



The Hundred Group
of Finance Directors

Investor Relations & Markets Committee

Mr Chris Hodge
Corporate Governance Unit
Financial Reporting Council
5th Floor, Aldwych House
71-91 Aldwych
London WC2B 4HN

15 March 2010

Dear Chris

Consultation on the Revised UK Corporate Governance Code

In October 2009, we wrote to you outlining our views on the effectiveness of the Combined Code. In general, we have been encouraged by the direction of the project and how this has been reflected in the current draft UK Corporate Governance Code.

As the FRC reaches its final deliberations, we are pleased to outline some brief views on the proposals.

Who we are

The Hundred Group is a non political, not-for-profit organisation which represents the finance directors of the UK's largest companies, with membership drawn mainly from constituents of the FTSE100. Our aim is to contribute positively to the development of UK and International policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The Hundred Group of Finance Directors as a whole, they are not necessarily those of our individual members or their respective employers.

Acting in the best interests of all shareholders

In our previous response, we were concerned at provisions for an annual re-election of the Chairman or the Board as a whole.

We would like to re-iterate that we believe such a step is unnecessary and may fuel short-term behaviour in existing and potential shareholders. There have been instances in recent times of shareholder behaviour which is not in the best interests of the company as a whole – individuals and institutions driven by short term profit rather than considering the longer term prospects of the company.

Owners and managers need to work together in delivering the long-term strategy of the company. Indeed the FRC advocates this in its definition of the role of the Board (A.1). By mandating annual re-election of either the Chairman or the full Board, we fear that performance time horizons will be measured more harshly and that too much control is placed in the hands of speculative investors.

We therefore do not support either proposal in section B7.

Emphasis in the right areas

More generally, we find the changes proposed by the FRC to articulate better and to codify the practice of good governance rather than change the day-to-day functioning of a strong board. These changes are mostly subtle and are likely to help Boards as they seek continually to improve the way they operate.

Please feel free to contact me if you wish to discuss our comments or if there are additional areas where you feel the Hundred Group can contribute to the project.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Williams', with a long, sweeping horizontal stroke extending to the right.

Peter Williams

The Hundred Group – Investor Relations & Markets Committee