

14<sup>th</sup> December 2009

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

Dear Chris,


I am writing to you following the publication of your proposed reforms to the Combined Code. You kindly gave us the opportunity to have significant input into the formulation of your proposals so I will keep my comments very brief.

1. We favour the annual re-election of all Directors.
2. We note that you are considering issuing some guidance on good practise for engagement between companies and investors. We are very keen to ensure that any recommendations in this regard have the effect of enhancing the quality of debate between companies and shareholders but following Sir David Walker's report we have reservations about a perceived requirement for a separate dialogue between Chairmen and investors. Sir David recommends that shareholders make senior resource available for this dialogue but we still think there is a real risk that a standalone dialogue between investors and Chairmen which is not genuinely welcomed by both sides will become separated from the mainstream investment process and will turn into a box ticking exercise. Our current practise is that we seek meetings with Chairmen or non-executives when we think they are necessary and likewise we are available to Chairmen or non-executives when they have a particular reason to want to see us. To place this in context we held 114 meetings with Chairmen or non-executives last year.

In your latest draft E.1.1. states that "The Chairman should discuss governance and strategy with major shareholders" but we would suggest joining this with the next sentence and going on to say "... and in this context the Chairman and non-executive directors should be offered the opportunity to attend existing meetings and if requested ..."

I hope this is helpful but please feel free to call me if you have any questions.

With best regards



Trelawny Williams  
Director, Corporate Finance