

From: Andrew Campbell [<mailto:Andrew.Campbell@ashridge.org.uk>]
Sent: 02 September 2009 14:35
To: Chris Hodge
Subject: Comments on July report

Having returned from holiday, I have now had time to read through your excellent report. Can I say that I appreciated the simple format, simple language and modest tone.

My only comment is that the report was structured around the current sections of the code and whether changes might be needed in any of these sections. What the report did not ask is whether additional sections should be considered.

For example, I consider the main work of the board to be "decision making" - yet there is no section in the Code that articulates principles of good decision making. Since the biggest risk facing most public companies is bad decision making by the board, it seems to me that the Code is missing the target. True most of the other sections are indirectly influencing the quality of decision making - independent Chairman, etc. But shouldn't the FRC at least explore the possibility of developing some principles that focus more directly on decision making, such as

The board should clearly specify those decisions that need board approval and the processes of decision making that the board requires

- The board should maintain and review annually a statement of authorities that specify those matters that require board approval.

- The board should define the decision process for all important categories of decision.

- The decision process should require that the information provided with each proposal is sufficient for the judgments that the board is being asked to make

- The decision process should require that each proposal includes a description of the process that has been used to arrive at and challenge the proposal prior to presenting it to the board.

- The decision process should include some way of identifying those proposals where the judgments of executive managers have a higher than normal risk of being distorted.

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