

From: Turner, David - Chaucer [mailto:David.Turner@chaucerplc.com]
Sent: 02 August 2007 09:38
To: Chris Hodge
Subject: Combined Code - consultation on impact
Importance: High

FAO Chris Hodge

Dear Chris,

Thank you for your voicemail of yesterday. In response to the letter sent to Chaucer's Chairman, Martin Gilbert, dated 23 April I would make the following comments in the order of the questions raised:

1. I agree with the sentiments noted. The code provides a useful support and prompt to facilitate discussions around performance and board/board committee structures and purpose. I do not think that the board is being side tracked into the letter of the Code.
2. Comply or explain does generally work. I believe the problem lies with bodies such as PIRC who take recommendations as rules and overlay even more onerous requirements. This leads to some extreme voting recommendation, which, fortunately, the shareholders have ignored to date! However, if that position was to change, then I think the frustrations felt would become more serious as companies might feel compelled to adopt PIRC's view of the world.
3. Whilst I would not class Chaucer as "small" (market cap of some £320m) I am concerned about the ever increasing length of the Annual Report. Whilst this is not due solely to the Code requirements I believe a concerted effort to reduce disclosure requirements would be welcome.
4. See 3 above. Specifically, I think requirements around internal operation of Board and Board Committees, internal controls, details on various policies, attendance by directors at meetings add very little real value. The results of all those issues are on display in the accounts.

Let me add one further comment regarding performance evaluation. I agree that this is useful but to require evaluation for the board, the board committees and all individual directors every year is too onerous. Consequently my understanding is that market practise is evolving to evaluate each element every other year, otherwise NEDs who serve on a number of boards would spend their whole time in evaluation ! Furthermore, recommended changes arising from those evaluations need time to bed down especially if a board does not meet monthly.

I hope the above is helpful and not too late, I apologise for missing your original deadline.

Regards,


Chaucer
David Turner
Company Secretary
DD 020 7105 8050
Fax 020 7105 8300
Email david.turner@chaucerplc.com
Chaucer Holdings PLC
Plantation Place
30 Fenchurch Street
London EC3M 3AD
www.chaucerplc.com