The new regulations already incorporate specific requirements in such situations but recognise that the circumstances of companies in these situations may be very different, requiring different responses and allowing time for alternative responses. We consider that these requirements, together with the provisions relating to where such resolutions are not supported, should be sufficient currently.

With so many recent developments in this area, we consider that companies now need to be allowed to implement the changes and for stakeholders to monitor and evaluate progress before introducing additional requirements that may not be warranted. In this context, we support the on-going review of the provisions of the Code

Yours sincerely,



Andrew Gould
Chairman



Dr John Hood
Remuneration Committee Chairman