

From: Helen Thomas [Helen.Thomas@policyexchange.org.uk]
Sent: 08 May 2009 16:28
To: Chris Hodge
Subject: Submission for 2009 Review of the Combined Code

Attachments: The Balanced Incentive Scheme.pdf; ATT601718.txt

Dear Mr. Hodge,

Re: Call for evidence by the FRC in a Review of the Combined Code

Policy Exchange would like to submit our research report entitled "The Balanced Incentive Scheme" as evidence for the review of the Combined Code.

I note that the FRC has asked specifically for evidence on the following questions:

- Are there any aspects of good governance practice not currently addressed by the Code or its related guidance that should be?, and
- The role of the remuneration committee

Our report specifically applies to these two areas.

I co-wrote the report with Peter Brown, an external remuneration expert, and it covers our recommendations for improving compensation packages for banking executives. We assert that the Combined Code should be amended such that shareholder approval is required for the appointment of remuneration advisers, and the agreement of their fees. This would balance any conflict of interest that currently exists between executive directors, non-executive directors, and shareholders.

I have attached the full 9 page report with more details. If you have any queries or feedback, please do not hesitate to contact me.

Yours sincerely,

Helen Thomas

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