



The Hundred Group
of Finance Directors

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

20 July 2007

Dear Sir

Review of the impact of the Combined Code

I am pleased to submit the comments of The Hundred Group of Finance Directors on the above document.

The Hundred Group of Finance Directors represents the views of the finance directors of the UK's largest companies drawn largely, but not entirely, from the constituents of the FTSE100 Index. Our members are the finance directors of companies whose market capitalisation collectively represents over 80% of that of companies listed on the London Stock Exchange. We meet periodically to discuss issues affecting major corporations, and selectively respond to governmental and other consultation exercises where we believe that our role in companies and collective experience give us a particular insight into often complex matters.¹

We believe the Combined Code is working well in practice and see no reason for any further revisions to be made in the short term. Our responses to the specific questions raised are attached in the appendix.

Yours sincerely

Peter Williams
Chairman – Markets Committee
The Hundred Group

¹ While this letter expresses the views of The Hundred Group of Finance Directors as a whole, such views are not necessarily those of individual members or their respective employers.

Appendix – Questions for response

1. Does the Code support better board performance over time?

Yes.

2. Is the “comply or explain” approach working effectively?

Yes. In those instances where there is non-compliance with the Code, the companies in question have the ability to explain why they believe that rigid compliance with the Code would be inappropriate.

We believe this is an excellent example of principles based regulation as it allows companies to operate without a strait jacket in those limited circumstances where the companies believe the principles of the Code should not be blindly followed. Since shareholders and investors are obliged to be informed of the occurrence and the associated reasons for the non-compliance with the Code, they therefore have the information to consider whether this non-compliance is appropriate or not.

3. What impact has the code had on smaller companies?

We cannot comment specifically on this question but would note that the 100 Group believes that the FRC should aim to ensure that a level playing field exists amongst its constituents.

4. Do disclosures on the Combined Code in annual reports provide useful information to shareholders at proportionate cost to companies? If not, in what respects and how do you believe they should be modified?

Yes.

One area which could be considered is whether some aspects of the information required by the Combined Code could be disclosed on companies' websites as opposed to being included in the annual report.