

**ROYAL MAIL HOLDINGS PLC
BOARD PERFORMANCE EVALUATION QUESTIONNAIRE - 2011**

How satisfied are you.....

Q1 that the matters reserved for the Board's decision are appropriate?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
3	9	0	0

Additional Comments:

1. I think there is a case for re-considering the remit of some of the sub-committees, particularly Remuneration.
2. Need to reset to reflect the new executive structure but basic levels are OK.
3. With so much change and significant strategic and structural issues we do at times go into detail but I think current circumstances required this at times.
4. There is a need to do a review of decision making scope at various levels in the organisation e.g. I am surprised at how decisions to make large adjustments to give a credit to customers are made.

Q2 that adequate management controls are in place – eg financial authority levels?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1	9	2	0

Additional Comments:

1. Additional short term spend decision timing needs further oversight given the current funding position.
2. This issue was discussed at last A&RC where some further work was called for around clarity of financial authority levels.
3. I think that management information and controls in a big fragmented business as this is very difficult. I believe the new CEO and CFO have firm plans and are already delivering in this area with more to do.
4. We are reviewing this now. See 4 in Question 1.

Q3 that risks are adequately managed?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
0	11	1	0

Additional Comments:

1. Generally from discussions at ARC, my sense is that ARC and the executive team manage risks well. But the important rider to that is that we are entering a period of very heightened risk, where many things have to be landed for the organisation to get through. And there is a wholly new management team and a new organisational structure. In an ideal world we would not have all of this happening at once, but we are where we are. The consequence is that we cannot afford any complacency on the management of risk (fortunately I do not sense any).
2. We need to do more on the risk management framework and clarify the role of the RMMC and who from management attends and takes responsibility for taking various

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How satisfied are you.....

risk items forward.

3. I am confident re most risks but the bigger strategic risks are very difficult indeed to manage. I think that we are doing the best we can to manage them in a very tricky context and I cannot see a better way of attempting to manage them at present.
4. The risk governance work that was completed recently has highlighted areas for attention – eg clarity on roles/responsibilities across group. The Board should devote more agenda time to systematically getting deeper into the principal risks to make sure we are comfortable with underlying risk mitigation.
5. This issue was discussed at last A&RC where some further work was called for around clarity of financial authority levels.
6. This relates to financial controls and mi in an incredible difficult environment. The CEO and CFO have this as the W.I.P. list and I am sure we are getting to a better place on risk including clarity on risk appetite.
7. We have refined our “risk management” approach to ensure there is alignment on the top ten and best ways to mitigate risks. But more progress is required.

Q4 that sufficient time is devoted to testing and developing future business strategy?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
0	7	5	0

Additional Comments:

1. The board has balanced the need for urgent focus on the next two years against the need for a closer look at strategy beyond that time frame. We will in due course need to spend more time on that longer time frame
2. Because of the constraints on the ability of the Board to direct and fund the business, the discussions around strategy become somewhat theoretical. If the company is privatised, the Board will have to devote more time and energy to this subject.
3. Hard to get into sufficient depth.
4. The debate at the January Board highlighted that more discussion could have been had re customer strategy and the USO ie could the business have pushed back on 6 days, rather than accept as a fait accompli.
5. In the past it has always been a challenge to get the balance right between the continuous pressure of today and the future. I think the balance is so much better now, but still opportunities to improve.
6. More work on compelling vision of future and degree to which consumer growth areas are being invested in.
7. Borderline satisfied pending the outcome of imminent strategy work on mid-term view of mail market.
8. There is a huge amount of board time committed to the huge strategic and structural challenges we face. We have agreed that market context and a clear vision of what we want to be are an urgent action in train.

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How satisfied are you.....

9. This is a very highly charged period at the RM and resources are stretched to breaking point. We have excellent head of strategy who is putting his arms around the development of a comprehensive process to engage all in the examination of strategic options.

Q5 that sufficient time is devoted to current business performance?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
3	8	1	0

Additional Comments:

1. There has been a lot of focus on strategy, the Bill, going concern and the new CEO strategy and reorganisation. Performance is a long way from the Plan agreed for the year and we should be spending more time on this. Is there is risk that with the huge amount of corporate type activity going on senior management has not had the time to give enough attention to operational performance?
2. Although it feels like performance is something that happens 'to us' rather than something we make happen. I sense a growing frustration at the inability to drive transformation to plan, although I recognise the challenge and complexity.
3. Generally pretty satisfied.
The (current) big issue around pension deficit and it impact on solvency has brought some strong board performance. Clearly the key issue which needs to be overcome but would like to introduce some balance by considerations of the future as well. Will be more satisfied when the Board has landed on a collective and shared view of how the world will look in 5 years both from the output but also from the process of working to this point.
4. There is quality time spent but often in the same big operational areas understandably – would be good to look at more of development and growth areas of business.
5. Board does very well here.

Q6 that the Board meets sufficiently or too frequently?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
4	8	0	0

Additional Comments:

1. Under Donald's guidance, we have reduced the frequency of formal meetings, though these have become noticeably longer. I think this is the right way to go. And we have used additional meetings in a variety of formats (including the non-execs alone, and with the CEO) as well. I think this is a better pattern of interactions – varying the format somewhat in this way leads to a more creative interaction among board members.
2. Timing and length of meetings is about right.
3. However, if the business is privatised, the full spectrum of commercial and financial pressures will possibly require a more intensive Board cycle for a while.

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How satisfied are you.....

4. More than sufficient with the agreement for extra if we need them.
5. The balance of formal, informal and telephone conferences works well to me.
6. Believe sufficient time is allocated at the moment...reflective of the need. Ideally would like to have A&RC on same day.

Q7 that Board agendas are tackling the right issues?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
3	9	0	0

Additional Comments:

1. If they were not, I would be shouting! I would like us to return to the issue of employee engagement, but we need to get through the organisational change and other issues first – later this year is probably the time.
2. In general Yes but we have not had time in recent months to focus enough on operational performance matters.
3. The discussion is focus on priority areas – must be careful not to be too driven by immediate timescales and find some space for looking at markets, competition, customers but appreciate it is incredible hard.
4. This is a company headed for a financial crisis sometime in the next 6 months.
5. Continuing to improve because Chairman has shaped content and agenda in favour of the strategic over the more operational. Clearly and rightly the dominant issues around the deficit are taking most time.

Q8 that the Board is given sufficient information to take sound decisions?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
2 d/k	1	9	0

Additional Comments:

1. I think we get the information we need (though the problem is that as a non-exec one is never quite sure). Certainly if I feel the need for more information, I can readily get it.
2. Yes – the Board papers are comprehensive. Not sure we really have enough cost information to form views on or question management on efficiency of processes, whether progress is being made in efficiency or whether we internally have the information we would need to manage accounting separation.
3. In such a complex business it is difficult to get the balance right between overwhelming the board with detail vs being so “top down” that the board has too little information to decide. Most of the time that balance is struck perfectly.
4. There is a constant learning process, but the quality of the papers and detail is on the whole excellent.
5. It depends! Again, the rigour around mi and policy and process is being improved to help, some decisions are incredible well supported, others not so.

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How satisfied are you.....

6. Borderline satisfied because: 1. there is still a surfeit of data and 2. Not yet fully confident that information is fully collated or reflective.

Q9 that the Board is sufficiently aware of developments in the regulatory environment and Postal markets?

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
2 d/k	3	7	1	0

Additional Comments:

1. These developments permeate many of the Board papers and discussion, and the reports on regulation and market developments are thorough (though the former are often just for noting).
2. Generally good with an executive summary and additional info if it is necessary to dig down.
3. I do find it sometimes difficult to understand the regulatory nuances – still a lot of product and market jargon to master.
4. This is complex and could do with more discussion / education.
5. Need to work pro-actively with OFCOM which is what is happening so good knowledge in UK be good to get more global views.
6. Yes but would like to see closer ties back to the commercial consequences.

Q10 with the standard of board papers?

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1 d/k	3	7	1	0

Additional Comments:

1. Generally (not universally) of good quality.
2. Consistently high quality Board papers from management and advisors.
3. Many are too long still.
4. It depends! Again, the rigour around mi and policy and process is being improved to help, some decisions are incredible well supported, others not so.
5. Board papers have improved but there is still distance to go. They are too long, not sufficiently pointed and data not presented clearly.
6. Directionally the drive towards accurate and clear information, the focussing of the agenda and the recognition that more needs to be done are positive but clarity is a big task and may take time.

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How satisfied are you.....

**Q11 with the administration of the Board –
minutes, circulation of papers, performance of the
company secretary's office, etc?**

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
7	5	0	0

Additional Comments:

1. Board papers go out on time and Secretary's office is efficient.
2. With a lot of paper flying around in tight deadlines we do well to get everything before the board. Board meeting date changes have been very confusing but that is probably par for the course and can be lived with.
3. First class.
4. Very efficient and supportive.
5. Happy to take more online (or is that sacrilege?!)

Q12 with the quality of debate at board meetings?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
6	6	0	0

Additional Comments:

1. I think the quality of debate has risen very considerably with the changes in Board membership that Donald has introduced. I think the quality of debate is in the top quartile of boards that I have sat on. Whether this is good enough for the challenges we face is another matter!
2. Generally good.
3. This is shaping into an excellent board with a top management team of the highest calibre and a good mix of skills and experience amongst the non-executives.
4. Productive and constructive Board dynamics has helped. Slight discomfort around role and contribution of executives other than CEO/CFO. Would welcome more contribution across a wider range of issues beyond their line responsibilities. After all, none of the NED has any direct sector expertise and so we look to the management as a window on the industries in which RMG operates.
5. I make this satisfied, rather than very satisfied, only because there are always opportunities for some people to get more involved. However I think the overall quality is extremely high and interactive.
6. Stronger board dynamic than 1 year ago.
7. Very impressed with debates and insight. Sometimes too much detail but think we need it at moment.
8. Excellent here!

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How satisfied are you.....

9. Generally yes....behaviourally believe that dialogue is open and chaired inclusively.

Q13 with the chairmanship of board meetings?

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1 d/k	9	2	0	0
<i>Additional Comments:</i>				
1. Donald has a highly effective style of engaged chairmanship that encourages contributions that are making a point and discourages time-wasting. I have never felt discouraged from intervening.				
2. Chairman does a good job in managing meetings and allowing open debate although makes it very clear when his view differs from a view expressed around the table. Occasionally seems to want to do the job of the Committee Chairmen.				
3. We don't seem to get stuck, and there is little obvious tension, even though the management are clearly operating under some stress.				
4. Donald has changed the style in a very positive way. He allows debate, but not excessive 'air time' for any individual. Pulls summaries together well, and encourage participants (non-board). Very good.				
5. Very open and encouraging of debate whilst not letting things drag. Appreciate informal sessions.				
6. It is amazing to me that we manage to deal with the very difficult agenda items and still for most part end on time. All voices are heard.				
7. See comment 9. Q12 above, also positive about the broader chairmanship eg informal communication, discussion out with the board. However onerous, believe chair and board have benefitted from the enforced period of combined CEO/Chairman....greater insight, understanding and therefore support for executive.				

Q14 with the role, composition and performance of the Audit & Risk Committee?

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1 d/k	6	5	0	0
<i>Additional Comments:</i>				
1. Paul Murray is a very fine ARC Chairman, and although we can always improve (as we discuss) I think ARC does a sound job. Of course, as with all the committees, all the non-execs attend so the question of composition concerns only the other attendees. As the ARC review suggested, there are almost certainly too many people round the table.				
2. A very large brief. Could consider having a separate Risk Committee. Not sure it is a good idea to have all NEDs on all Committees as it obviates the need for and benefit of having separate Committees.				
3. As yet no experience to comment.				
4. Paul is an excellent, thoughtful Chairman. These are difficult times and he ensures the				

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How satisfied are you.....

committee addresses the right issues.
5. Happy with above – need more MI/ controls in place. Paul is excellent at keeping us honest.
6. This is highly experienced and very diligent “detailed” group.

**Q15 with the role, composition and performance
of the Nomination Committee?**

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1 d/k	3	7	1	0
<i>Additional Comments:</i>				
1. Much of the effective business of NomCo happens outside the meetings. But the Committee seems to work reasonably well.				
2. As yet no experience to comment.				
3. Some extremely impressive recruits at board level.				
4. I do not believe CEO has enough latitude to recruit, pay, incent executive team.				

**Q16 with the role, composition and performance
of the Remuneration Committee?**

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
2 d/k	1	7	←1→	0
<i>Additional Comments:</i>				
1. This is a very vexed area where RemCo has less power than it should have because of the role of ShEx. I hope this will change in future.				
2. Remuneration is clearly an extraordinarily fraught area because of our Shareholder. We need to get into a mode of working closely with our new Group HR director to look further ahead, with a clearer framework, to help offset the pressure and create a smoother ride for all.				
3. Has felt somewhat chaotic and ‘ad hoc’. Should be given more quality time, not just tacked on the end of a long day.				
4. As yet no experience to comment.				
5. I think the Committee needs a re-think, in terms of its role within the senior levels in the business. It is an exceptionally difficult remit and is by the nature of the ownership structure a very frustrating area to deal with. I think having all NED’s involved in these meetings is a good idea; however the distinction between the Chairman of the Board and the Chairman of RemCo needs careful thought.				
6. Happy with role, composition and performance – is there a different way of working with shareholder to make it a less painful process.				

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How satisfied are you.....

7. We are going through a transition here and we should assess at later date.

Q17 that directors are sufficiently knowledgeable of their statutory duties and developments in corporate governance best practice?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
4	8	0	0

Additional Comments:

1. Given the issues that we face, I think we are very cognisant of, and well briefed, on these duties and responsibilities.
2. Board manages this well particularly on the Going Concern issue!
3. I hope all directors maintain active personal professional development – maybe we should encourage it more. Some directors are relatively inexperienced independent directors and best practice is changing rapidly.
4. A monthly slot with lots of debate on our roles / responsibilities but as ever it will be board's discretion on how these are interpreted and applied with will be how we are judged.
5. Highly competent group.

Q18 that relationships and communications with the Shareholder are well managed?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
2	10	0	0

Additional Comments:

1. From our side, yes. But it continues to be a very troubling area.
2. The Chairman does an excellent job in very difficult circumstances and any issues arise because of the difficulty in dealing with both ShEx, the Department of Business and the politicians who seldom are reasoned or consistent. We have struggled to get over the message about an investible proposition (not through want of trying).
3. I am confident that our Chairman and our Chief Executive are highly skilled in this area.
4. Helpful recent dinner with ShEx – builds confidence in this area. We rely heavily (and rightly so) on the Chairman and CEO, and so it's difficult to know what 'good' looks like, especially as there are few/no benchmarks.
5. Given the structure, a difficult job well done.
6. Good engagement, need to go further into decision makers as we are doing.
7. Should really record a '? Satisfied' because this is a fluid situation which is presently being put to the test.

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How satisfied are you.....
Q19 any other comments?

Any other general comments:

1. The Board has identified the major issues and has to fight at all times not to get bogged down in peripheral, important, detail.
2. I am very conscious that my returns above suggest a high degree of satisfaction. I think that may partly be because of the absence of any category between satisfied and dissatisfied – almost all questionnaires of this kind include such a middle category. But much more importantly, it is because the Board has been transformed over the past year, both in its non-exec and exec participation, and I judge that it is performing to a very high level (though I would be interested to know whether the executive share that view). I am only mildly reassured by this, because we face such tremendous challenges.
3. It is a privilege to be on this Board with such a team of talented colleagues, despite the complexity and difficulty of the issues facing us.
4. Board developing well and supportive of the Executive on internal issues.
5. I believe that Donald has put together a high calibre board, capable of grappling with the testing situation the business is in.
The level of involvement and standard of debate and contribution by members of the board (particularly NED's) has risen enormously over the last two years.
6. Incredible difficult and challenging situation for the business with more to come.
Executive doing very well and working hard to drive through – need to be careful we don't get too caught in process – need to stand back and see the world from a different lens.
7. I do not agree with the structure of this Board. There are too many executives on it. It makes it difficult for the CEO to establish relationship of trust with Board and to lead the executive team.