



7 October 2009

Chris Hodge, Esq
Corporate Governance Unit
Financial Reporting Council
Fifth Floor
Aldwych House
71-91 Aldwych
LONDON
WC2B 4HN

Dear Mr Hodge,

Financial Reporting Council Review: July 2009

1. I write as Chairman of Marston's PLC, a FTSE 250 company operating as a brewer and pub retailer within the Tourism and Leisure sector of the London Stock Exchange.
2. Comments were invited under 9 headings. However a general point is made here: the increasing prescription of annual reports has led to an inflation of information, and your Council should perhaps concentrate on four points:
 - 2.1 What benefit has the additional disclosure over the last 5 or 10 years produced, and what has been superfluous?
 - 2.2 What are the key disclosures which enable an investor to assess a company?
 - 2.3 Should the level of disclosure take account of the size, scale or complexity of a company?
 - 2.4 What benefit does an investor derive from noting omission? To take a hypothetical case: would omission of any reference to environmental matters be a clearer signal than the production of better placed standard text?
3. In response to the 9 issues for consideration, the following points are made:
 - 3.1 Responsibilities of Chairman and non-executive Directors: it is not accepted that any further clarification of roles is necessary; nor is it necessary to give guidance on time commitment.



- 3.2 Board balance: no additional guidance is necessary. Re-election of directors with more than 9 years membership of a Board is already subject to annual re-election and thus enables the balance of experience and refreshment to be maintained within the existing roles.
- 3.3 Director re-election.
- 3.3.1 There is no opposition to annual re-election of chairs of the company or of committees; but it should be noted that this will make recruitment to Boards more complicated.
- 3.3.2 Binding votes on (say) remuneration are likely to raise the issue of confidence in directors which can be better addressed by more regular votes on re-election.
- 3.4 Board information: it is assumed that all Boards conduct themselves in line with the 4 points.
- 3.5 Board evaluation: it is not recommended that Board evaluations are externally facilitated. It is up to investors to use their rolling powers to make plain their views on the effectiveness of individual members of the Board, and the output of the committees.
- 3.6 Risk management: clearly the existing disclosure arrangements need review. However increasing disclosure is unlikely to add clarity: the extensive annual reports of the Banks have not prevented disaster.

A prescriptive approach is acting against clarity and a common sense statement of risk as perceived by the Board.

It is recommended that a statement of risk should continue to be part of the Annual Report but that a pragmatic approach is adopted which enables a company to reflect its scale and complexity. A statement by the Chairman or the Chief Executive in their own words is more valuable than a formatted or prescriptive way of presenting risk.

It is agreed that a review of disclosure of risk in Banking should be conducted separately.

- 3.7 Remuneration: it is here recommended that no change is made other than to recommend clearer tabulation which thereby enables a reader to assess the true cost, including pensions, of employing directors.
- 3.8 Quality of disclosure: see the general points made above in (2).

In addition, it is suggested that 'safe harbours' are identified so that Directors are encouraged to use plain language and straight-forward disclosure.

3.9 Engagement between Boards and Shareholders.

- 3.9.1 It is noted that shareholders are often inconsistent in their approach. The fund managers may convey a positive message and conduct a satisfactory review with a company, only for the compliance or governance departments to express a different view. It is here recommended that shareholders ensure that a consistent view is expressed by investors to an company management.
- 3.9.2 In terms of voting, companies have to judge whether an abstention is a matter of principle or a matter of fundamental disagreement. If investors oppose a resolution then it is recommended that they should take a more binary approach.
- 3.9.3 Encouragement of engagement is supported. However it is the experience of this Board that this is often a one-sided exchange with shareholders whose length of holding a stock may be very limited and driven by index factors. Such exchanges are unsatisfactory for the Boards of reporting companies.

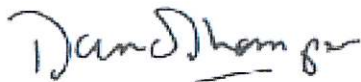
If there are any points which require clarification, I can be contacted as follows:

david.thompson@marstons.co.uk

Office: 01902 329508

Mobile: 08970 197844

Yours sincerely,



DAVID THOMPSON
Chairman