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Dear Ms Woods

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Directors' Remuneration

Grant Thornton UK LLP (Grant Thornton) welcomes the opportunity to make some general comments on the Financial Reporting Council's (FRC) consultation 'Directors Remuneration'.

We note that engagement with companies concerning the suitability of their remuneration policies should be with their investors. In this context, therefore, we do not wish to respond in detail to all of the questions set out in the consultation document. We do, however, recommend that the FRC should protect the 'comply or explain' principle that is the central tenet of the UK Corporate Governance Code (the Code) and should, therefore, avoid the introduction of rules into the Code.

Our specific comments are set out below:

Extended Clawback Provisions

We support the inclusion of a comply or explain presumption that companies have provisions to recover and/or withhold variable pay. We also recommend that terminology used in the Code should, wherever possible, be consistent with that used in the Law relating to the disclosure of directors' remuneration.

We strongly recommend that the FRC does not permit the introduction of rules into the Code. In this context, we note the comment of the Secretary of State for Business, Innovation and Skills, referred to in paragraph 7 of the consultation document, requiring the FRC to revise the Code to require all large public companies to adopt clawbacks. In our view, such requirements should be included in the law or, alternatively, in the Financial Conduct Authority's 'Listing Rules' thereby preserving the 'comply or explain' principles of the Code.

Chartered Accountants

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If you have any questions on our response, or wish us to amplify our comments, please contact Jonathan Shaw (tel: 0207 728 2576, email: jonathan.shaw@uk.gt.com).

Yours sincerely

A handwritten signature in blue ink, appearing to be 'M Cardiff', written in a cursive style.

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For Grant Thornton UK LLP

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