

18th June 2007
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Mr Chris Hodge
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Dear Mr Hodge

Review of the Impact of the Combined Code

Further to Sir Christopher Hogg's letter dated 18 April 2007, I am writing with a few comments in respect of the FRC paper in respect of the above.

Overall, I would concur with the general consensus view that the Combined Code is working reasonably well and it is beneficial to have such a framework. I do however echo the concern over the tendency of some investor organisations to have a fixed list of questions when reviewing a company's performance in this area which fail to take full account of the underlying principle that a company should comply with the code or explain why it does not.

As for the particular issues raised for comment in the April 2007 paper, I broadly agree with the feedback from the chairs in respect of the first two issues namely "Does the Code support better board performance over time?" and "Is the comply or explain approach working effectively?".

I do have concerns about the impact the Code has on smaller companies. I would include those companies at the lower end of the FTSE 250, and not just those below the FTSE 350, when I use the term "smaller companies". I do believe that more allowances should be made them. This would be the case if the "comply or explain" regime truly existed. For instance, one size of board does not necessarily fit all companies and trying to achieve the required balance on the board can result in a smaller company having an unduly large board or breaching the Code in what currently appears to be unacceptable way!

Finally, I believe that it is helpful to company to report to shareholders on its performance and the current costs are generally not disproportionate.

Yours faithfully

A handwritten signature in black ink, appearing to read "Peter Smith", with a long, sweeping horizontal line underneath it.

Peter Smith
Chairman
Savills plc