

**ROYAL MAIL HOLDINGS PLC
BOARD PERFORMANCE EVALUATION QUESTIONNAIRE - 2007**

How satisfied are you.....

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

Very Satisfied Satisfied Dissatisfied Very Dissatisfied
1 d/k GRO

Additional Comments:

1. The requirement to clear any new FS product seems excessive. I would prefer to use the financial criteria that the new delegated authority document provides. As things currently stand some launches have to go to the Board that don't even need to go to Group Investment Committee (although they go to POL Investment Committee). Examples coming up will be Term Assurance and Pet Insurance.
2. Not enough time spent on broad strategic issues such as the future of RM Letters and the future shape of RMG. A little too much time on expenditure matters rather than customers.

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

Very Satisfied Satisfied Dissatisfied Very Dissatisfied
GRO

Additional Comments:

1. Much more appropriate after recent revision.
2. Progress on capex spends and hurdle rates, but still some way to go. Also need to develop guidelines for property disposals.
3. Some anomalies of a minor nature.
4. Good balance between Group and Business Units – improved during year.

Q3 that risks are adequately managed?

Very Satisfied Satisfied Dissatisfied Very Dissatisfied
1 d/k GRO

Additional Comments:

1. Substantial progress.
2. Need perhaps to pull together – for ease of reference – some of the areas which are being scrutinised. Not always easy to keep a handle on it all.
3. We do not appear to have a proper risk management slot. Would normally be covered by Audit Committee with a report to the Board.
4. Process for identification is good. Not enough discussion at the Board of steps being taken to mitigate risk.
5. From a governance perspective, yes. But I am not sure we are as sharp yet as we could be on the business risks.
6. This is not an easy question to answer overall. Many of the big survival (short term) issues and risks have been tackled very well but other s not well enough. In saying this there are real practical limits on how much can be achieved at one time.
7. Action plans need to be focussed and prioritised – a few key actions rather than a shopping list.

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

Very Satisfied Satisfied Dissatisfied Very Dissatisfied
GRO

Additional Comments:

1. Short and medium term strategy well covered. Not enough attention paid to long term

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How satisfied are you.....

- strategy – always need to be thinking 7 years ahead to end of the next regulatory period.
2. Going backwards slightly in terms of identifying our business strategy. New letters strategy will be important.
3. This may be addressed in the annual awayday, which I have yet to attend. If not, the regular meeting are a little light on this area.
4. The idea of the July awayday is good.
5. Yes.
6. I think we talk about short term issues rather than the long term direction of the business.
7. The key now is implementation!

Q5 that sufficient time is devoted to current business performance?

Very Satisfied Satisfied Dissatisfied Very Dissatisfied

GRO

Additional Comments:

1. Yes but need RPI to measure performance better – in particular an ongoing tracking of efficiency/productivity improvements.
2. More focus on customer issues would be valuable.
3. This links with information. The quality of information on performance is not as good as it should be, so maybe we do not devote quite enough time to this subject.
4. Yes but ... in line with the above maybe too much time on current performance at the expense of the future.
5. It would be helpful to have the budget approved before the start of the financial year!

Q6 that the Board meets sufficiently or too frequently?

Very Satisfied Satisfied Dissatisfied Very Dissatisfied

GRO

Additional Comments:

1. I think 10 meetings a year would be adequate.
2. Monthly is fine.
3. 10 or 11 meetings per year would be enough.
4. 12 meetings a year is a lot, bit I think for now it is sensible, we may want to cut each to 10 or 11 in the future.
5. 12 meetings a year is a lot. I know many other companies have 10 meetings p.a. We do spend a lot of time planning for the meetings.

Q7 that Board agendas are tackling the right issues?

Very Satisfied Satisfied Dissatisfied Very Dissatisfied

1 d/k

GRO

Additional Comments:

1. Not enough time on longer term strategy.
2. Need to talk more outwardly about products, customers and get ahead of 'flying duck'.
3. Sometimes we go into too much detail.
4. Need to focus more time on (1) Revenue (the customer), (2) future strategy.
5. The agenda has been event driven because of the way the execs have had to work with Government. This has left less time for focus on operational strategy at significant cost to the long term of the company.

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How satisfied are you.....

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

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

Additional Comments:

1. Sometimes too much; Investment cases often miss the wood for the trees.
2. On the whole, yes, but some of the financial information is still not as comprehensive as it should be. (I should say performance rather than financial only).
3. It would be helpful if the presentations of financial information for approval e.g. capexes, acquisitions were in a consistent format.

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

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

Additional Comments:

1. Not enough discussion on the longer term regulatory issues.
2. Yes regulatory environment
No – need more understanding of competitive environment.

Q10 with the standard of board papers?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

Additional Comments:

1. Improving year upon year. For strategic paper, clear presentation of principles which drive objectives, activities etc.
2. On the whole, yes.

**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
GRO			

Additional Comments:

1. Excellent.
2. They do a very good job at getting papers to us, but I wonder if the executives give them sufficient time?

Q12 with the quality of debate at board meetings?

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

Additional Comments:

1. Very open, inclusive.
2. - improvement could involve a more open debate between executives and non-execs
- tendency to stray into Executive type operational matters.
3. Needs more Exec Director involvement – see Q13.
4. A bit more strategic focus – longer term issues.
5. Excellent quality of debate.

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How satisfied are you.....

Q13 with the chairmanship of board meetings?

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
	GRO			
Additional Comments: 1. Good style 2. Executive Directors should be encouraged to contribute to the wider debate. Currently views are only sought from Non-Execs and Adam. 3. Allan is a first class Chairman, he ensures that everybody is engaged and that there is no 'grandstanding'. He combines focus, pace, quality, and levity when needed. A combination of informal professionalism.				

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

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
1 d/k	GRO			
Additional Comments: 1. Do not attend. 2. Improving.				

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

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
2 d/k	GRO			
Additional Comments: 1. I think the remit extends too deep into lower level operational recruitment. 2. Lot of work put in by chair of Noms and of Remco. 3. Do not attend. 4. A qualified satisfaction, I do not believe we have got it right yet. The process still does not work as well as it should do, and I am not sure we have the right focus on the agenda items. But we are definitely improving. 5. We receive reports after the fact in most cases. It should do work on behalf of the Board within an agreed strategy/plan.				

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

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
3 d/k	GRO			
Additional Comments: 1. Lot of work put in by chair of Noms and of Remco. 2. Do not attend, 3. Difficult area, well managed. 4. Compared with for example the Audit Committee it appears to act on its own – with little formal reporting.				

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How satisfied are you.....

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

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

Additional Comments:

1. Definitely.

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

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied
GRO			

2 d/k

Additional Comments:

1. Still issues to be resolved here – but difficult given Government's ability to speak through many different tongues!
2. Very patchy.
3. Bit too much suspicion on both sides I think!
4. but room for improvement.
5. Need to revert to a more normal shareholder communications regime; it changed during the investment discussions. Should be more arms length.
6. Although I am finding the ability to communicate sensibly with Stephen Lovegrove much improved since Richard Gillingwater moved on, the overall relationship is still strained.
7. However I do think we should get the shareholder understanding more about some aspects of this business other than the finances.
8. Clear known difficulties of communicating with a multi-dimensional shareholder and the impact of politics over shareholder value.
9. It takes both parties to make this work – the impression at the Board is that relationships are poor and “manipulative” – with low levels of trust.

Q19 any other comments?

Any other general comments:

1. Generally good – two issues
Not enough longer term debate
Poor input from Letters Business due to previous unsatisfactory incumbent.
2. Different location?
3. Obvious commitment by Execs and non-execs directors to the success of the company. Enables the process to flow.
4. In general too much politics, not enough on business issues and strategic chances and alternatives.
5. The contributions of the non-executive directors are valuable and often provide a very different angle on complex matters.
6. Considering the extremely testing time the business has gone through, I think the Board has worked exceptionally well, and Allan has chaired the Board with an excellent blend of professionalism, and informality that has got the best out of everyone.
7. I am concerned about where we are going as a Company in that we haven't had the discussion maybe the awayday will help. I am also concerned that discussions are held with the NED's that haven't been held with the Executives
8. comms with non execs have improved – but will be critical over the next few months. I am keen to see reporting of progress on the transformation plan – what are the milestones, kpi's, and how are we doing against them.