

Ms Catherine Horton
Financial Reporting Council
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15 February 2018

Dear Madam

We would like to make the following submission in connection with the Financial Reporting Council's consultation on the Proposed Revisions to the UK Corporate Governance Code. Our submission relates to Question 7 which is stated below for convenience:

"Q7. Do you agree that nine years, as applied to non-executive directors and chairs, is an appropriate time period to be considered independent?"

It is our view that limiting the chair of a FTSE 100 company's tenure to an absolute period of nine years may affect both the board's continuity and its effectiveness. It is important for a chair to serve a reasonably significant period in office to allow for a company's strategy to be implemented and for an organisation's culture to be developed.

In the event that the chair is appointed from one of the existing non-executive directors (which until now has been the case for Randgold Resources), this means that on elevation, the chair will have already served a period of time on the board. In these circumstances, the proposed revisions would only provide a limited time for a chair to address key issues, including those mentioned above.

We believe that the current rule B.1.1 of the 2016 Code as applied to the mining industry (where there is a considerable period of time from initial exploration and government engagement, through to construction and full operational production) adequately satisfies the need for a chair to be in office for such period as is necessary, as determined by the company on a 'comply or explain' basis, to provide sufficient stability and leadership of the board. This will allow the chair to ensure that the board has the appropriate balance of skills, experience and knowledge of the company for effective decision making to occur (for example, in the case of a mining company, during the course of a mine's development).

However, if it is felt appropriate to introduce a time limitation for the tenure of chairs, we consider that the nine year period should be measured from the time the chair is appointed to allow them time to become fully effective in that specific role, which is distinct in many ways from that of an independent non-executive director. Under the proposed revised Code, a non-executive director who had served six years on a board and who is regarded as the strongest candidate to become the chair may nonetheless not be chosen if their service in this new role were to be limited to only three years. Resetting the nine year clock from the date of appointment as chair would then at least allow a chair with history and experience of the company to have the same tenure as one who has been externally sourced, allowing all the company's stakeholders to benefit fully from that appointment.

According to a recent Financial Times article this particular issue would impact 67 listed companies, of which 19 are FTSE-100 and 48 are FTSE-250 companies, and so the approach we suggest would have the benefit of a

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more gradual handover by chairs of the affected companies over the next few years rather than being concentrated in 2019/2020.

In conclusion it is our submission that either the provisions of the current rule B.1.1 of the 2016 Corporate Governance Code should be maintained with respect to the independence of the chair or the amendment in the current review should allow the chair to serve for a period of nine years in that role.



Martin Welsh
Company Secretary
