

Dear Sirs,

The principles in their current draft leave me underwhelmed. They set too low a bar for Board governance and therefore fail to advance the debate or provide very clear direction.

The tone and style needs to convey a stronger sense of stewardship, responsibility and integrity.

I do not believe that signing up to these principle would change very much the way any Board is run. The principles are too vague and general by which to evaluate the performance of a Board.

I have made some draft changes marked up on the attached.

The six principles are:

- Purpose – An effective board promotes the purpose of a company, and ~~ensures that defines~~ its values, ~~code of conduct and strategy~~. ~~It should monitor that the culture of the company is consistently aligned with its values and code and that mechanisms exist for employees to speak-up directly to the Board on matters of integrity, and culture align with that purpose.~~
- Composition – ~~A strong~~Effective board ~~composition~~ requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with ~~individual~~directors ~~acting with having integrity and bringing sufficient capacity~~relevant experience to make a ~~valuable meaningful~~ contribution. The size of a board should ~~be guided by~~reflect the scale and complexity of the company.
- Responsibilities – A board should ~~have a clearly~~ understand~~ing of its accountability and terms of reference~~responsibilities to all stakeholders and exercise robust oversight of executive ~~management~~. Its ~~policies and procedures~~modus operandi should ~~support~~ ~~facilitate~~ effective decision-making and ~~encourage~~ independent challenge.
- Opportunity and Risk – A board should promote the long-term success of the company by identifying opportunities to create and preserve value and establish oversight for the ~~identification and mitigation~~management of ~~financial, operational and compliance~~ risk.
- Remuneration – A board should ~~promote~~ensure that executive remuneration structures ~~are~~ aligned to sustainable long-term success of a company, ~~taking into account pay and conditions elsewhere in the company.~~
- Stakeholders – A board has a ~~responsibility~~ ~~duty~~ to oversee meaningful engagement with ~~material~~ ~~each~~ stakeholder ~~groups~~, including ~~the workforce~~employees, and ~~to ensure that their interests are fully upheld and protected~~have regard to that discussion when taking decisions. The board has a responsibility to ~~foster~~ensure that the company fosters ~~good~~ ~~mutually beneficial~~ relationships based on the company's purpose.

~~The consultation is open until 7 September 2018. Responses should be sent to [corporategovernanceprinciples@frc.org.uk](mailto:corporategovernanceprinciples@frc.org.uk) address. The final version of the Wates Principles for Corporate Governance will be published in December 2018.~~