

Dear Mr Field and Mr Wright,

I want first to say how pleased I was that your joint committee was formed to investigate the sad demise of BHS.

The corporate governance of a major high-street organisation is not just an issue for the company concerned, but for the business community as a whole. The vast majority of British business people are more likely to have mortgaged their house to build their organisations than they are to own a superyacht.

I was asked on the Today programme whether, as the leader of Britain's oldest business organisation, I could 'defend' the running of BHS; I can't. Serious questions need to be asked of almost everybody concerned in the running of BHS, the sale, and the company's demise. In particular, we have concerns about the conduct of the Arcadia Board, headed by Lord Grabiner, once they had decided to sell BHS. The Arcadia board set up a sub-committee to investigate options for the sale, which is not necessarily poor governance, but evidence given by Lord Grabiner to your Parliamentary Committee suggests that he was relaxed about not being involved. It is surprising that he was not, as Chair, part of that sub-committee. That he did not find out about the sale until 5 days after it had been agreed, and that he had not given any indication of what was an acceptable sale, is at best described as alarming.

This doesn't sit very well with the UK Corporate Governance Code, which says "the chairman is responsible for leadership of the board." It is crucial on any board that delegation of decision-making is not confused with devolution of accountability.

Further, it was deeply alarming when the chief executive of the Pensions Regulator, Lesley Titcomb, told your joint Committee that she had heard about the sale of BHS only when she read about it in the newspapers. The Pensions Regulator has said that they are now investigating and will have clear progress by the end of the year. The Financial Reporting Council, too, is considering whether to investigate the advisors on the deal, Grant Thornton and Olswang. The FRC itself has made the point in response to Richard Fuller MP's recent open letter that individual directors cannot be looked at under their disciplinary scheme, despite what appears to be evidence of governance failings. This may well be the case, but the question is then begged of whom *can* look at them? This is important; if the Chairman of Arcadia is not properly looked at, it could set an appalling precedent for future sales of failing businesses.

This issue is too important to be put in the 'too hard' box; we cannot have another HBOS-style situation, which continues to this day.

The corporate governance at Arcadia, and the collective failure of regulators, trustees, and advisors, represents a blight on the reputation of British business. I commend your inquiry and I hope that by investigating this episode, we can ensure that appropriate lessons are learnt by not just those involved, but by the business community at large.

Yours sincerely

Simon Walker