

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

6 October 2009

Dear Mr Hodge

Response to the Financial Reporting Council (FRC) Review of the Effectiveness of the Combined Code

I am the Group Company Secretary and Legal Counsel of Charles Taylor Consulting plc. I have been asked by the Chairman and Board of Charles Taylor Consulting to respond to you in relation to the call for evidence issued in March 2009 and welcome the opportunity to respond to you.

In summary, our view is that the Code in its current form is effective, the 'comply or explain' requirement works well and remains appropriate and that there are no compelling reasons in our opinion to materially change the existing Code.

In these uncertain times, it would not be helpful in our opinion to impose yet further uncertainty on companies by way of wholesale changes to the Governance framework. The existing Code provides an effective mechanism for companies that comply with the Code to be easily recognised as well as allow interested parties the opportunity to monitor a company's progress with compliance with the Code.

It is always the case that 'one size does not fit all' and that some companies will resent having to making changes to be seen to be complying with the Code, which they may not believe are necessary or appropriate for their company. This 'forced' compliance is not in shareholders' or some company's interests and shareholders and their representative bodies should be more prepared to accept non compliance with the Code where cogent and/or sound business reasons dictate same.

The 'comply or explain' regime imposes an obligation on companies to give a full explanation of their non-compliance with the Code's principles. Sometimes one

senses that a company's efforts to explain their non-compliance with the Code are not always looked at in a constructive or positive light and that there should be greater willingness on the part of shareholders and their representative bodies to accept appropriate explanations for non-compliance with the Code.

With the growth in knowledge and experience on the application of the Code in companies, it is good to observe that companies are moving away from a 'tick box' approach to governance. The operation of the Code was meant to have a 'checks and balances effect' and in our view this is broadly being achieved when shareholders and their representative bodies constructively interact with companies.

It is of course vital that NEDs have the resources and support they require to discharge their duties. We believe the Code already sufficiently covers this issue and goes far enough in its current form. The importance of the roles of the company secretary and in house counsel has never been greater, as has their independence.

Our responses to your specific individual questions are set out below:

1. *Which parts of the Code have worked well? Do any of them need further reinforcement?*

The Code and its 'comply or explain' regime have generally worked well to enhance good corporate governance providing its spirit is adhered to by both companies and investors.

The Code is not a substitute for good management within a company but is a useful framework to implement good governance.

The 9 year independence rule for a non-executive directors may result in valuable members of the board stepping down, which may not be in the company's or investors' best interests. A more pragmatic approach to this rule by investors where the benefits of a non executive staying on the board are properly explained could be in all stakeholders' interests.

2. *Have any parts of the Code inadvertently reduced the effectiveness of the board?*

The Code's focus on the need for board balance and independent supervision may have resulted in the Code not having sufficient focus on the responsibilities of the executive management team and that of the Chief Executive Officer and/or Chief Financial Officer. In addition, the Code has led to few executive directors being appointed, which in turn has led to a reduction in the number of 'communication lines' between the executive team and the board and vice a versa.

3. *Are any aspects of good governance practice not currently addressed by the Code or its related guidance that should be?*

The lack of emphasis in the Code on the issue of conflicts of interest is highlighted by the attention this important issue has been given in the new Companies Act.

4. *Is the 'comply or explain' mechanism well understood and, if not, how might its operation be improved?*

We believe the 'comply or explain' mechanism is well understood and that its effectiveness might be improved further by 'encouraging' companies to fully explain their reasons for non compliance with the Code.

Please feel free to contact the writer if you have any queries on our comments or would like to discuss further any of the points raised.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'I Keane', with a stylized flourish at the end.

Ivan Keane
Group Company Secretary and Legal Counsel
Charles Taylor Consulting plc