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2 March 2010

Dear Mr Hodge

## **2009 REVIEW OF THE COMBINED CODE: FINAL REPORT**

We have reviewed the Final Report of the 2009 Review of the Combined Code. We support the changes which it will introduce to improve the governance of listed companies. We also support the approach that only those recommendations from the Walker Report should be introduced where they are appropriate for companies other than banks and other financial institutions.

We have the following comments:

### **Composition of the Board**

We support the principle that the board and its committees should consist of directors with the appropriate balance of skills, experience, independence and knowledge but note that the nine year rule applying to non-executive directors has been retained. We would support the deletion of this rule in the interests of maintaining a board with the necessary skills to enable it to discharge its duties and responsibilities.

### **Frequency of director re-election**

Views were sought on whether all directors should be subject to annual re-election by shareholders or the Chairman should be subject to annual re-election.

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We would not support the annual re-election of all directors as we believe that this would create an uncertain environment and could encourage short termism and inhibit long-term planning. We would support the annual re-election of the chairman as this would give shareholders the opportunity to vote on the leadership of the board.

We would also support retention of the current provision that directors should stand for re-election every three years as we consider that this gives shareholders regular opportunities to publicly vote on the competence of individual directors.

**Disclosure in annual reports**

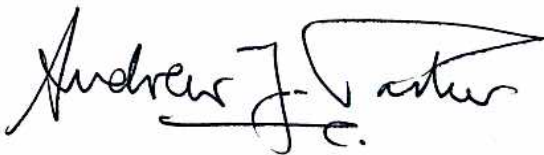
The consultative document asked if companies would prefer to meet their disclosure requirements under the new Code by publishing the corporate governance statement on their website instead of in the annual report.

Our view is that we would prefer to keep this statement in the annual report as this is a complete reference document about the company. The disclosure of summary information in the annual report could reduce the impact of this important area.

**Code of Stewardship for institutional investors**

We welcome the publication of the new Code of Stewardship for institutional investors and we will comment on this in due course.

Yours sincerely

A handwritten signature in black ink that reads "Andrew J. Parker". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

ANDREW PARKER