



3rd March 2010

Chris Hodge, Esq.
Corporate Governance Unit
Financial Reporting Council
Fifth Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

Dear Mr Hodge

CONSULTATION ON THE REVISED UK CORPORATE GOVERNANCE CODE

I refer to the Council's Consultation on the Revised UK Corporate Governance Code. The Board of Carillion plc welcomes the opportunity to respond to the Consultation, and invites the Council to take account of the following representations on two specific points:

New Provision B.6.2: Evaluation of the Board should be externally facilitated at least every three years, and any other connections between external consultants and the company disclosed.

Carillion plc was among the first to adopt a policy of detailed and rigorous Board evaluation in 2002, and has used the process to adapt Board process, procedure and governance throughout the intervening period. We welcome endorsement of the need for evaluation to be thorough and effective, but do not believe that mandatory external facilitation is necessary or appropriate. Carillion has adopted a number of different procedures during the period, reflecting the changes needed properly to reflect the needs of an organisation which has almost tripled.

We support fully the use of comprehensive and timely Board evaluation, but feel that a rigorous process, led by the Chairman and Company Secretary with intimate knowledge of the organisation, should be adapted annually to the specific needs, demands, and state of the organisation at that given time. We are concerned that the format and methodology to be adopted should be something which can be chosen by the Board at the time, and that the imposition of a particular format on a defined timescale is unsatisfactory. We do not believe that the constraint of external facilitation on a defined rotation is appropriate, since an external facilitator cannot have a detailed knowledge of the key issues facing the Company, nor of the issues which have been raised and addressed at earlier Board evaluations

New Provisions B.7.1 and B.7.2: Annual re-election of the Chairman or annual re-election of all directors.

We support without question the need for Boards to be accountable to shareholders for the management, strategy and operation of the Company, and for best practice in corporate governance to reflect that concept.

However, we question whether the introduction of a requirement for annual re-election, either of the Chairman alone or of all directors will achieve this aim. While of the two alternatives, we believe the annual re-election of the Chairman rather than the whole board somewhat less damaging, we are concerned that any requirement for annual re-election could place in jeopardy the level of continuity essential to the management of a complex business. We believe that it may also create an insecurity which may threaten the independence of thinking necessary to achieve effective collective responsibility in a Board.

We note that the Institute of Business Ethics, in its response to your earlier consultation, expressed concern that such an arrangement could lead to short-term decision making or even "board paralysis." We are also concerned that there may be circumstances in which it could be misused by minority groups or activists, particularly so if the whole Board were subject to annual re-election.

We welcome the conclusion of the Final Report that there should be a focus on board behaviours, so that the Board can deliver effectively the company's long term objectives. We would be concerned that this could not be the case if the non-election of the Chairman or the entire Board presaged the need to implement immediate and far-reaching changes, which would inevitably destabilise the company.

Yours sincerely,

A handwritten signature in cursive script that reads "Philip Rogerson". The signature is written in dark ink and is positioned above the printed name.

Philip Rogerson
Chairman