

Shaftesbury PLC

Mr C Hodge
Corporate Governance Unit
Financial Reporting Council

23 February 2010

Our ref: PJM/ja

[By email to codereview@frc.org.uk](mailto:codereview@frc.org.uk)

Dear Chris

Response to the FRC's Consultation on the Revised UK Corporate Governance Code

The Board of Shaftesbury PLC ("Shaftesbury") welcomes the FRC's review of the Combined Code and wholeheartedly supports the majority of the changes proposed.

We would however like to make you aware of the Board's position on your proposals for annual re-election of the Chairman or annual re-election of the whole Board where you have sought views.

The view of the Board of Shaftesbury is that the status quo on re-election of directors should be retained, i.e. re-election every three years and annual re-election where a director has served nine years. If the status quo cannot be maintained, then of the two options proposed, we would prefer the annual re-election of the Chairman only.

We recognise that there have been unprecedented instances of not so much governance failures, as recognised by the Walker Review, but of behavioural issues within banking and other financial institution boardrooms. However, to implement annual re-election of an entire board is not necessarily the best approach to solve perceived imperfections in corporate governance.

The Combined Code encourages shareholders to take an interest in the companies in which they invest and shareholders are encouraged to raise matters of concern with the Chief Executive, the Chairman or the Senior Independent Director. Our Board's experience is that close and regular engagement with our major shareholders is effective and works well for them and is indeed welcomed by them. Shareholders should be using these means of communicating with the company rather than waiting for an AGM and a tick in the "against" box to express dissatisfaction.

The annual re-election of directors could and should be left as a choice. The Combined Code is applied by a large number of listed and AIM companies and what may be appropriate for the largest FTSE companies is not always appropriate for the smaller market capitalisation companies. Companies who favour annual re-election of the entire board are still at liberty to implement this approach if they feel that it is appropriate, rather than imposing an additional burden on all listed companies. This will allow market practice to develop.

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The Board of Shaftesbury urges the FRC to maintain the status quo on the re-election of directors.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P J Manser', with a large, sweeping flourish underneath.

P J Manser
Chairman

A handwritten signature in blue ink, appearing to read 'Penny Thomas', with a large, sweeping flourish underneath.

P Thomas
Company Secretary