BOARD PERFORMANCE EVALUATION

Review of 2008 Annual Reports of UK Listed Companies

February 2009
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Introduction

The Institute of Chartered Secretaries and Administrators (ICSA) has again reviewed, for the 2008 reporting season, how the largest UK listed companies have elected to carry out the evaluation of the performance of the board, the audit, nomination and remuneration committees and the individual board directors in line with Principle A6 of the Combined Code.

ICSA acknowledges that it is an independent provider of board performance evaluation services, but it offers this review to promote greater interest in the virtues of well conducted evaluations of boards, committees and directors and in the belief that board evaluation is a key to developing better performing boards. In light of the financial crisis, ICSA believes profoundly that government, regulators, shareholders and boards of directors should be focusing on the value of objective and rigorous evaluations as a means of promoting better governance and achieving better performing boards in all business sectors.

With the benefit of hindsight, one can appreciate much better in 2009 the force of a remark made by Jonathan Sumption QC (leading counsel for the government) in 2005 in the Railtrack Shareholders’ Case:

‘The prime risk that shareholders take is that the management of a company will mismanage it.’

It is not the purpose of this document to pick over the entrails of recent individual corporate casualties. However, lessons have to be learned and changes have to be made. More regulation is unlikely to provide long term improvements. Boards are made up of people and people can and will find ways round rules. On the other hand a principles based approach provides greater scope for encouraging due respect for the spirit rather than the letter of ‘the law’.

Thus, encouragement to pursue better application of the Combined Code will help. Staying with Principle A6, some companies are still too coy about engaging an external facilitator even, say, every other or every third year, to manage their effectiveness evaluation. There is plenty of choice in the market; there is no shortage of competition. In making that observation we are not contending that internally managed evaluations are per se ‘bad’ or that externally facilitated evaluations are per se ‘good’. We do believe though that boards should ring the changes in order to derive greater benefit from board evaluation and, to that end, alternating between internal and external processes should assist them in becoming better performing boards.

The danger for companies whose boards resolutely assert year on year (and there are some) that they are best placed to identify areas for improvement is that they will not do so because their directors are too close to the issues; and internally driven exercises do not necessarily permit individual directors to unburden themselves of genuinely held concerns without fear of recrimination or even, in an extreme case, retribution (such as a nomination committee declining to recommend a non-executive’s re-appointment for a further term because he or she is ‘not one of us’). Moreover, the longer that directors serve on a board, the greater the possibility that they will see their board as a ‘magnificent institution,’ as one captain of industry remarked during a recent board evaluation interview!

This is where shareholders have now to enter the lists. Principle A6 has been in operation for nearly six years, yet shareholders seem to take little interest in how the boards of their investee companies decide to undertake each year’s evaluation of the board, its audit, nomination and remuneration committees and the individual directors. This oversight was acknowledged at the annual conference of the International Corporate Governance Network held in Seoul in June 2008. In response to the question ‘Are investors asking the right questions [of] companies [such] as: how rigorous are your processes [for] evaluating boards?’ as many as 83 per cent of the delegates answered ‘No.’
In their article in the Financial Times of 1 February 2009 (Integrity is key to gaining good governance), Phil Armstrong and James D Spellman wrote of the need for shareholders to act as owners: ‘Despite the justifiable scepticism, it is only through corporate governance – abiding by the letter and the spirit of a regime in which the interests of the owners are a director’s reliable compass – that trust and confidence can be restored. So where to go from here? It all starts with shareholders. They own the company. Only when all shareholders act as owners will companies be better managed.’

In this report for the 2008 reporting season, we have reproduced from the annual reports of the 200 largest UK companies (as at December 2008) the passages which address the conduct and outcomes of the evaluation processes adopted by each company’s board. As in previous years, we leave it to readers to form their own views on what each company has claimed to have done and how it has decided to report to its shareholders. However, we feel that the following conclusions merit some comment:

1. In the 2008 reporting season 42 (21 per cent) of the 200 companies covered by this report have elected to undertake some form of externally developed or managed evaluation process (the comparable figures for the 2007 reporting season were 32 and 16 per cent). Those companies were:

- Admiral Group
- Aegis Group
- Amec
- AstraZeneca
- Babcock International
- BAE Systems
- Barclays (also in 2006 and 2007)
- BG Group
- BHP Billiton (also in 2007)
- BP
- Burberry Group
- Cadbury Schweppes (also in 2007)
- Centrica plc (also in 2006 and 2007)
- Charter
- Drax Group
- Hays
- HSBC Holdings
- IMI
- Imperial Tobacco
- InterContinental Hotels Group
- International Power
- ITV
- Kingfisher (also in 2006 and 2007)
- LloydsTSB Group (also in 2007)
- Mitchells & Butler
- National Express Group
- PartyGaming
- Premier Oil
- Prudential (also in 2006 and 2007)
- Reed Elsevier
- Rexam
- Rio Tinto
- Rotork
- Severn Trent
- Tate & Lyle
- Tesco
- Thomson Reuters
- 3i Group (also in 2007)
- Tullow Oil
- Ultra Electronics Holdings
- United Business Media
- Xstrata

2. Several of these companies have engaged the services of a search consultant or their audit firm to undertake the evaluation. In view of the potential conflict of interest where the search firm has an extant and ongoing relationship with a company, it is submitted that one should at least consider whether the review was rigorous, within the meaning of Principle A6 of the Combined Code, and objective.

Although more companies have elected to use an external facilitator to conduct or assist with their effectiveness evaluation, one must again express the hope that companies which have only ever employed an internally driven process will seek periodically to benchmark performance of the board and committees by engaging an external facilitator (of whom there are several) to undertake the performance evaluation process. The real concern is whether an internally driven evaluation process (particularly where it is limited to the use of questionnaires) has been objective and rigorous in every case. Adherence to an internally driven process carries with it the danger over time of the evaluation becoming devalued. This is where shareholders should be taking a closer interest.
5. An issue which was identified in last year's report was the apparent failure of certain companies to understand the important distinction between the chief executive reviewing the performance of executive main board directors in their capacity as members of the top management team and the entirely separate task of evaluating the effectiveness of each of the main board executive directors (including the chief executive) as members of the board. As we pointed out then, the two exercises are quite distinct in content and purpose and should be mutually exclusive. This year we have identified only one company which fell into that error.

4. Generally, the company reports are more informative and seem to reflect a genuine desire on the part of those boards to improve their performance. A few reports on the other hand are terse to the point of disclosing nothing of any value.

Finally, there seems to be no available information for two companies viz. Carnival Corporation and PLC and Imperial Energy Corporation plc.

The page reference after the name of each company listed in this review is a reference to the relevant page of that company's annual report and accounts.
Aberdeen Asset Management PLC
Page 37

The Board has established a formal process, led by the Chairman, for the annual evaluation of the performance of the Board, its appointed Committees and each Director, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements. A tailored questionnaire, taking into account developments over the year and including specific references to the objectives of the Board and its Committees, was completed by each Director. The responses were analysed and the results were subsequently discussed at meetings of the Committees and of the Board, as well as in individual discussions between the Chairman and each Director. Additionally, the Non-executive Directors held a meeting without the Executive Directors present at which Executive Directors’ performance was discussed. The Non-executive Directors also met without the Chairman present to discuss the results of the evaluation of the Chairman’s performance, having taken into consideration the views of the Executive Directors, and the results of this meeting were subsequently discussed between the Senior Non-executive Director and the Chairman.

Admiral Group plc
Page 22

During the year the Board carried out an evaluation of itself and its Committees. An external consultant facilitated the evaluation process. The process consisted of the completion of a questionnaire followed by one-to-one discussions between each Director and the facilitator. A final detailed report was discussed as a separate meeting in January 2008 at which the Chairman presented the findings and the Board had an open discussion resulting in a number of agreed recommendations. The evaluation concluded that the Board and its Committees performed well during the year and are effective in meeting their objectives and fulfilling their obligations. The main recommendations were related to the focus of Board meeting discussions and improving the process by which Non-executive Directors can arrange to spend time informally with senior management within the Group.

The Chief Executive, to whom they report, appraises the performance of the individual Executive Directors annually. The Chairman, taking into account the views of the other Directors, conducts the performance appraisal of the Chief Executive. The performance of the Chairman is reviewed by the Non-executive Directors, led by the Senior Independent Non-executive Director (John Sussens), taking into account the views of the Executive Directors.

John Sussens gave individual feedback to the Chairman and was able to confirm that the performance of the Chairman continues to be effective, and that the Chairman continues to demonstrate commitment to his role.

Aegis Group plc
Page 50

The non-executives, led by the senior independent director, continued the process of meeting annually without the chairman being present to appraise the chairman's performance. As a result of this the senior independent director meets with the chairman to discuss any particular issues where it is felt that improvements could be made.

During 2007, the Board continued the process of performance appraisal using Synovate’s specialist business unit to carry out a formal independent appraisal of individual directors as well as of the Board and its committees. Each director completed a detailed questionnaire which sought an assessment of the effectiveness of the Board and its committees and the contribution of individual directors. The responses were aggregated and a senior executive of Synovate fed back the overall results for discussion at the July Board meeting. The chairman, as in previous years, then undertook detailed one-to-one discussions with each director to review the results of his or her assessment.
Aggreko plc
Page 42

The Board conducts an annual evaluation of its own performance. This involved the completion of assessment questionnaires by all Directors covering the performance of the Board and its Committees. Other aspects that were reviewed included the effectiveness of the Chairman, Executive and Non-executive Directors, the monitoring of operational performance, and corporate governance, as well as leadership and culture. The Board considered a summary of the conclusions and this was followed up by meetings as appropriate with individual Directors.

Alliance Trust PLC
Page 42

The Board is committed to undertaking annual reviews of its own performance, and also the performance of its committees and individual directors. On most occasions this is undertaken as an internal exercise, with the use of external facilitation on a periodic basis.

In 2007, the evaluation of the Board and individual Directors was undertaken by use of individual personality profiles which allowed the Board to consider the contribution of each Director to the activities of the Board and its decision-making process. This identified areas for improvement in Board papers and presentations, contact between Board meetings and engagement between the Non-executive Directors and management below Board level.

The performance of the main Board committees was evaluated by way of questionnaires. The Board and each of the committees was considered to be functioning effectively.

The Senior Independent Director led the evaluation of the Chairman’s performance, which was the subject of discussion at a meeting of the Non-executive Directors following the completion by them of questionnaires which were devised to assess her performance against a series of key attributes for a chairman.

AMEC plc
Page 69

An external review of the effectiveness of the board and its committees was carried out during the year by Spencer Stuart by way of interviews with individual directors. Findings were considered by the board as part of its review of both collective and individual board member performance. No material changes were identified as being necessary as a result of this exercise. The independent non-executive directors also met privately both with and without the Chairman present and also with both the Chairman and Chief Executive together to consider management performance and succession issues. A formal process exists for the directors to take independent professional advice and receive appropriate training in the course of their duties at the company’s expense, organised by the Company Secretary.

Amlin plc
Page 101

Since the last annual report the Board has undertaken its annual evaluation of the performance of the Board, its Committees and each director. These were initiated by a questionnaire completed by each director giving his assessment of both collective and individual performances. The results of the evaluation of the Board as a whole were summarised by the Chairman at its meeting in February 2008 and the Board agreed its conclusions. Each Board Committee evaluated its performance in late 2007, and the conclusions were also reported to the Board.

continued on next page
The Chairman also discussed any issues arising from the evaluation of each individual director, including the performances of executive directors in respect of their boardroom as opposed to executive roles (which are evaluated as part of the Group’s regular Performance Development Review process), with the director concerned. The Chief Executive’s total performance is reviewed by the Chairman.

The Chairman’s own evaluation was conducted by the Non-executive Directors led by the senior independent director, taking into account the views of the executive directors. The senior independent director discussed and agreed the conclusions with the Chairman.

Anglo American plc

A formal evaluation of the performance of the Board, its committees and individual directors is carried out annually by means of detailed questionnaires and interviews. The results of the most recent evaluation were collated and analysed by the Company Secretary and presented to the Board. The aim is to ensure continuous improvement in the functioning of the Board. The analysis in respect of 2007 confirmed that the Board and its committees were functioning appropriately. As a result of the evaluation, certain changes to committee membership are under consideration and changes to the Board meeting process and timetable have already been implemented. As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. It is the Board’s current intention to engage an external reviewer for the Board effectiveness evaluation process from time to time.

Antofagasta plc

The Board periodically considers its performance and effectiveness. A performance evaluation was conducted during 2007 by Mr G S Menendez, with the assistance of senior management, covering the Board, its committees and its individual members. Mr C H Bailey, as the senior independent Non-executive Director was responsible for the evaluation of the Chairman. The results were discussed with the Chairman and considered by the Board and were taken into account in the decision to recommend re-election at the forthcoming Annual General Meeting during 2008. The Board is satisfied that each Director continues to contribute effectively and demonstrates commitment to his role.

ARM Holdings PLC

The board undertakes an annual board evaluation. During 2007, this exercise was conducted internally with each director completing a questionnaire and was led by the Chairman and facilitated by the Company Secretary. The evaluation covered board performance, processes, committees, composition, skills and director induction. The overall conclusion was that individual board members are satisfied that the board works well. They are also satisfied with the contribution made by their colleagues and that board committees operate properly and efficiently. Various recommendations resulted from the evaluation which have been discussed by the board and will be reviewed further and acted upon by the board in 2008, as appropriate. In particular, the non-executive directors now make a greater contribution to forward agenda setting. It is intended that there will be a further board evaluation each year, involving external consultants as and when the board deems appropriate.
Arriva plc
Page 56

Each year the Board undertakes an evaluation of its own performance. The performance evaluation for 2007, conducted in early 2008, was led by Steve Williams as the senior independent director and included a specific element concerning an assessment of the performance of the chairman. The evaluation concluded that the Board was operating effectively. A small number of areas were identified where further improvements could be made including increasing the focus on the regulatory environment of the industry and further deepening directors’ knowledge of individual business units. These points are being addressed.

Ashmore Group plc
Page 26

The board has established a formal process, led by the Chairman, for the annual evaluation of the performance of the board, its appointed committees and each director, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements.

Meetings were held between the Chairman and each individual director in which developments over the year were discussed and performance was considered by reference to the objectives of the board and its committees. The responses were analysed and the results and issues raised were subsequently discussed at a meeting between the Chairman, the other non-executive directors and the Chief Executive Officer. This meeting also evaluated the Chairman’s performance.

Associated British Foods plc
Page 33

In the final financial quarter the senior independent director led the annual process which enabled the board to evaluate the effectiveness of its performance. This involved an individual discussion with Lord MacGregor and each director based upon designated areas and topics. All input was treated as strictly confidential and was not attributed to any individual board member. The results of this exercise were subsequently reviewed by the board. The performance of the Chairman was also appraised at a meeting of the non-executive directors chaired by the senior independent director and taking into account the views of the executive directors.

The process in 2007 confirmed that all directors continued to contribute effectively and with proper commitment, including of time, to their roles.

AstraZeneca PLC
Page 38

Prior to the publication of this report, the Board conducted its annual review and assessment of how it operates. This was done without external facilitation, although the Board did make use of a series of web-based questionnaires that were developed in conjunction with Lintstock, a leading corporate governance consulting company. This included consideration and discussion of the nature and level of its interaction with the Company’s management; the quality, quantity and scope of information which flows to the Board from management, and the way in which it flows; the content of Board meetings and presentations to Board meetings; the composition of the Board; the practical arrangements for the work of the Board; and the work and operation of the Board’s committees. Overall, Board members concluded that the Board and its committees were operating in an effective and constructive manner.
As part of the assessment process, the Chairman reported to the Board on his conversations with each Non-executive Director about his or her individual performance and that of the Board as a whole. The Non-executive Directors reviewed the performance of the Chief Executive Officer and other Executive Directors in their absence. In addition, the Board, under the chairmanship of the Senior Independent Director, reviewed the performance of the Chairman in his absence.

WS Atkins plc
Page 53

The Board, as part of its commitment to ensure its effectiveness, carried out an evaluation of its performance and processes during the year. Each director completed a confidential survey which was followed by a private meeting with the chairman. The recommendations arising from this process have been considered by the Board and appropriate actions identified and implemented. During the year, the Audit Committee and Remuneration Committee also completed formal assessments of their performance and processes in the form of a survey completed by members and key stakeholders.

The chairman's performance was reviewed by the non-executive directors, led by the senior independent director.

Autonomy Corporation plc
Page 13

The members of the Board evaluate the performance of the Board, its committees and individual members at meetings, at the first meeting following the end of the year. The non-executive directors, led by the senior independent director, are responsible for the scope of the evaluation, taking into account the views of executive directors.

Aviva plc
Page 83

The effectiveness of the Board is vital to the success of the Group. The Company undertakes a rigorous evaluation each year in order to assess how well the Board, its committees, the directors and the Chairman are performing. The process is led by the Chairman and supported by the Group Company Secretary. All directors complete a questionnaire evaluating the Board and committees’ processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which directors assess their fellow directors’ performance against set criteria, including the skills that they bring to the Company and the contribution they make. This process is complemented by separate meetings between each director and the Chairman where feedback is discussed. In 2007, following the process introduced in 2006, the directors completed a comprehensive questionnaire which was returned to an independent third-party who had helped with the preparation of the questions, who then collated comments, drew the conclusions and presented the findings to the Board.

The performance of the Chairman is also included in the above process and takes into account the views of both the executive and non-executive directors. The Chairman’s evaluation is managed by the Senior Independent Director who provides feedback to the Chairman. As part of the Chairman’s evaluation the non-executive directors meet separately under the chairmanship of the Senior Independent Director.

Following this comprehensive review, the directors have concluded that the Board and its committees operate effectively. Additionally, the Chairman has concluded that each director contributes effectively and demonstrates full commitment to his/her duties.
The Board evaluation process assesses the executive directors in their capacities as directors of the Company. They are evaluated in respect of their executive duties through a separate process whereby the Chairman and the non-executive directors assess the Group Chief Executive and the Group Chief Executive assesses the executive directors.

Babcock International Group PLC
Page 41

During the year, a review of the performance of the Board as a whole, its committees and individual Directors was carried out by an independent facilitator who conducted individual confidential interviews with each of the Board members, the Company Secretary and certain senior Group employees. The results of those interviews were reported to the Chairman who shared them with Board members. The review concluded that the Board and its committees, and individual Directors, were working very well. It was agreed that succession planning should be an area of focus.

The Chairman’s performance was evaluated by the Remuneration Committee and was also discussed in confidence with the independent facilitator during the process mentioned above.

BAE Systems plc
Page 57

I am a big believer in performance evaluation, as this is a fundamental part of performance improvement. As a Board we have just completed our fourth such performance evaluation. This exercise covered the performance of the Board, its committees and that of the individual directors. The Board evaluation includes a review of the Board’s effectiveness, the effectiveness of each Board Committee, and an assessment of each Board director. One-on-one feedback discussions between the Chairman and each director occur in the first quarter of the year. The table overleaf details some of the objectives that the Board has agreed as a result of the evaluation process.

When we started the evaluation process in 2004 I was keen to use an external facilitator to conduct individual interviews with each director. No evaluation process is perfect but I believe our approach does allow us to deal effectively with not only the procedural or administrative aspects of how we operate but also some of the behavioural aspects of performance. As Chairman, it is important I receive full and frank feedback on my own performance and I receive this each year from our Senior Independent Director after he has met with the facilitator.

Balfour Beatty plc
Page 51

The Board as a whole and its main Committees were the subject of an evaluation exercise carried out in 2004 by an external consultant. The actions agreed which arose from the report were implemented through 2005. A full evaluation exercise of the Board and its main Committees was carried out in 2007. While no substantive issues emerged from this, a number of minor procedural matters were identified as meriting attention and these are under consideration for implementation during 2008 together with any changes to Board procedures necessitated by the coming into force of the Companies Act 2006.
Barclays PLC
Page 141

An annual evaluation of Board and Committee effectiveness is conducted, as recommended by the Code. The evaluation in 2006 was independently facilitated by Egon Zehnder International and comprised a questionnaire, supplemented by individual interviews and peer reviews. The following actions were set for 2007:

- provision of additional training on risk issues for Non-executive Directors, including specific awareness of risk management and measurement methodologies for Board Risk Committee members; and
- continued work on Board meeting agenda management to ensure there is time for rigorous debate and exchange of ideas.

Training on risk issues was provided in April 2007 and feedback sought from the participants. The time allocated to Board meetings has been increased to allow for extended debate and discussion. The Board Corporate Governance and Nominations Committee monitored the progress of the action plan during 2007 and are satisfied with the steps taken to tackle the issues highlighted by the evaluation.

The 2007 evaluation was again independently facilitated by Egon Zehnder International. The evaluation took the form of detailed questionnaires completed by each Director, individual interviews and peer evaluation of fellow Directors. The results of the evaluation were presented to the Board in February 2008 and continued to demonstrate the improving trend since the current process of evaluation was adopted in 2004. The Board concluded that the Board and the principal Board Committees continue to operate effectively. Minor enhancements were recommended around:

- the form and content of Board papers and presentations; and
- refinement to the Board calendar of business, particularly in respect of the timing and content of presentations on stakeholder management.

The Board Corporate Governance and Nominations Committee will recommend an action plan to the Board to deliver these improvements in 2008.

The Group Chairman will hold private meetings with each Director to discuss the results and to agree areas for development relating to their own individual performance. Feedback on the Group Chairman’s performance was provided to the Senior Independent Director, who discussed the results privately with the other Non-executive Directors and the Group Chief Executive before meeting with the Group Chairman.

Bellway p.l.c.
Page 29

During the year the directors undertook an evaluation of the performance and effectiveness of the Board, its Committees and individual directors. The evaluation was performed using a self-assessment framework. This involved the Chairman, acting on behalf of the Board, evaluating the performance of the other individual directors, and the non-executive directors, led by the senior independent non-executive director, assessing the performance of the Chairman, taking into account the views of the executive directors. The Board, led by the Chairman, evaluated its own performance, and the Committees, led by the Chairman of each, evaluated their own performance.

As part of the process of ensuring Board effectiveness, the non-executive directors, led by the senior independent non-executive director, met without the Chairman present. Additionally, the Chairman held a meeting with the non-executive directors without the executives present. The Chairman also had meetings with each of the executive directors.
The Board and its Committees reviewed the results of these evaluations and are satisfied with the evidence they provided about the balance, effectiveness and performance of the Board and its Committees and the effectiveness and commitment of each director.

The Berkeley Group Holdings plc

A review of the operation of the Board, its committees and the skills of the Directors was undertaken during the year. The process was led by the Group Chairman and Senior Independent Director with the assistance of the Company Secretary. All Directors completed the wide-ranging appraisal questionnaire and the results were reviewed by the Board. The process concluded that the stability and cohesiveness of the Board has been the key to the Board’s continued effectiveness.

BG Group plc

An evaluation of the performance of the Board, its principal committees, the individual Non-executive Directors and the Chairman, was conducted during the year. The Board and committee evaluations were facilitated by external consultants on behalf of the Chairman and the chairmen of the Board committees, and comprised a series of one-to-one interviews between a facilitator and each Director.

The interviews were based upon a number of key areas covering Group strategy, succession planning, Board size and the relationship between the Board and its committees.

The results of the reviews were then considered with the Chairman and Senior Independent Director and subsequently discussed collectively by the Board as a whole.

The performance of individual Non-executive Directors is evaluated by the Chairman, with input from the committee chairmen and the Executive Directors. The performance of the Chief Executive is evaluated by the Chairman and Non-executive Directors. The performance of the Chief Financial Officer is evaluated by the Chief Executive in consultation with the Chairman and other Non-executive Directors.

The evaluation of the Chairman was led by Paul Collins, the Senior Independent Director, and involved individual meetings with each of the Executive Directors, followed by a group review with the Non-executive Directors, excluding the Chairman.

The Directors have concluded that, following this evaluation, the Board and its committees operate effectively and also consider that each Director is contributing effectively and demonstrates commitment to the role.

BHP Billiton Limited

The Board is committed to transparency in determining Board membership and in assessing the performance of Directors. Contemporary performance measures are considered an important part of this process.

The Board conducts regular evaluations of its performance, its Committees, the Chairman, individual Directors and the governance processes which support Board work. The evaluation of the Board’s performance is conducted by focusing on individual Directors in one year and the Board as a whole in the following year. In addition to the above, the Board conducts evaluations of the performance of Directors retiring and seeking re-election and uses the results of the evaluation when considering the re-election of
Directors. External independent advisers are engaged to assist these processes as necessary. It is thought that the involvement of an independent third party has assisted the evaluation processes to be both rigorous and fair. This year the Board has undertaken a review of the Board as a whole with the assistance of independent advisers. The evaluation was based on findings from interviews with Directors and OCE members. The 2007 review indicated that the Board is continuing to perform in an effective manner.

The effectiveness of the Board and its Committees is assessed against the accountabilities set down in the Board Governance Document and each of the Committees’ Terms of Reference. Matters considered in the assessment include the effectiveness of:

- discussion and debate at Board meetings;
- the Board’s processes and relationship with management;
- quality and timeliness of meeting agendas, Board papers and secretariat support;
- the composition of the Board, focusing on the blend of skills and experience.

Performance of individual Directors is assessed against a range of criteria, including the ability of the Director to:

- consistently take the perspective of creating shareholder value;
- contribute to the development of strategy;
- understand the major risks affecting the business;
- provide clear direction to management;
- contribute to Board cohesion;
- commit the time required to fulfil the role;
- listen to and respect the ideas of fellow Directors and members of management.

The process is managed by the Chairman, but feedback on the Chairman’s performance is provided to him by Dr Schubert.

BP p.l.c.

The board continued its ongoing evaluation processes to assess its performance and identify areas in which its effectiveness, policies and processes might be enhanced. The board evaluated its performance during the year through the use of a board skills evaluation completed by an external facilitator and also individual director interviews held by the company secretary. The process aimed at building on the outcome of the previous year’s evaluation and assessing the way in which the board had responded to issues that occurred in 2007. A report from the external facilitator was considered by the board and recommendations adopted. The outcome from the evaluation has led the board to focus on certain areas for 2008, including a greater use of site visits and restructuring of forward board agendas.

Separate evaluations of the audit and remuneration committees and of SEEAC took place during the year and are outlined in the reports for those committees below (and in the directors’ remuneration report in the case of the remuneration committee).
Brit Insurance Holdings Plc

Each year a board performance evaluation is conducted. The process is led by the Chairman, supported by the Company Secretary, Peter Goddard. In accordance with the Board’s policy of involving external consultants in the process every third year, an internal evaluation was conducted in 2007 an external evaluation having been undertaken in the previous reporting period.

The 2007 internal review was completed in December 2007 and comprised detailed questionnaires constructed around provisions within the Code. Responses were co-ordinated by the Deputy Company Secretary and a report (including recommended actions) was prepared for discussion at a Board meeting. Progress on the recommended actions has been monitored by the Deputy Company Secretary. All Directors were requested to complete questionnaires covering at least one of the following areas:

- Board;
- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Non-executive Directors.

The Board, having discussed the outcome of the review, is of the opinion that it and its Committees operate effectively.

A separate process involving a meeting of Non-executive Directors led by the Senior Independent Director without the Chairman present was held during 2007 and this took into account the views of the Executive Directors.

British Airways Plc

Towards the end of 2007/08, a performance evaluation of the Board, its committees and individual directors was undertaken through a questionnaire and one-to-one interviews by the Secretary. The results of this exercise were presented to, and considered by, the Board. The Chairman and non-executive members typically meet without any executives present on at least two occasions during each financial year. At least once a year, the non-executive members of the Board meet under the chairmanship of the senior independent director to review the performance of the Chairman, taking account of the views of the executive directors.

British American Tobacco PLC

The Board conducts a critical evaluation of its activities on an annual basis. A questionnaire-based peer review of the performance of the Chairman, the Executive Directors, the Non-executive Directors, the Board and its committees is conducted by the Company Secretary. The results of the review of the Committees and the Board are discussed with the Chairman and presented to the Board. The results of the review of individual performance are raised by the Chairman with each individual Director, as appropriate. The results of the review of the Chairman’s performance are discussed by the Non-executive Directors without the Chairman present and feedback is given by the Senior Independent Director on a one-to-one basis. The Chairman also discusses the effectiveness and performance of Directors immediately before they make themselves available for reappointment. The Remuneration Committee evaluates the effectiveness of the Chairman and the Chief Executive annually.
The process in 2007 confirmed that all Directors continue to make an effective contribution to the Board and that the Board and its Committees continue to operate effectively in discharging their obligations and meeting defined objectives. The Committees were rated highly and the Board expressed particular appreciation for the regional audit committee framework which allows broad access to the business. It was commented that the balance of expertise on the Board should continue to be kept under review, taking into account the geographical spread of the Group’s business.

The Notice for this year’s Annual General Meeting confirms that the performance of the Directors being proposed for reappointment continues to be effective and that they continue to show commitment to their role.

British Empire Securities & General Trust plc
Page 27

Since the year end, evaluations of the performance of the Board as a whole, the Committees and individual directors were undertaken using structured questionnaires. The evaluations were led by the Chairman who, after receiving analyses of the results of the questionnaires discussed the findings with each Director individually. The Board is satisfied from the results of the evaluation that the structure, mix of skills and operation of the Board continue to be satisfactory and appropriate for the Company.

British Energy Group plc
Page 35

Performance evaluation of the Board, Chairman and individual Directors and the effectiveness of individual Board committees and the committee structure is reviewed annually using a detailed questionnaire which is completed by the Board.

In the 2007 Review, the Board identified the following areas for focus in 2007/08: strategy and the amount of time the Board devotes to strategic issues; oversight of nuclear operations and performance; obtaining investor feedback on Company performance and strategy; reviewing and optimising the Board committee structures and governance arrangements; and succession planning. As part of its overall performance review the Board also instructed an independent review of the effectiveness of the Board, Board committees, committee and department structures specifically in relation to nuclear oversight of operations and nuclear governance.

As a result of these reviews the remit of certain Board committees and their membership has been revised. The membership of the six Board committees is now exclusively non-executive and the members have been rotated to bring fresh perspectives. The Technical Advisory Committee has evolved into the Technical Performance Oversight Committee which has oversight of the technical and operational risks facing the Company. The membership of the Safety, Health and Environment Committee has also been refreshed with the appointment of a new independent member with experience in both the nuclear and oil and gas industries. The roles of the committee and the relationships with, and expectations of, line management were clarified. Performance metrics have been refined and clearer, more focused reporting has allowed the Board to devote more time to strategic issues and appropriate oversight.

The 2008 surveys indicated good progress in the areas of focus identified in the 2007 Review and satisfaction with the new arrangements. As in 2007, the survey will be followed up with one to one meetings between the Chairman and each Director and the issues arising will be considered by the Board in autumn 2009, informing the Board on further priorities for performance improvement.

The Board also devoted effort to succession planning (see the section headed Governance and Nominations Committee on page 37) and made good progress in this area which will continue to be a priority.
British Land Company PLC
Page 65

The formal Board Performance Appraisal process requires each director to give detailed input annually, the results of which are considered by the Chairman, Senior Independent Non-executive Director and Board as appropriate and relevant consequential changes made.

The Senior Independent Non-executive Director meets to discuss the performance of the Chairman with other directors annually, or more frequently as necessary. The Chairman meets with each non-executive director annually to discuss their contribution. The Chairman provides the Remuneration Committee with a written appraisal of the Chief Executive's performance for the year. Similarly the Chief Executive provides the Remuneration Committee with a written assessment of the executive directors' performance.

Britvic plc
Page 40

The Chairman has carried out an evaluation of the performance of the Board as a whole and of each Committee and, led by the Senior Independent Non-executive Director, the Non-executive Directors have assessed the performance of the Chairman taking into account the views of the Executive Directors. The conclusions of those assessments have been presented to the Board by the Chairman and the senior independent Non-executive Director. The evaluation process is designed to cover Board processes, the structure and capability of the Board, strategic alignment, Board dynamics and the skills brought to the Board by each Director.

N Brown Group plc
Page 40

Since the last report the board has once again undertaken a formal appraisal of its own performance, that of the Chairman and that of its committees. The process consisted of individual assessment by detailed questionnaire completed by all directors. The results were compiled by the company secretary for review by the Chairman and then joint review by the board. The performance of the Chairman was appraised by the senior non-executive director in consultation with the other board members. The Chief Executive's performance was appraised by the Chairman and the non-executive directors. The performance of the Finance Director (the only other executive director on the board) was carried out in the same manner as the Chief Executive. The process of evaluation is designed to ascertain whether each director continues to contribute effectively and is devoted to the role.

British Sky Broadcasting Group plc
Page 41

During the year, the Directors carried out a full evaluation of the performance of the Board, its committees and individual Directors. The process was carried out internally and was led by the Corporate Governance & Nominations Committee, with the assistance of the Company Secretary and members of the legal department. The evaluation confirmed that the Board was satisfied with the Board's overall performance.

During the year, the Senior Independent Non-executive Director held a formal meeting of the Non-executive Directors, without Executive Directors present, to discuss the functioning of the Board. There was also a meeting of the Non-executive Directors without the Chairman present to evaluate his performance led by the Senior Independent Non-executive Director.

continued on next page
Following this year’s review, the Corporate Governance & Nominations Committee and Board have confirmed that all Directors standing for re-election at the forthcoming AGM continue to perform effectively and demonstrate commitment to their roles.

BT Group plc
Page 55

During summer 2006, the Board carried out, through a questionnaire and discussion with directors, its fourth formal evaluation of Board and Board committee performance and effectiveness. The individual performance of directors was also evaluated at one-to-one sessions with the Chairman. The previous Deputy Chairman and senior independent director, Sir Anthony Green, led the review of the Chairman’s performance in consultation with the non-executive and executive directors. The results of that evaluation were considered by the Board in July 2006. The directors considered BT’s Board processes and effectiveness to be good. Key areas highlighted were the need for continued attention to Board diversity, more focused briefing on technology matters, and the continuing need to pay attention to the amount of paperwork. These matters are being addressed. The previous year’s concerns on maintaining visibility of major capital projects (including postproject reviews) and the amount of time available at Board meetings for free-ranging strategic discussion did not feature strongly this year as it was felt steps taken during the year had adequately dealt with them via process and Board agenda changes. Further evaluations will be carried out annually.

Separate questionnaires about Audit Committee effectiveness were also completed and the results are reviewed in the Report of the Audit Committee.

Bunzl plc
Page 5

The Company has a formal performance evaluation process for the Board, its Committees and individual directors overseen by the Chairman, Mr A J Habgood. This includes completion of self-assessment forms by, and individual discussions with, each director. Led by Mr J F Harris, the senior independent director, the non-executive directors also meet without the Chairman present to appraise the Chairman’s performance. These processes were carried out satisfactorily during the year. The Chairman periodically holds meetings with the non-executive directors without the executive directors present. Finally, the Chief Executive, Mr M J Roney, annually presents a management succession plan which is discussed with the Chairman and the non-executive directors.

Burberry Group plc
Page 80

In 2007, a review of the Board and its committees was undertaken using an external facilitator. The findings of that review led to the appointment of an additional independent non-executive director and appointments to the Board’s committees.

In 2008, an evaluation of the effectiveness of the Board, its committees and of the individual directors was carried out. The evaluation was led by the Chairman and involved holding a series of structured one-to-one interviews with each of the directors. The effectiveness of the changes made to the Board and its committees following the review in 2007 were considered and evaluated. The directors also considered the current composition and responsibilities of the Board and each of its committees, together with the frequency and structure of meetings.

The directors concluded that the Board and its committees operate efficiently and effectively. As a result of this review, it was agreed that additional non-executive directors’ briefings would be held to further increase their knowledge and understanding of the business.

continued on next page
The Audit and Remuneration committees each also undertook an evaluation of their performance and effectiveness during the year by way of a detailed questionnaire. The results of these evaluations were reported to the Board by the respective committee chairmen. The results of the reviews concluded that each of the committees was functioning appropriately.

A formal meeting of the non-executive directors, without the Chairman present, was held during the year, led by the Senior Independent Director.

Cable & Wireless plc
Page 51

Since the last Annual Report, the Board has undertaken its annual evaluation of performance including a review of the performance and membership of its principal committees. Unlike the previous year when an external facilitator was appointed, the Board elected to undertake this year’s evaluation in-house, led by the Chairman. The process included the completion of a detailed questionnaire by each Board member together with private meetings as appropriate. The conclusions of the Board evaluation, including a review of progress against points raised in previous years, were collated by the Company Secretary and then presented to, and considered by, the whole Board.

During the year, the Non-executive Directors again met privately both with and without the Chairman being present, to consider management performance and succession issues. The Non-executive Directors appraised the Chairman’s performance and carefully reviewed the relationship between the Chairman and the Joint Group Managing Directors to ensure that the Board structure and relationships continued to promote the creation of shareholder value. As part of this evaluation the Senior Independent Director met with Executive Directors to discuss their views.

Cadbury Schweppes plc
Page 55

In 2007, Egon Zehnder undertook a formal and independent evaluation of the Board. The review combined qualitative dialogue and a quantitative questionnaire to track Board and Committee effectiveness and covered Board dynamics, individual Director contributions and in particular the process relating to the demerger and its attendant implications. Overall, the review concluded that the Board and its committees function effectively and when issues are raised for consultation there is a thorough debate and effective decision making. Governance and Board processes in general are robust. The process of communication to the Board and individual directors has been stated but not, at the time of reporting concluded.

Cairn Energy PLC
Page 41

The Board has a formal annual process of rigorous performance evaluation for the Board, audit, nomination and remuneration committees and individual directors. The Board reviews on an annual basis whether such performance evaluation should be conducted using an external resource. The Board has decided, however, that there is value in conducting the process internally to develop an appropriately tailored approach and benefit first hand from direct input from individual directors.

The performance evaluation of the Board and the Board committees was primarily based upon answers to a detailed questionnaire which had been updated since the previous year’s evaluation and which was prepared internally. The questionnaire was distributed to all Board members and the Company Secretary. The areas covered in the questionnaire included the effectiveness of the Board and Board committees, performance...
against objectives, preparation for and performance at meetings and corporate governance matters. One particular area that the questionnaire addressed was the performance of those directors who are also non-executive directors of Cairn India in respect of the stewardship of that part of the Group’s business. The questionnaire addressed all of the issues raised by the Higgs Review of the role and effectiveness of non-executive directors.

The review process carried out pursuant to the questionnaires can be summarised as follows:

Once a questionnaire had been completed by each member of the Board and the Company Secretary, the Chairman held a meeting with each director and the Company Secretary individually to discuss their responses. The Chairman then reported the results of the process to the Board at a Board meeting, which discussed the comments and implemented the conclusions. The Board and Board committees are satisfied that they are operating effectively.

The Deputy Chairman, who is also the Company’s senior independent non-executive director, sought the views of the executive directors and met with each of the other non-executive directors, in the absence of the Chairman, to discuss and assess the Chairman’s performance. The results of this review were then discussed with the Chairman. The Board (not including the Chairman) is satisfied that the Chairman’s performance is effective and that he demonstrates continued commitment to the role.

The evaluation indicated areas for improvement, but no significant problems were identified. A performance evaluation of the Board, the Board committees and individual directors will continue to be conducted annually and the process for such review will continue to be reviewed by the Board in order to optimise the process.

The executive directors have their performance individually reviewed by the remuneration committee against objectives which are set annually. The bonuses payable to the executive directors under the Company’s cash bonus scheme (described further on page 62) are linked directly to the results of these reviews.

Caledonia Investments plc

Page 62

The board conducts an annual formal evaluation of its own performance and that of its committees and individual directors. For the year ended 31 March 2008, the evaluation of the board as a whole and of its committees was led by the Chairman and was conducted by inviting individual board members to complete a questionnaire regarding the operation and effectiveness of the board as a whole and of its committees, the responses to which were collated by the Company Secretary and discussed. The evaluation of the performance of the Chairman was led by the Senior Independent Non-executive Director and involved private discussion with other members of the board of their views on his performance, the results of which were then considered at meetings of the non-executive directors, without the Chairman present, and of the Governance Committee. The evaluation of the performance of the Chief Executive was undertaken by the Chairman and the non-executive directors. The performance of the non-executive directors was reviewed by the Chairman, the Chief Executive and the Senior Independent Non-executive Director, with the Senior Independent Non-executive Director absent in respect of his own performance appraisal. As part of this review, non-executive directors were invited to complete self-assessment questionnaires in relation to their own effectiveness. The performance of the executive directors, which included further consideration of that of the Chief Executive and Chairman, was undertaken by the Remuneration Committee as part of the annual executive salary review process.

The results of the evaluation of the board as a whole and of its committees for the year ended 31 March 2008 were presented in a report to the board. The Nomination Committee reviewed the size, structure and composition of the board in the light of this report.
Capita Group Plc
Page 52

A full Board performance evaluation was conducted in 2006 and during the year to 31 December 2007, the Board continued to review outcomes of that evaluation, which were positive. A full Board appraisal will be conducted in the year to 31 December 2008.

The performance of individual Executive Directors is appraised annually by the Chief Executive, to whom they report. The performance of the Chairman is reviewed by the Non-executive Directors, led by Peter Cawdron, taking into account the views of the Executive Directors.

The performance review of the Chief Executive is conducted by the Non-Executive Chairman, taking into account the views of other Directors. Non-executive Directors’ performance is reviewed by the Non-Executive Chairman, taking into account the views of other Directors.

Carillion plc
Page 43

A detailed internal evaluation of the Board’s corporate governance procedures and compliance was again conducted in 2007 by the Chairman in conjunction with the Company Secretary. The internal evaluation took into account the views of each of the Directors on (i) the role of Directors, (ii) the performance of the Board, the Chairman and the Non-executive Directors, (iii) Board Committees, (iv) leadership and culture, (v) Corporate Governance, (vi) Directors’ remuneration, (vii) relations with shareholders and (viii) Board accountability and audit. The Board at its meeting in November 2007 reviewed the results of the internal evaluation and, where required, issues were acted upon in order to further enhance the effectiveness of the Board’s procedures and working practices.

This is the sixth year that this process has taken place and will be repeated annually as the Board considers it satisfactory. In addition, reviews of the performance of each of the Directors has taken place.

Carnival Corporation & plc

No information given.

The Carphone Warehouse Group PLC
Page 28

During the period the balance of skills, knowledge and experience of the Directors was reviewed. The Board, and each individual Director, also undertook performance evaluations. Using the Higgs ‘Suggestions for Good Practice’ as guidance, the individual Directors initially completed separate questionnaires. The results were collated for and analysed by the Chairman, the Senior Independent Director, the Chief Executive Officer and the Board as a whole. The areas covered included the roles of the Executive and Non-executive Directors, the Board, the Board Committees, the Chairman of the Company, preparation for and performance at meetings, the effectiveness of each Director, leadership, culture and corporate governance. The results were then considered by the Board as a specific item of business. The Board intends that these exercises or similar ones continue to be carried out each year.

Following such performance evaluation the Chairman confirms that all those Non-executive Directors seeking election or re-election at the Annual General Meeting continue to be effective and demonstrate a commitment to the role, including having time to attend all necessary meetings and to carry out other appropriate duties.
The Chairman meets regularly with all the Independent Non-executive Directors usually in the evening prior to a Board meeting. This provides the opportunity to raise any questions regarding the performance of the Executive Directors or in respect of any other matters.

The Senior Independent Director also met with the Non-executive Directors, in the absence of the Chairman, to assess the Chairman’s effectiveness, having first reviewed the results of a performance evaluation questionnaire completed by all the Directors apart from the Chairman. The Board is of the opinion that the Chairman had no other significant commitments during the period that would have affected his performance of his role.

Catlin Group Limited
Page 65

During 2007 the Board undertook a formal self-appraisal process involving a questionnaire, discussions and consideration of current governance best practice. The Board also continued implementing recommendations adopted from previous performance evaluations and reviewed on an ongoing basis the quality, content and frequency of information being provided to it by the Company. The self-appraisal process focused on the skill-sets of Directors and the membership of the Board and its committees, the level and quality of the Board’s involvement in establishing Group strategy, the Board’s access to employees and information throughout the Group, and the systems to enable the Board to monitor key performance indicators and achievement of the Group business plan. Steps taken following the review included the nomination and subsequent election of two new Directors to the Board, reconfiguration of the membership of the Board committees, a two-day off-site Board strategic planning meeting, regular presentations to the Board by Group executives on specific areas of interest, and further refinements to reports to the Board relating to KPIs and progress against the business plan. The Board is undertaking a further self-appraisal process in early 2008, the results of which will be considered and implemented during the year.

Other performance reviews undertaken during 2007 include:

- a Board review of the effectiveness of all Board committees together with self-appraisals by each committee;
- performance appraisals of individual Directors; and
- meetings between the Senior Independent Director and the Independent and Non-executive Directors, in the absence of the Chairman, to assess the Chairman’s effectiveness.

The reviews were conducted through a combination of meetings and appraisal forms, and recommendations arising from these reviews were implemented during 2007. A similar process is being followed early in 2008.

Centrica plc
Page 37

During the year the Board conducted a formal and rigorous performance evaluation of its own performance and that of its committees and individual Directors, with the assistance of an independent external facilitator, Egon Zehnder International.

The 2007 Board evaluation built upon the positive results and output of such previous exercises and focused on a number of key topics including:

- Board structure and composition;
- Board dynamics and relationships;
- Board meetings;

continued on next page
information flows and decision-making processes;
committees;
people and succession planning; and
reporting to shareholders.

The evaluation process was carried out with one-to-one interviews between the facilitator and each of the Directors and the General Counsel and Company Secretary. In addition, the Senior Independent Director chaired a meeting of the independent Non-executive Directors in the absence of the Chairman to appraise the Chairman's performance. The output from those interviews was compiled into a report prepared by the facilitator and this was presented to the Board at its meeting in December 2007, along with a number of recommendations to address the issues raised.

The evaluation report concluded that the Board and its committees continue to operate effectively and build upon the progress of previous years. A small number of actions and improvements was identified from the evaluation and these will be incorporated into the future Board programme. The report also highlighted the importance of maintaining a focus on key subjects from the Board Planning Conference at future Board meetings.

The Board will continue to review its procedures, its effectiveness and development throughout the year ahead.

As part of the Company’s performance management system that applies to management at all levels across the Group, the Chief Executive's performance is reviewed regularly by the Chairman and that of the other Executive Directors by the Chief Executive. The Remuneration Committee also assesses the performance of the Executive Directors in connection with its determination of remuneration levels as explained in the Remuneration Report on pages 42 to 51.

Charter plc
Page 44

Evaluation of the Board and its principal committees is conducted by gathering feedback from the relevant members of the Board and committees on questionnaires prepared by the Company’s Auditors, the results of which are collated and presented to the Board by the Chairman. The Chairman is responsible for conducting the performance evaluation of the Chief Executive. The Non-executive Directors, led by the Senior Independent Director, are responsible for evaluating the performance of the Chairman and in doing so take account of the views of the Executive Directors. The Chief Executive conducts individual evaluations of the Executive Directors against a number of pre-agreed performance objectives. In view of the fact that Lars Emilson was only appointed Chairman in November 2007, no performance evaluation has been conducted in relation to his role as Chairman for the current year.

The results of the questionnaires were summarised in a paper submitted to the Board by the Chairman on 27 February 2008. This considered the areas that the Directors identified for improvement and set out the manner in which these were to be addressed going forward. The Board was unanimous in its agreement with the Chairman’s assessment that the Board, its committees and individuals continued to be effective.
Chemring Group PLC

Page 41

A full formal evaluation of the performance of the Board and its committees was undertaken towards the end of last year. This was updated by way of an informal review by the Chairman this year. In addition, the Chairman and the non-executive directors considered the individual performance of the Chief Executive and the Finance Director as part of the annual remuneration review. Similarly, the performance of the Chairman was considered by the non-executive directors during the annual review of his remuneration, and the Chairman and the Chief Executive reviewed the performance of the non-executive directors. During the year the Board continued to address the improvements to succession planning that were identified by last year’s formal Board evaluation.

Close Brothers Group plc

Page 27

The board conducts a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. The chairman leads a formal review and discussion of the performance of the board and its committees. The performance of individual executive directors is formally assessed annually by the chief executive and reviewed with the non-executive directors. Non-executive directors’ performance is assessed by the chairman, the senior independent director and the chief executive. The chairman’s performance is reviewed by the non-executive directors, led by the senior independent director, having consulted with the executive directors. Following its annual performance review, the board concluded that each of its committees and each of its directors remained effective and committed to their role.

Cobham plc

Page 33

During the year, the Board undertook an evaluation of its own performance and that of individual Directors and of the audit, remuneration and nomination committees.

The evaluation process involved the dissemination to and completion by Board members of structured questionnaires dealing with the performance of the Board as a whole, of the audit, nomination and remuneration committees and of their own performance as Directors. All responses were considered by the Chairman and then discussed at a full meeting of the Board. Generally, the Board was pleased with progress which had been made in relation to its performance and that of the committees and with the contribution of individual Directors. However, as always, areas for improvement were identified and any shortcomings will be addressed.

The principal Board committees have considered their own performance. The performance of individual Directors was considered by the Chairman and the Chief Executive and the Senior Independent Director discussed the Chairman’s own performance with him.

Compass Group PLC

Page 27

Performance evaluations, including the skills brought to the Board and the contributions each director made to it, were carried out for each director. Executive directors’ performance has been assessed by the Chairman and the Group Chief Executive. The Group Chief Executive’s performance was evaluated by the Chairman and the non-executive directors. The senior independent non-executive director led the review of the Chairman’s performance in consultation with the executive and non-executive directors. The non-executive directors’ performance was considered by the Chairman and by the Group Chief Executive, as well as by the Board as a whole, which reviewed the results of the questionnaires referred to above.
Croda International Plc
Page 32

Towards the end of the year a process of self evaluation designed to assess the effectiveness of the Board, the Chairman and each of the Committees was conducted using a questionnaire. The results were summarised and presented to the Board and were the subject of a frank and open discussion. No items of contention were identified.

Daily Mail & General Trust plc
Page 42

The Board has undertaken a formal and rigorous evaluation of its own performance and that of its individual Directors. It reviewed its performance by reference to the schedule of matters reserved for it. The evaluation process took the form of a questionnaire sent to each Director, seeking their views on such matters as involvement in strategy, the structure of Board meetings, the quality of communications, confidence in fellow Directors and balance of skills, and consideration of views. The Chairman reported the consensus view on performance to the Board at its meeting in September, enabling it to conclude that it had been effective in the year under review. No substantive changes to procedures were judged necessary.

The Non-executive Directors did not meet as a group without the Chairman since his performance was assessed by the Remuneration Committee (without the Chairman being present).

Dana Petroleum plc
Page 39

To comply with the provisions of the Combined Code and in an effort to strive for continual improvement in the effectiveness of the Board, its committees, and the individual Board members, the Company operates an evaluation process.

De La Rue plc
Page 41

The Board and each of the Nomination, Remuneration and Audit Committees carried out an evaluation of their performance during the year. The Risk Committee was evaluated by the Board. The process involved completion of questionnaires which focused on process, structure, behaviours and key issues, such as strategy and succession, against delivery of the Board's objectives and addressing any issues identified during the previous review or which became relevant during the year.

The Chairman and each Committee Chairman had discussions with each Director or Committee member based on the responses and each Director's own views regarding effectiveness of the Board or Committee as a whole and the individual Director's performance. The senior independent Non-executive Director was responsible for appraising the Chairman's performance in meetings or discussions with the Non-executive Directors in the absence of the Chairman. The Chairman and the Non-executive Directors also met in the absence of the Executive Directors. The results were discussed by the Board or individual Committees which then produced an implementation plan to address any issues raised which were to improve processes.
Derwent London plc
Page 84

During 2007, the nomination committee carried out a formal appraisal of the performance of the board and its committees. The remuneration committee performed appraisals of each of the executive directors, as part of the salary review process. The performance of the chairman was evaluated by the non-executive directors under the chairmanship of the senior independent director. All of the appraisals were conducted internally using questionnaires based on the guidance contained in the Higgs Report.

Diageo plc
Page 65

The board undertakes formal evaluation of its own performance and the board committees assess their respective roles, performance and terms of reference and report accordingly to the board. The board assesses the reviews of each committee. An internally produced questionnaire was used for the performance evaluation process; the board questionnaire included the areas of board responsibility; the structure/composition of the board and its committees and the performance of the committees; the quantity, quality and scope of information provided to the board; the content of board meetings and presentations to meetings; and the openness of communications between the board members and executive management. The board members concluded that appropriate actions had been identified to address areas that could be improved and that overall, the board and its committees continued to operate effectively.

Each director's performance is evaluated by the chairman based on input from all other directors. An internally produced questionnaire is completed and returned to the chairman, who then meets privately with each director to review their performance. The chairman's performance is evaluated by the directors, using an internally produced questionnaire which is completed and returned to the senior non-executive director, who discusses the feedback in a meeting with the non-executive directors and then privately with the chairman. A report on the individual performance evaluation process is made to the nomination committee annually. Following the performance evaluation of individual directors, the chairman has confirmed that the non-executive directors standing for re-election at this year's AGM continue to perform effectively and demonstrate commitment to their roles. It is the board's intention to continue to review annually its performance and that of its committees and individual directors. A decision is taken each year on the performance evaluation process to be used. In respect of this year's individual performance evaluation process, the board reviewed the process in August 2006 and concluded that it was effective and that external facilitation was not necessary.

Dimension Data Holdings plc
Page 39

The performance of the executive directors is evaluated annually using the performance management system implemented throughout the Group, with the CEO reviewing the executives and the Chairman reviewing the CEO. The non-executive directors, led by Rupert Barclay, the senior independent director, reviewed the leadership and performance of the Chairman. An evaluation of the effectiveness of the non-executive directors, the Board and its principal committees was commenced during September 2008, using a revised and updated series of questionnaires designed by the Chairman and the Company Secretarial Department. The results of this evaluation are still under consideration.
Drax Group plc

Page 40

The effectiveness of the Board is vital to the success of the Group. During the year the Company undertook a review to assess the performance of the Board, its committees and directors. The review was facilitated by Corporate Partners, a consultancy specialising in providing assurance to listed companies on best practice in company regulation and corporate governance.

The directors and Company Secretary completed a detailed confidential questionnaire on the Board and committee processes, their effectiveness and areas where they may be improved. The individual responses were collated and assessed by Corporate Partners, who prepared and presented a report to the Board. The report concluded that the Board was effective and its performance compared well with that of other companies. Following discussion of the report, a number of actions were agreed to improve and increase the Board's focus on key issues such as strategy, business planning and performance.

Individual feedback sessions were later conducted by the Chairman with each director so that matters raised by his or her peers could be communicated as a basis for helping individuals to enhance their own performance.

Led by its Chairman, each Committee of the Board reviewed its own performance and reported to the Board which concluded that, whilst performance was satisfactory, there were some areas where improvement would be desirable. For its next performance review, the Board will consider whether to engage external assistance.

A review of the performance of the Chairman was undertaken during the year under the leadership of the senior independent director and by means of individual conversations with each director. Thereafter the senior independent director provided detailed feedback to the Chairman on his own performance.

As stated in its report on pages 46 to 53, in February 2008, when deciding the executive directors' bonuses for 2007, the Remuneration Committee also evaluated the performance of each of the executive directors, against both corporate targets and personal objectives. This evaluation was informed by the results of a confidential survey of senior managers' opinions, which also covered the Chairman. The results of this survey were fed back to relevant directors.

During the year the Chairman held meetings with the non-executive directors in the absence of the executive directors as required by provision A.1.3 of the Combined Code.

The Board is committed to the development of all employees and directors and has reviewed and will periodically again review each individual director's development requirements and make appropriate arrangements to address them. All new directors receive an induction, including information about the Company and their responsibilities, meetings with key managers and visits to the Company's site. In addition, specific Board training days are arranged involving presentations on relevant topics.

Easyjet plc

Page 44

During the year, the Chairman undertook a performance review of the Board using an external evaluation framework. The process involved structured interviews with Directors and management. The Chairman has also reviewed the performance of the Remuneration, Nomination and Audit Committees and also that of the individual Board Directors. Separately, Sir David Michels has met during the year with the other Non-executive Directors (excluding the Chairman) to appraise the Chairman’s performance.
The Edinburgh Investment Trust plc  
Page 23

An evaluation of the Board, its Committees and of individual members was conducted during the last quarter of the financial year. This took the form of self and peer group assessment by questionnaire followed by discussions between the Chairman and the Directors. The Chairman’s performance was assessed by a meeting chaired by the Senior Independent director, of all the other Directors. A formal evaluation is completed annually.

Electrocomponents plc  
Page 19

During the year the Chairman has held meetings with the Non-executive Directors, without the Executive Directors present. In addition, the Board has carried out a formal evaluation of its own performance. The process comprised the Company Secretary issuing a detailed questionnaire covering the Board and its Committees to Board members. The questionnaire covered issues such as effectiveness of meetings, how well strategy is tested and developed, Board composition and succession planning and risk management controls. The responses to the questionnaire were collated independently by the Company Secretary, who then prepared reports for each of the chairmen of the relevant Committees. The reports were discussed at the Board and the relevant committees and necessary follow-up actions agreed.

During the year, the Non-executive Directors, led by Tim Barker in his capacity as the Senior Independent Director, met to review the performance of the Chairman, taking into account the views of the Executive Directors. Following the review, Tim Barker met with the Chairman to discuss the feedback on his performance.

Eurasian Natural Resources Corporation PLC  
Page 55

The majority of the Directors were only appointed between November 2007 and December 2007 and, in view of this, the Board believes that a meaningful evaluation of performance can only take place once the new Board has had a reasonable amount of time to work together. An evaluation policy will be developed and implemented before the end of 2008. The Senior Independent Director, Sir Richard Sykes, together with the other Non-executive Directors, will undertake an evaluation of the Chairman.

Experian plc  
Page 45

During the year under review, the Chairman and the non-executive directors met as a group without the executive directors present. At the conclusion of that meeting, the Chairman withdrew so that, under the leadership of the senior independent director, the non-executive directors had the opportunity to discuss any appropriate issues and appraise the Chairman’s performance, taking account of the views expressed by the executive directors. The Chairman and the non-executive directors plan to hold these meetings at least annually.
First Group plc
Page 31

During the course of the year, the Board undertook an evaluation of its performance. The Chairman led the process, assisted by the Company Secretary. The objectives of this exercise were to ensure that the Board, its Committees and each individual Director continued to act effectively and to fulfil the duties and responsibilities expected of them, and also to identify any additional training requirements. A tailored questionnaire was developed, which each Director completed. The responses were analysed and discussed at a meeting of the Board. The Senior Independent Non-executive Director led a process of evaluation of the performance of the Chairman. No significant issues were raised in the course of the evaluation process.

F & C Asset Management plc
Page 37

A comprehensive and rigorous evaluation of the performance of the Board, its principal Committees and the Chairman was conducted during the year. The Board evaluation was carried out with the assistance of the Company Secretary and was led by the Chairman. The procedure adopted was for each Director to complete a detailed questionnaire, on a non-attributable basis, on their perception of the composition, operation and effectiveness of the Board and its Committees. Each Director was then interviewed by the Chairman in order to explore certain issues in greater depth and to identify areas requiring improvement.

The results of the review were then considered during one-to-one discussions with the Chairman and collectively at a Board meeting as well as at the relevant Committee meetings.

This process confirmed that areas of weakness highlighted in the prior year had been satisfactorily addressed and that the Board was functioning effectively. One significant area identified for improvement in the year ahead is strengthened executive director succession planning. The aim is to ensure continuous improvement in Board processes and procedures. The Non-executive Directors also met separately, under the Chairmanship of the Senior Independent Director, to discuss the performance of the Chairman and provide him with collective feedback.

During the year the Chairman, in consultation with the Nomination Committee, performed an evaluation of the skills each Board member brings to the Board and created a skills matrix that was presented to the Nomination Committee and the Board for use in identifying professional development requirements and succession planning.

Fresnillo plc

No information available as the Company only listed on 12 April 2008.

Friends Provident plc
Page 55

The Board normally carries out an annual assessment of its own performance, of its committees and individual directors. Such an assessment was not carried out in 2007 as a result of the planned merger with Resolution plc. However, an assessment will be undertaken as usual in 2008. The Board has confirmed that it will keep the process under review to ensure that analysis of the outcome of this evaluation will give the Board, the Chairman and the Nomination Committee in particular, the information they need to continue to fulfil the intentions underlying the requirements of the Combined Code during 2008.
G4S plc
Page 35

The performance of the board and its committees has been evaluated in a number of ways. A questionnaire-based self-assessment of the performance of the board as a whole was conducted and the findings have been considered during the year under review. Based on this feedback, steps are to be taken to review the manner in which the board communicates with its stakeholders and the number of board meetings to be held and the way in which reports are given to the board has been reviewed. In addition, the chairman has conducted individual evaluations of the performance of each of the directors and his findings have been discussed by the board. The chairman held meetings with the non-executive directors without the executives present and a review of the performance of the chairman by the non-executive directors, without the chairman present, was led by the senior independent director.

GKN PLC
Page 53

During the year, the Board carried out a formal evaluation of its own performance and that of its Committees. The process involved each Director, as well as other attendees of Board Committee meetings, completing a detailed questionnaire covering issues such as Board remit and objectives; composition, training and resources; corporate governance; stakeholder engagement; Board meetings, visits, procedures and administration; Committee terms of reference and other specific Committee-related questions. The results of the evaluation and recommendations for improvements were reported to the relevant Committees before the Board as a whole agreed appropriate changes. These were minor and included changes in the scheduling of certain items to be considered by the Board and the nature of information to be circulated prior to Board meetings. It was also agreed to review the quanta of delegated authorities.

The individual performance of the Directors was also evaluated at one-to one interviews with the Chairman. To assist this process, a number of assessment areas were identified in advance and used as a framework for conducting the appraisal interviews. In the case of John Sheldrick and Sir Peter Williams, who completed their initial and second three year terms respectively as Non-executive Directors during the year, their evaluations provide the basis for the recommendation to shareholders set out in the notice of meeting circular that they be re-elected at the forthcoming AGM. Sir Ian Gibson, as Senior Independent Director, led the review by the Non-executive Directors of the Chairman’s performance, which took into account the views of the Executive Directors. Similarly, the views of the other Directors were taken into account by the Chairman in his review of the Chief Executive’s performance. No actions were considered necessary as a result of any of these evaluations.

GlaxoSmithKline PLC
Page 63

The performance evaluation of the Chairman, the Board, its Committees and Directors during 2007 was undertaken by the SID and implemented in collaboration with the Committee Chairmen, with the support of the Company Secretary. The Board considered the review conclusions at its meeting in December 2007 and agreed a number of minor improvements to its procedures and operating methodology.

Greene King plc
Page 63

The board believes it is appropriate to undertake a regular performance evaluation of the board, its committees and individual directors. It has determined that an internal process of evaluation is most appropriate, to enable first hand input from individual directors to be obtained. An evaluation exercise was

continued on next page
undertaken in March 2008 by means of a detailed questionnaire distributed to all board members, covering a wide range of matters including board structure and composition, board processes, communications with shareholders and corporate governance matters. Once each director had completed the questionnaire, the responses were discussed with the chairman and the chief executive and the results reported to the full board in April. The board is satisfied that an open dialogue exists between all board members enabling issues to be raised and dealt with as they occur rather than waiting for the next formal evaluation process, and accordingly believes that it and its committees are operating effectively.

The performance of Tim Bridge, chairman, was also reviewed during the financial year. The process was conducted by the non-executive directors, led by Howard Phillips, the senior non-executive director, taking into account the views of the executive directors.

The performance of the executive directors is reviewed annually by the remuneration committee in conjunction with their annual pay review and the payment of bonuses.

Halma p.l.c

The Board evaluates its performance and that of the Remuneration, Audit and Nomination Committees at least annually. Each year, we consult the Board to determine whether an external facilitator would enhance our process. To date, we have concluded that the current, open climate that the Board enjoys ensures a full and frank discussion of all matters, so an external facilitator is unnecessary. For 2007/08 the evaluation commenced with a self-assessment questionnaire, the results of which were compiled by the Company Secretary and discussed by the Board at the January 2008 Board meeting. The Board also met in January 2008, separate from any scheduled meeting, for a general discussion on Board effectiveness followed by a meeting of the Executive Directors with the Chairman, a meeting of the Chairman and Non-executive Directors, and then a meeting of the Non-executive Directors without the Chairman present. The outcomes of these meetings were then fed back to individuals by the Chairman, Senior Independent Director or Chief Executive, as appropriate.

Hammerson Plc

The effectiveness of the Board and its Committees is vital to the success of the Company and they therefore monitor and evaluate their own performance and the contribution made by individuals. In particular, the contribution of John Clare, who retires having been a Director for more than nine years and who seeks re-election at the Annual General Meeting, has been fully considered by the Board. The Board has concluded that he makes an effective contribution to the Board as Senior Independent Director and to the Committees on which he serves and that he continues to demonstrate commitment to these roles. His commercial experience is particularly valued.

An external evaluation of the Board’s effectiveness and procedures, and those of its Committees, was undertaken in 2006 by ICSA Corporate Services Limited. The evaluation concluded that the Board and its Committees were operating effectively and it is intended that a further review will be undertaken later in 2008.

The Chairman meets as necessary, but at least once each year, with the Non-executive Directors without Executive Directors present. The Senior Independent Director, having first sought the views of Executive Directors, chairs an annual meeting of Non-executive Directors without the Chairman in order to appraise his performance and to provide an opportunity to address any other matters which the Non-executive Directors might wish to raise.
Hargreaves Lansdown Plc
Page 26

Individual appraisal of each director's performance is undertaken either by the Chief Executive or Chairman each year and involves meetings with each director on a one-to-one basis. The non-executive directors, led by the senior independent director, carry out an appraisal of the performance of the Chairman.

Hays plc
Page 25

Egon Zehnder has, on behalf of the Board, conducted a review of the Board's effectiveness and the effectiveness of its Committees in 2007. The findings of the review have been considered by the Board and certain actions will be implemented as a result. Egon Zehnder also assisted in the individual evaluation of each Director. This has been provided to the Senior Independent Director, Mr B G Wallace, in respect of the performance evaluation of the Chairman and to the Chairman in respect of the evaluation of the remaining Directors. This has enabled constructive feedback to be given to each Director.

Following the review, the Chairman is satisfied that each of the Directors being put forward for re-election at the forthcoming Annual General Meeting continues to be effective and that their ongoing commitment to the role is undiminished. The Senior Independent Director is satisfied that Mr R A Lawson, the Chairman, is suitable for re-election at the forthcoming Annual General Meeting.

HBOS plc
Page 116

The performance and effectiveness of the Board and each of its Committees is evaluated annually. In the past year this exercise was undertaken internally. The Chairman met privately with each of the Directors (and where appropriate, other Committee attendees) to discuss their own performance, the functioning of the Board and their role on the Board's principal Committees.

Additionally, the Non-executive Directors met privately without the Chairman or the Executive Directors present. This meeting was chaired by the Senior Independent Director and included a review of the performance of the Chairman, the relationship between the Chairman and Chief Executive and the functioning of the Board as a whole.

The Chairman and Directors are satisfied that the Board operates effectively and that it receives valuable support from its Committees. The evaluation identified no material failings or weaknesses.

Hikma Pharmaceuticals Plc
Page 37

As required by the Combined Code, a formal evaluation of the performance of the Board, the Chairman, the Committee Chairmen and the individual Non-executive Directors was undertaken during the period under review.

The evaluation process was led by the Senior Independent Director, who met with each of the Non-executive Directors and the Committee Chairmen to undertake a formal appraisal of the performance of the Board, its committees and each of the individual Directors. These discussions focused on Board and Committee performance, membership, timetabling, internal and external support, the quality and timely availability of relevant Board information and the contribution of, preparation for and performance by individual Directors.
at Board and Committee meetings. The results of the evaluation process and feedback were reviewed with the Chairman and formed part of his appraisal of the overall effectiveness of the Board and its members. Overall the review concluded that the Board functions well, with good communication, and with issues raised in good time to allow for consultation, debate and effective decision-making.

In addition to the matters set out above in respect of all Directors, the Senior Independent Director met with the non-executive directors to undertake a formal appraisal of the performance of the Chairman. This review also addressed the effectiveness of his leadership, the setting of the Board agenda, communication with shareholders, internal communication and Board efficiency.

Hiscox Limited
Page 53

During the year, the Chairman led a review of the performance of the Board as a whole. The Non-executive Directors met with the Chairman to discuss a wide range of issues, including the performance of the Executive Directors of the Board and senior management. In addition the Non-executives met without the Chairman and the Executive Directors during the year. The performance of the Executive Directors and the Chairman was discussed. No major issues regarding the performance of the Board were raised in these discussions.

The Chief Executive held one-to-one meetings with each of the Executive Directors to discuss their performance over the year and to set targets for the year ahead.

Home Retail Group plc
Page 65

A formal evaluation of the performance of the Board and its committees was conducted during the year. The functioning of the Board, Board processes and interaction with management were discussed and opportunities for improvement were considered. In addition the audit and remuneration committees conducted internal reviews of their effectiveness taking into account the views of senior management and external advisers working with these committees. Individual appraisals of directors have been undertaken by the chairman. Under the leadership of the senior independent director, the non-executive directors met without the chairman present to appraise the chairman’s performance taking account of any views expressed by the executive directors.

Homeserve plc
Page 38

The Board has implemented a formal process for reviewing its own effectiveness, that of its Remuneration and Audit committees and its individual members. In addition, it continued to ensure that regular meetings of the non-executive directors were held without the executive directors, and at least once a year, without the Chairman present, in order to evaluate his performance. The evaluation process, which was conducted by the Chairman and Company Secretary, was concluded in March 2008. Directors completed evaluation questionnaires, and attended one-to-one meetings with the Chairman and Company Secretary to discuss the existing and future needs of the Board, its composition and the skills of its members. A formal written report summarising their views and containing recommendations to further improve the effectiveness of the Board and its committees was prepared by the Company Secretary and reviewed by the whole Board in March 2008. The Board concluded that it and the committees reviewed operate effectively, although a number of recommendations for further improvement were approved. Meetings with the Chairman to discuss feedback relating to the effectiveness of individual directors took place in April 2008.
HSBC Holdings PLC
Page 297

In November 2007, ICSA Corporate Services Limited was commissioned to undertake an evaluation of the effectiveness of the Board. This was to investigate the performance of the Board as a whole and, in that context, the main Board committees and individual Directors. The evaluation examined whether eight key areas met the Board's needs and expectations: Board responsibilities; oversight; Board meetings; information received; support for the Board; Board composition; working together; and outcome and achievements. The report on the evaluation has been reviewed by the Board and has been used by the Non-executive Directors, led by the senior independent Non-executive Director, in their evaluation of the performance of the Group Chairman. The review concluded that the Board and its committees were functioning effectively. It is the intention of the Board of HSBC Holdings to continue to review its performance and that of its Directors annually.

Hunting PLC
Page 35

The Board, its committees and each individual Director participate in an annual performance evaluation appraisal, the purpose of which is to confirm the continued effective contribution and performance of the individual or committee. Evaluation of the Board was undertaken by the Non-executive Directors and took account of Directors attendance and their contribution at meetings, financial performance of the Group against budget, compliance with corporate governance and best practice guidelines and market perception of the Group. The Nomination, Remuneration and Audit Committees were evaluated by the Executive Directors and took account of communication with the Board and compliance with terms of reference. The evaluation of the Chairman was undertaken by the Non-executive Directors and included an assessment of his leadership and direction of the Board. The appraisal of the Chief Executive was completed by the Non-executive Directors together with the Chairman. Evaluation of the other individual Directors took account of their contribution and in the case of Executive Directors the performance of their executive duties.

Icap plc
Page 41

During the year the board evaluated its performance and that of its committees and individual directors. This was done by way of a questionnaire which was completed by each director to evaluate effectiveness and accountability and by individual meetings with the Chairman. The collective results were then discussed by the board with actions agreed.

IG Group Holdings plc
Page 31

During the year the board carried out an evaluation of itself and its committees. The evaluation consisted of one-to-one discussions between the Chairman and directors including meetings with the non-executive directors without the executive directors being present. The results of the evaluation were discussed at a board meeting in July 2007. The performance of the individual executive directors, other than the Chief Executive, is appraised annually by the Chief Executive, to whom they report. The performance of the Chief Executive is appraised annually by the Chairman. The performance of the Chairman is reviewed by the non-executive directors, led by the senior independent non-executive director (Roger Yates), taking into account the views of the executive directors, following which Roger Yates gives feedback to the Chairman.
IMI plc Page 44

An evaluation of the Board, its committees and individual directors, including the Chairman, was carried out and facilitated by independent consultants. This included interviews and appropriate follow up discussions. In addition, the non-executive directors met with the senior independent non-executive director regarding the performance of the Chairman and the Chairman met individually with each of the non-executive directors to canvass their views. The Board received the findings of the evaluation in November 2007 and agreed that certain refinements to the agenda and papers for its meetings would be useful. The evaluation concluded that the Board and its committees were effective and that each director demonstrated a valuable contribution. The contribution and performance of individual directors standing for election or re-election is commented on in the notice of the annual general meeting issued to shareholders with this annual report.

Imperial Energy Corporation PLC

No information available.

Imperial Tobacco Group PLC Page 39

During the year, in accordance with the Code and with the assistance of an external consultant, the Board formally reviewed and evaluated its own performance together with the performance of its Committees and individual Directors. The approach for these reviews was refreshed this year and they were conducted by way of detailed questionnaires, completed by the Directors, followed by one to one interviews between each Director and the external consultant. Feedback on individual Directors was discussed with the Chairman and this in turn was followed by private feedback meetings between the Chairman and each of the Directors. A report on the performance of the Board as a whole and of the Board Committees was made to the Board at its meetings in September and October 2007.

Dr P H Jungels, the senior independent Non-executive Director, met with the Non-executive Directors as a group, without the Chairman present, to consider the performance of the Chairman. After also taking account of the views of the Executive Directors and the results of the Chairman’s formal performance evaluation, Mr A G L Alexander held a private feedback meeting with the Chairman.

The Chairman held meetings exclusively with the Non-executive Directors to consider, amongst other things, the performance of the Executive Directors in the discharge of their duties.

Following these reviews the Board and its Committees are satisfied that they are operating and performing effectively and that, notwithstanding the continued changes in Board membership, there remains a high degree of Board unity. No fundamental issues or training needs that require addressing were identified and the Board is also satisfied that each of the current Directors has sufficient time, knowledge and commitment to contribute effectively to the Board and its Committees. Accordingly, the Board recommends that Messrs G Davis and R Dyrbus, together with Ms S E Murray should stand for re-election and that Mrs A J Cooper and Messrs M H C Herlihy and M D Williamson should stand for election at the 2008 AGM.

The key positive theme which emerged from this year’s evaluation was, notwithstanding the recent Board changes, the high level of cohesion between the Board members and the need to ensure the continuation of this cohesiveness in the future.

The key theme as identified in the 2006 evaluation was the need to ensure the Board continues to maintain an appropriate balance between strategic matters and those relating to governance and the wider industry, and these were addressed during the year with the appointment of Mrs A J Cooper as Corporate Development Director and an increased focus on strategic matters at formal Board meetings, including a two day Board meeting focused solely on strategy.
The Board plans to continue to conduct evaluations on an annual basis and may employ alternative formats and approaches in future years.

Informa plc

The Board utilises a formal and rigorous process, led by the Chairman, for the annual evaluation of the performance of the Board, its principal committees and individual Directors, with particular attention to those who are due for re-appointment. On appointment the Directors are made aware that their performance will be subject to evaluation.

For 2007 the evaluation was performed by the Chairman who conducted a series of focused interviews with each member of the Board in his or her capacity as a Director and, where applicable, as a member or Chairman of a principal committee. The findings and recommendations of the review were presented to the Board as a whole, with a view to implementing any recommendations made to improve the overall effectiveness of the Board during 2008. The Non-executive Directors, led by [the Senior Independent Director], also met without the Chairman present to conduct an evaluation of the Chairman's performance.

At the end of 2008 the Board proposes to commission an outside consultancy to carry out the Board evaluation working with the Chairman and Senior Independent Director. This will specifically include consulting some major shareholders about any concerns they may have with the structure of the Board that has been in place since 15 May 2007 and its composition.

Inmarsat PLC

The effectiveness of the Board is an essential element of the Company's effective and efficient performance. During 2007, the Board and each of the Audit, Nominations and Remuneration Committees undertook performance evaluations. The main elements in the evaluation process were:

- individual Directors and Committee members completed separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a peer review in which they assessed their fellow Directors' performance;
- each of the Non-executive Directors had a formal one-on-one discussion with the Company Secretary;
- the results were compiled and analysed by the Company Secretary and circulated to the full Board; and
- the Board considered the results of the evaluation process as a specific item of business.

The evaluation process concluded that the Board and its main Committees had functioned efficiently and effectively during the year and that the individual Directors had also met the standards expected of them, with each making a significant contribution to the Company. The issues identified during the evaluation, such as modifications to Board documentation and meeting presentations and content thereof, have been discussed and changes to Board practice implemented.

A performance evaluation of the Board will continue to be conducted annually and the process for such evaluation will be reviewed by the Board. The Board considers at this time that there remains value in continuing to conduct the performance evaluation process internally, refining the approach and questionnaires each year.
InterContinental Hotels Group PLC
Page 31

Formal performance evaluations of the Board and the Directors were undertaken during 2007. An independent third-party facilitator assists in the performance evaluation in alternate years. The 2007 evaluation involved such external assistance.

The 2007 Board evaluation, including that of the Chairman and the Executive Directors, involved completion of comprehensive questionnaires and the Chairman having discussions with each Director individually. A number of areas for assessment had been identified in advance of these meetings, and these were used as a framework for the discussions.

Feedback was provided to the Board through a formal report and the findings were discussed. The Board concluded that it was operating in an effective manner but identified certain areas to which more emphasis might be given.

With regard to the performance of individual Directors, as part of the evaluation process, the Chairman held meetings with each Director and it was concluded that they continue to make an effective contribution to the work of the Board. All Directors are well prepared and informed concerning items to be considered by the Board, have a good understanding of the Group’s businesses and retain a strong commitment to their roles.

During the year, the Non-executive Directors met together without the Chairman present, under the chairmanship of the Senior Independent Director, to appraise the Chairman’s performance. The outcome of this appraisal was positive.

Intermediate Capital Group plc
Page 55

In line with the requirements of the Combined Code, the Board reviews its own performance annually using a predetermined template designed as a tool to facilitate the evaluation process. The assessment covers the functioning of the Board as a whole and includes a review of the effectiveness of the Board committees. The Board considers the results of the performance evaluation when making its recommendations regarding the re-election of Directors. The Board does not consider it necessary to employ the services of an external third party to conduct the evaluation process. A review was performed in July 2007 and the Board concluded that its performance and that of its Committees, Chairman and Directors were satisfactory.

International Power plc
Page 68

In respect of Board performance for 2007, the Board, following an internal assessment of its performance in 2006, appointed an external facilitator (Professor Rob Goffee of the London Business School) to carry out a performance assessment. The results of the review demonstrated that the Board members were satisfied with the operation of the Board. The contribution by individual Directors to Board and committee meetings was considered to be high.

Intertek Group plc
Page 34

A stringent performance evaluation process led by the Chairman is applied to each Director, Committee and the Board as a whole. This comprises a series of detailed questionnaires which provide a framework for the
The Board has a formal review process with discrete components covering the evaluation of the Board's collective performance, the appraisal of the performance of individual directors, including the Chairman, and each of the Board's committees.

Evaluation of executive directors is conducted by the Chairman and non-executive directors. Appraisal of the non-executive directors is led by the Chairman in consultation with all directors. Additionally, each non-executive director is asked to assess themselves. The evaluation of the Chairman is led by the Senior Independent Director in consultation with the other non-executive directors, taking into account the views of the executive directors. Individual feedback is provided by the Chairman to each of the non-executive directors and by the Senior Independent Director to the Chairman.

In relation to the evaluation of the Board and its committees, an internal questionnaire based on the Combined Code provisions is used for this process. The evaluation process involves assessment by reference to the relevant roles and responsibilities under review, the current terms of reference of the committees and best practice. The results of the evaluation provide the basis for continuous improvement in the Board's procedures and the Board's action plans and objectives for the following year.

The Board remains satisfied that each ongoing director remains committed to his role and that the Board and each of its committees remains effective.
Investec plc
Page 24

The directors have undertaken a review of the performance and effectiveness of the Board as a whole, its committee structure and of individual directors, including, in his absence, the Chairman. This evaluation ensures that all directors have devoted sufficient time and contributed effectively to the work of the Board.

ITV plc
Page 100

The Board has established a formal process for the annual evaluation of the performance of the Board, its committees, and individual directors with particular attention given to those who are due for re-election, in accordance with the requirements of the Combined Code. The directors are made aware, on appointment, that their performance will be subject to an annual evaluation.

Some of the actions taken during the year resulting from the 2006 evaluation included:

- ensuring appropriate mix of experience and expertise; and
- more detailed reviews on board and management succession planning.

In November 2007 independent consultants, Boardroom Review, carried out an evaluation of the effectiveness of the Board and its committees, individual directors and the Executive Chairman.

The evaluation process included a written questionnaire and an interview with each director and the Company Secretary. The questions covered a range of issues such as board processes, board roles and responsibilities, board agendas, committee processes, individual effectiveness, training and continuing professional development. The independent consultant also attended the November board and committee meetings, and reviewed associated papers.

Feedback from the evaluation process was provided to the Board in the form of a presentation at a board meeting and a written report.

The review made the following suggestions, amongst others, for enhanced effectiveness:

- Nomination Committee membership could be expanded to include all non-executive directors to improve co-ordination of information;
- the Board should consider stakeholder mapping to analyse and review stakeholder priorities on a regular basis; and
- the programme of board meetings scheduled for the year and meetings of non-executive directors without the executives should be kept under review.

The Board and its committees were found to be operating effectively and the Board has accepted the recommendations made as a result of the review process and will make changes to reflect them.

Jardine Lloyd Thompson Group plc
Page 27

During the past twelve months, a formal evaluation of the Board, its committees and individual directors has been undertaken. The performance evaluation was undertaken by means of individual questionnaires that were summarised and debated by the Board or the relevant committee. The non-executive directors, led by the senior independent director, also carried out a performance evaluation of the Chairman during this period.
Johnson Matthey Plc
Page 41

The board has undertaken a formal evaluation of its performance and the performance of its committees and the individual directors. Questionnaires, prepared by the Chairman with the assistance of the Company Secretary, were completed by all directors. The questionnaires focused on the operation of the board and its committees and on individual directors’ contributions. In addition, the Chairman and the Senior Independent Director held a series of one-to-one discussions with every director, which provided each director with the opportunity both to expand on their questionnaire responses and to raise any broader issues relating to the company’s strategy and governance. A summary of the responses was prepared by the Company Secretary and discussed at a board meeting.

One area covered by the board evaluation related to the training needs of the executive and non-executive directors. Regular business presentations from senior managers at board meetings assist the non-executive directors in familiarising themselves with the group’s businesses. The board also usually holds at least one board meeting per year at one of the group’s operational sites and takes the opportunity to tour the site and discuss issues with local senior and middle management. Individual non-executive directors also undertake site visits. Such presentations, meetings and site visits help to give a balanced overview of the company. They enable the non-executive directors to build an understanding of the company’s businesses, the markets in which the company operates and its main relationships and to build a link with the company’s employees. This is important in helping the non-executive directors to continually develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

Led by the Senior Independent Director, the non-executive directors met without the Chairman present to consider evaluation of the Chairman’s performance.

Kazakhmys PLC
Page 55

A Board performance evaluation process was undertaken in late 2007, with the results being presented to the February 2008 Board meeting. The process entailed the completion of detailed questionnaires on the performance on the Board, its committees and its executive and Non-executive Directors by each Director and the preparation of a composite report. No fundamental issues or training needs that require addressing were identified and the Board is also satisfied that each of the current Non-executive Directors had sufficient time and commitment to contribute effectively to the Board and its committees.

Kingfisher plc
Page 38

The Board regards independent performance evaluation as an important part of monitoring and improving its effectiveness. This year a further evaluation of the Board and its Committees was undertaken using bespoke board evaluation software from Evalu8 Limited, a board evaluation and corporate governance compliance consultant, and the output and implications for improvement were considered by the whole Board. As a result, a specific programme of actions has been agreed to enhance Board agenda planning and to deliver more focused summary information to directors in addition to that already provided.

Each year the results of the Board evaluation are used by the Chairman for assessing the individual performance of directors and [to support] the Nomination Committee’s assessment of the skills required by any new non-executive directors.
Ladbrokes PLC
Page 33

The Chairman conducts an appraisal with each director. The Senior Independent Director, having consulted with the other directors, conducts an appraisal interview with the Chairman. Each director completes a questionnaire on the effectiveness and processes of the Board and its committees. The results are considered by the Board and the individual committees.

Land Securities Group PLC
Page 63

The formal annual evaluation of the performance of the Board, its Committees and individual Directors was undertaken in early 2008. This consisted of an internally run exercise led by the Chairman with the assistance of the Company Secretary, although the Board will consider using external facilitation from time to time in the future. The appraisal questionnaire was wide-ranging and based on the process and questions outlined in the Code, covering Board and Committee performance.

The appraisal output is used to highlight strengths and weaknesses and revealed that the Board and its Committees were judged to be operating effectively. It identified a number of opportunities to develop Board processes in the future. In addition, individual performance as Board Directors is appraised each year, based on one-to-one interviews with the Chairman, or in the case of the Chairman, with the Senior Independent Director.

Legal & General Group Plc
Page 44

The Chairman, Sir Rob Margetts, is responsible for leadership of the Board and for ensuring effective communication with shareholders. As part of its regular evaluation, the Board considers the Chairman’s availability and his capacity to undertake his role, against the background of his other commitments. The Board remains satisfied that the Chairman continues to be able to fulfil the normal time commitments required of his role and has the personal commitment and capacity to make himself available when unforeseen circumstances arise.

The Board and its directors participate in an evaluation process, the aim of which is to assess the effectiveness of the Board’s collective performance as well as the contributions of individual directors.

For 2007/8, the Board evaluation process was conducted by the Chairman and took the form of questionnaires and interviews with directors. Overall, there was a high level of satisfaction with the way in which the Board functions. A summary of the key findings was provided to the Board by the Chairman and an action plan was subsequently agreed and implemented. Feedback on individual performance was delivered to directors by the Chairman. In the case of the Chairman, feedback was delivered by the senior independent director. A separate evaluation is carried out to assess the effectiveness of the Audit Committee.

In addition to the Board evaluation, executive directors are subject to an annual appraisal and to regular review of their performance by the Group Chief Executive. The Chairman conducts the annual appraisal, and regularly reviews the performance, of the Group Chief Executive.
Liberty International PLC

The members of the Nomination and Review Committee are Sir Robert Finch (Chairman), Mr Buchanan, Mr Burgess and Mrs James. The terms of reference of the Nomination and Review Committee are reviewed annually.

The Committee is responsible for carrying out an annual performance evaluation of the Board, its Committees and individual Directors, as well as making recommendations to the Board on appointments to the Board and to subsidiary Boards and on succession planning. In 2007 the established practice of a comprehensive performance evaluation of the Board, its Committees and individual Directors was carried out by way of detailed questionnaires followed by discussion, the results of which were considered by the Nomination and Review Committee, the Board, and the relevant board Committees. In addition, the Senior Independent Director carries out an annual evaluation of the Chairman.

The responses to all questions relating to the performance of the Board and its Committees were generally highly positive and showed a continued high level of satisfaction with the performance of the Board and its Committees.

Lloyds TSB Group plc

During the year, the board conducted a formal evaluation of its performance and that of its committees and individual directors, with advice and assistance from Dr Tracy Long, of Boardroom Review. Directors were invited to comment, through questionnaires and interviews, and the responses were reviewed and discussed by the board. Where areas for improvement were identified, action has been agreed.

The chairman's performance was evaluated by the non-executive directors, taking account of the views of executive directors. This appraisal was discussed at a meeting of the non-executive directors, led by the senior independent director, without the chairman being present. The remuneration committee reviewed the performance of the chairman, the group chief executive and the other group executive directors, when considering their remuneration arrangements. The nomination committee reviewed the performance of all the directors and the independence of non-executive directors.

Like all board committees, the nomination committee and remuneration committee report to the board on their recommendations and decisions, including the results of the performance and independence evaluations.

The chairman has a private discussion at least once a year with every director on a wide range of issues affecting the Group, including any matters which the directors, individually, wish to raise.

Logica CMG plc

The Board is subject to an annual performance review which covers the effectiveness of the Board, its Committees and individual members and takes into account factors such as composition, expertise, information flows, roles, responsibilities and procedures. In 2007, we conducted a full review in line with this process. Each Director completed a comprehensive questionnaire, following which one-to-one interviews were conducted by the Chairman with each Director. The information from the questionnaires and interviews were compiled into a report which was presented to the Board early in 2008.
As part of this process, any director who has served on the Board for a period in excess of six years is subject to a particularly rigorous review.

The performance of the Chairman was assessed by the Non-executive Directors. The process for this was led by the Senior Independent Director with all Directors providing feedback on the Chairman’s performance. The results were discussed with the Chairman by the Senior Independent Director.

During 2007, Jim McKenna, acting Chief Executive Officer held one-to-one meetings with each of the Executive Directors to discuss their performance at the end of 2007 and to set targets for the year ahead. Each Executive Director received a set of objectives for the coming year.

There are regular meetings between the Chairman and the Non-executive Directors to discuss the performance of the Company, together with any matters of relevance or concern at that time, where appropriate action is taken to address the concerns of the Directors.

Following the results of the 2006 Board evaluation process, the actions implemented in 2007 included:

- the review of the Board’s succession plans and their implementation;
- the level of communication between the Chairman and individual Directors. This was increased to facilitate faster feedback and decision making within the Board;
- the review of succession planning at senior management level. This led to the Group’s HR Director presenting a leadership development plan to the Board.

The annual performance evaluation of the Board and its Committees was undertaken in 2008 and was conducted by the Company Secretary using a detailed questionnaire. The results of the review are used to highlight areas of strength and weakness, assist in consideration of the future development of the Board and its Committees and further improve their performance. The results of the evaluation reflected the fact that the new Board had only been together for a relatively short time. As part of the review the Board considered how the new international board was working together and whether the content of agendas and papers for the Board was appropriate. The review also included an assessment of the Chairman’s performance.

The results were then discussed by the Board and actions agreed where appropriate. The evaluation concluded that the new Board and its Committees were already working well. Issues identified principally related to a desire to meet with new executives from across the Group to better understand the new business.
**Man Group plc**  
Page 68

During the year a comprehensive and rigorous evaluation process was conducted on the overall effectiveness and performance of the Board and its committees. This was led by the Chairman, using a detailed questionnaire, the results from which were then reviewed and discussed collectively by the Board, and areas for improvement agreed and actioned. Additionally, the senior independent director in consultation with the rest of the Board conducted a review of the Chairman’s effectiveness, and the Chairman led an individual director assessment process.

**Marks and Spencer Group plc**  
Page 41

The performance of the Board is a vital component of the Group’s success and the Board is keen to ensure that the annual review of its performance builds on the previous year’s results to ensure a continuous process. In September 2007 the Board approved an action plan based on the key themes from the 2006/07 review of process, people, strategy and performance measures. The action plan also referred to the new statutory directors’ duties, to address these as an integral part of Board performance. The Board agreed to conduct the 2007/08 review ‘in house’ and that it be led by Lord Burns. In January 2008 each director completed a questionnaire to rate collective performance over some 20 questions with free text boxes for comments. The Chairman then reviewed an unattributed executive summary, highlighting key outcomes which he has subsequently discussed with individual directors.

Some of the outcomes achieved in 2007/08 following the 2006/07 review:

- a greater focus on the long-term growth prospects of the business leading to the announcement in November 2007 of our priorities for the next five years. Whilst continuing to invest in our core business we have ambitious plans for our UK property portfolio, M&S Direct and International businesses and Plan A;

- regular reviews of the bench strength of senior management and future skills and composition of the Board, leading to the new governance and management structures announced on 10 March 2008. Succession planning will continue to be a priority and from 1 June 2008 Sir David Michels, Deputy Chairman, will chair the Nomination Committee; and

- introduction of an online Board portal to provide a more secure, efficient and flexible method of delivering Board papers and easy access to information for induction and ongoing development.

From 1 June 2008, Sir David Michels as Deputy Chairman will lead the Board’s review of its performance. He will also hold meetings with the non-executive directors, without the executive directors present, to monitor and reflect on the effectiveness of the new governance structure and to appraise the performance of the Executive Chairman.

**Meggitt PLC**  
Page 41

In January 2008 the Board conducted a self-evaluation assessment. The Chairman led a review and discussion to consider the Board’s performance against some high level objectives and its own terms of reference and its performance against these. The Board was satisfied with its effectiveness. The Audit and Remuneration Committees have also considered their own performance during the year. The performance of individual directors has been considered by the Chairman and Chief Executive in discussion with other non-executive directors. The non-executive directors have considered the performance of the Chairman, taking into account the views of the executive directors.
The Mercantile Investment Trust PLC
Page 23

The Board has undertaken an evaluation of the Manager, its own performance and that of its committees and individual Directors. The evaluation of individual Directors is led by the Chairman and another Director leads the evaluation of the Chairman’s performance. The Board as a whole evaluates the Manager, its own performance and that of its committees.

Michael Page International PLC
Page 40

The Board, as part of its commitment to ensuring effectiveness and evaluating its performance together with that of its Directors and Committees, conducted an internal review comprising a questionnaire concerning all aspects of procedure and effectiveness.

Following completion of the questionnaires, the Chief Executive met with the individual Executive Directors, and the Chairman met with the individual Non-executive Directors, to discuss their views and to give feedback on their performance. The results of the evaluation were reported to the Board and where areas of improvement have been identified, actions have been agreed upon and training will be provided where required.

Stephen Box, as the Senior Independent Director, led a meeting of the Non-executive Directors to appraise the performance of the Chairman. The meeting took into account any comments made by the Executive Directors. This evaluation is carried out annually.

Micro Focus International plc
Page 31

The board has undertaken a formal and rigorous process for the evaluation of its own performance and that of its committees and individual directors (including the Chairman), as required by Combined Code provision A6.1. This process takes the form of questionnaires and personal interviews with the Chairman. The performance of the Chairman is reviewed by the non-executives led by the Senior Independent Director. The Chairman holds meetings with non-executive directors without the presence of executive directors.

Millenium and Copthorne Hotels plc
Page 51

In previous years, the Board evaluation process has been conducted by completion of questionnaires by the Directors. The Board considers that repetition of this process on an annual basis is not of particular value. During 2007 a sub-committee of the Board was established to review and make recommendations on certain Board procedures and processes. The whole Board will consider the implementation of the committee’s recommendations in due course.

The performance of executive and Non-executive Directors is assessed annually by the Chairman. Meetings for the independent Non-executive Directors to meet with the Chairman without the Executive Directors, and for the independent Directors to evaluate the effectiveness of the Chairman were originally scheduled for late 2007 but these have been deferred until 2008 pending completion of the review of the Group’s management structures and systems referred to in the Chairman’s Statement.
Misys plc
Page 40

During the second half of the year the Directors conducted, by way of a detailed questionnaire and discussion, an evaluation of the performance of the Board collectively, of its four principal Committees (Audit, Nomination, Remuneration and Executive), of the Chairman, of the Chief Executive, and of individual Directors.

As part of this latter evaluation, the Chairman makes himself available to discuss any issues regarding individual performance or any areas of concern. The Company Secretary analysed the questionnaires and provided initial feedback to the Chairman and the senior independent Director. The Board received and reviewed the overall average scores. These results formed one of the bases for further discussion by the Board collectively, and by the Non-executive Directors in respect of the evaluation of the Committees, the performance of the Chairman and the Chief Executive. The review identified a few areas which should be addressed, including widening the composition of the Board as well as continuing to improve the flow and types of management information made available to the Non-executive Directors.

Mitchells & Butler plc
Page 49

This year the Board carried out a formal Board Governance Assessment including a review of the membership and effectiveness of its principal committees and of the performance of individual Directors with the assistance of Professor Goffee of the London Business School.

The process included the completion of a detailed questionnaire by each Board member and included an opportunity to make comments. The areas covered were the Board’s role and its organisation, the Board dynamic and relationships, quality of information flows and decision-making, Board committees, performance monitoring and Board priority tasks.

The output was compiled into a report prepared by Professor Goffee which he presented to the Board and which was considered by the Nomination Committee. The Chairman subsequently discussed this output with the Chief Executive and the Non-executive Directors and the Chief Executive discussed it with the Executive Directors.

The evaluations concluded that the Board and its committees continued to be effective and that all Directors had a good range of experience, contributed effectively to Board discussions and retained a high level of commitment to their roles.

During the year the Non-executive Directors met without the Executive Directors present, and the Non-executive Directors also met without the Chairman present, led by Sara Weller, to appraise the Chairman’s performance. The outcome of this appraisal was positive and confirmed that he remained committed to, and devoted sufficient time to, his role.

Mitie Group plc
Page 43

The Board is committed to effective and rigorous review of its performance and that of the committees and individual Directors and accordingly a formal evaluation of the performance and effectiveness of the Board, its committees and of each Director is performed annually. Director performance evaluation for the current year has been carried out using a combination of formal appraisal questionnaires completed by all Board members and through informal meetings and discussions. The results of these reviews are reported to the Board and used to improve the Board’s performance. Results of the prior year appraisal process identified an overall level of satisfaction with the performance of the Board and that of its committees and Directors.

continued on next page
Additionally, action taken in response to this feedback included the need to continue to monitor the balance of Executive and independent Non-executive Directors, and the sector relevant expertise of the independent Non-executive Directors, and minor changes to the information reported to the Board. Similarly, action will be taken throughout the current year to introduce improvements as identified in the evaluation exercise undertaken for the year ended 31 March 2008.

Mondi PLC
Page 41

Whilst it was recognised that it was still early in the development of the Boards and committees, it was considered a worthwhile process for the Boards to test, at the end of 2007, whether there were any particular areas that required adjustment or focus going forward. It was agreed that, for this initial period as an independent listed Group, an internally facilitated performance evaluation of the Boards, principal committees and individual directors was most appropriate. The evaluations were led by the joint chairmen and supported by the company secretaries and comprised a questionnaire completed by each director regarding various aspects of the performance of the Boards and further questionnaires completed by each member of the principal DLC committees relating to the activities of each committee. In addition, the joint chairmen interviewed each director on a one-to-one basis, Sir John Parker interviewing those directors based in the UK and Cyril Ramaphosa interviewing those based in South Africa.

The results of the questionnaires and interviews were very positive. The Boards were considered to be operating well, with non-executive board members investing appropriate time to develop a good understanding of the Group’s businesses and structure and the industry sector. It was agreed that during the initial period following listing it was particularly important for the Boards to keep abreast of investor views about the Group and that detailed discussion of key projects would remain critical. Changes to the composition of the DLC nominations committee were agreed following comments received at the one-to-one interviews, resulting in the two independent non-executive directors who had not previously served on the committee being appointed as members on 17 January 2008.

The performance of the joint chairmen was reviewed at a meeting of the non-executive directors held in February 2008. It was concluded that the leadership and combined business knowledge of the joint chairmen served Mondi well at this stage in its development as an independent organisation.

Monks Investment Trust PLC
Page 20

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and the Audit Committee was carried out during the year. The performance of each Director was appraised by the Chairman and the Chairman’s appraisal was led by Mr DCP McDougall, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, the contribution of individual Directors and the overall effectiveness of the Board and the Audit Committee. Following this process it was concluded that the performance of each Director, the Chairman, the Board and the Audit Committee continues to be effective and that each Director and the Chairman remain committed to the Company. A review of the Chairman’s and other Directors’ commitments was carried out and the Board is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman’s other commitments during the year.
Morrison Supermarkets PLC
Page 36

In February 2007, an independent assessment was conducted to evaluate the performance of the Board, its committees and its Directors. The results of this were presented to the Board in March 2007. This confirmed that Board members felt that good progress had been made, and that the Board was embracing the right programme of work to ensure further improvements in its effectiveness.

This assessment was followed up with another evaluation carried out in December 2007. The Board conducted this evaluation without external assistance through the use of a questionnaire, based on the independent assessment. The questionnaires were sent to all Directors and the responses were reviewed by the Chairman and the Company Secretary, and a report of findings was discussed by the Board. The Board was satisfied with its performance and it was agreed that action would be taken in those areas for which it believed improved processes could be introduced.

National Express Group PLC
Page 44

During the year proposals arising from the Board effectiveness review carried out by an external third party were implemented and a review of Richard Bowker's performance after his first full year in the role of Chief Executive was undertaken. The proposals arising from the Board effectiveness review will be reviewed as part of the 2008 evaluation of the Board’s performance, its Committees and the Chairman.

National Grid plc
Page 89

In each financial year since 2003/04, the Board has undertaken a formal evaluation of its performance and that of its Committees and individual Directors in order to review past performance and to develop future performance.

The Chairman led the overall process of evaluation which was, as in previous years, in the form of a confidential survey completed by all Directors in relation to the Board and any Committee of which they were a member, plus one-to-one meetings between the Chairman and each Director. Additionally, certain regular attendees at specific Committee meetings were asked to complete surveys in relation to the relevant Committee. The Board considered the merit of using an external body to manage the performance evaluation process. It concluded that the current approach remained appropriate for the Company. This is reviewed annually.

The Company Secretary & General Counsel collated the evaluation results and these were considered. Overall the results for the evaluation carried out in 2007/08 were positive and indicated that the Board and Committees were effective and that no major changes were required. The Chairman’s performance was reviewed and his leadership and performance were considered to have been of a high standard.

Areas highlighted by the Board and Committees for consideration following the latest review included:

- a review of the rolling business agenda to include a greater emphasis on strategic external factors such as climate change;
- increasing the number of informal meetings of Board members; and
- consideration of the interaction between Committees.

In accordance with established practice, the Board and Committees review these matters in a formal response and action plan and will adopt new processes and procedures as appropriate.

continued on next page
Following the 2006/07 evaluation process, a number of actions were implemented during the year including:

- informing Directors at each Board meeting of the latest training courses which may be of interest to them;
- providing a programme of shareholder communications in a ‘Shareholder Issues’ update to the Board;
- devoting additional time to long term succession plans;
- in depth operational review sessions were held during the year where more time was assigned for certain key areas;
- producing more detailed guidance for Board and Committee papers and presentations to ensure information presented is clear and relevant; and
- new sub-committees of the Executive Committee were established to consider Social Policy and Global Retirement Plans respectively.

**Next PLC**

The performance of the Board, its non-executive directors and committees was formally evaluated during the year. The evaluation was conducted by means of a detailed questionnaire completed by all directors. The results of this questionnaire were compiled by the Company Secretary for review by the Chairman and the Board as a whole. The senior independent non-executive director appraises the performance of the Chairman through discussions with all the directors individually and, together with the Chairman, appraises the performance of the Chief Executive. The performance of the executive directors is monitored throughout the year by the Chief Executive and the Chairman.

**Northumbrian Water Group plc**

A full evaluation of the performance of the Board, its committees and of individual directors was conducted in October 2007. Each director completed a detailed questionnaire prior to a personal appraisal with the Chairman. The questionnaire was prepared by the Chairman and Company Secretary and was designed to address strategic issues as well as the approach of the Board to operational and financial matters, the role of the non-executive directors and the quality of information received by the Board. The results of the evaluation were considered by the Board at its meeting in November and were generally very positive but the Chairman will, following the evaluation, increase the Board’s focus on operational efficiency, review the programme in place for collecting and considering the views of analysts, regulators and customers and give more structured updates to non-executive directors on regulatory, legal and financial developments. The performance of NWL’s board committees and individual directors was evaluated at the same time. The Chairman’s comments on the evaluation of the directors seeking re-appointment at the AGM are provided in the Notice of Meeting.

**Old Mutual plc**

The Board conducts an annual self-assessment exercise to evaluate the effectiveness of its procedures. In 2007, this process was carried out through a detailed questionnaire, with returns being submitted to the Company Secretary, who collated a report on the outputs for the Chairman and the Board. The Chairman took these into account in one-to-one meetings between himself and the other directors, so as to ensure that any concerns about Board processes or capabilities were identified and aired. Various action points were identified as a consequence of the 2007 survey.
The Directors have undertaken a formal and rigorous evaluation of their performance for the year ended 31 December 2007, utilising the services of a third-party corporate governance consultancy. The evaluation has focused on the effectiveness of the Chairman, Non-executive Directors, the Board and its Committees and has been conducted using a confidential questionnaire. The results have been reviewed by the Chairman and discussed with individual Directors, except that the performance of the Chairman has been reviewed by the Non-executive Directors, led by the Senior Independent Director, without the Chairman being present.

Following the chairman's review of the effectiveness of our board and of the board committees, as described last year, the board identified four areas where it could most effectively contribute to the company's success: strategy, governance, operating effectiveness and management succession.

The board cycle was adapted to ensure that at least one board meeting per year is primarily devoted to each of these themes, with significant time for thorough review and discussion.

In addition, the chairman asked the deputy secretary to meet with each of the directors to gather their views on the level of support they felt they were receiving as board directors. The deputy secretary duly met with each of the directors and asked for feedback on a number of matters, including the Pearson induction programme, their ongoing training needs, the logistical support they receive and their thoughts on the process for board and committee meetings. Following this review a paper was tabled at a subsequent board meeting which set out the findings from these one to one sessions and detailed what the company planned to do to address some of the concerns that were expressed. As a result of this review a number of actions have been taken, including making changes to the balance of board meetings held outside of the UK and deciding on the process for the next board evaluation.

In early 2008 the chairman asked the directors to complete an evaluation questionnaire on the board and each of its committees. Responses will be gathered and communicated to the board at a forthcoming meeting.

During the course of the year the executive directors were evaluated by the chief executive on their performance against personal objectives under the company’s standard appraisal mechanism. The chairman leads the assessment of the chief executive and the senior independent director conducts a review of the chairman's performance.

The Board has an internal procedure to evaluate the performance of the whole Board, each Committee, the Chairman, each individual Director and the Group General Counsel & Company Secretary. This evaluation procedure was administered for the year by the Group General Counsel & Company Secretary seeking all participants’ views on a range of prescribed questions designed to ensure objective evaluation of performance. The participants’ responses were then summarised and evaluated by the Group General Counsel & Company Secretary for the Board to consider and determine whether any changes were necessary for the Board to be more effective. Overall performance was considered to be satisfactory but a number of minor issues were identified where changes could be made to improve performance including, for example, a review of the terms of reference of certain committees to ensure that delegations from the Board were appropriate and that the Board had sufficient time to attend to strategic matters. The Chairman's performance was evaluated separately by the Non-executive Directors, led by the Senior Independent Non-executive Director.
The Chairman’s other significant commitments outside the Group have not changed during the year and the Board is satisfied that such commitments do not prejudice the Chairman’s performance in relation to his Group role.

All Directors are equally accountable for the proper stewardship of the Group’s affairs with the Non-executive Directors having a particular responsibility for ensuring that strategies proposed for the development of the business are critically reviewed. The Non-executive Directors also critically examine the operational and financial performance of the Group and fulfil a key role in corporate accountability through their membership of the Committees of the Board. In addition the Chairman during the year holds meetings with the Non-executive Directors without the Executive Directors present, to discuss performance and strategic issues.

Persimmon Plc

Page 48

The Board and the Audit Committee undertake a written self-evaluation of their performance. A verbal evaluation of the performance of the Remuneration and Nomination Committees are undertaken by the Committees. The Non-executive Directors undertake a verbal annual performance evaluation of the Chairman, taking into account the views of the Executive Directors. The Chairman undertakes a verbal evaluation of the Executive Directors’ performance. As a result of the evaluations, a number of procedural and other changes have been implemented during 2007; for example the Division Chief Executives make annual presentations to the Board on the strategic operations and targets for their Divisions.

Petrofac Limited

Page 54

Having used an external facilitator to help evaluate Board, committee and individual performance in 2006, the Board decided it would undertake an internal review of its performance in 2007. Each Director completed an extensive questionnaire prepared by reference to the Combined Code and the Secretary to the Board collated the results. The Chairman subsequently led a formal discussion of all Directors as a consequence of which various actions were agreed for the forthcoming year. Michael Press, the Senior Independent Director, led a separate evaluation of the Chairman through a series of questionnaire led interviews with other members of the Board and senior management. Board evaluation will continue on an annual basis.

Premier Oil plc

Page 23

The Board and its directors are subject to regular appraisal. The aim is to improve both individual contributions and group achievement.

The Board carried out a questionnaire-based evaluation process in 2007 using an external facilitator. In addition to completing the questionnaire, the directors were offered the opportunity to meet the facilitator in order to expand upon their answers or to raise other issues. While it is not a fixed policy, the current view of the Board is that alternation between internal and external reviews has significant merits, not least in keeping the exercise fresh amongst Board members.

The results of the evaluation were reviewed by the Chairman and discussed in detail by the Board, at a special meeting attended by the facilitator. The results in general were extremely positive, although there were one or two issues of a minor administrative nature that needed to be addressed and they are receiving attention.
Provident Financial plc  
Page 46

In November 2007, the board completed the fifth evaluation of its performance and that of its committees and individual directors. The Chairman was primarily responsible for this evaluation and submitted a questionnaire to all directors. This contained questions on different aspects of the operation of the board and its committees and the performance of individual directors. The senior independent director was responsible for collating comments on the Chairman’s performance. A summary of the evaluation was presented to the board on 12 December 2007. The board considered the results of the evaluation and proposals to take account of these were agreed.

Prudential plc  
Page 92

Prudential continued its programme of annual evaluations of the performance of the Board and its Committees in respect of 2007, in line with the requirements of the Combined Code. The aim was to improve the effectiveness of the Board and its committees, and enhance the Group’s performance.

In 2007, the evaluation of the Board as a whole and of the Chairman was carried out by an independent consultant, following a briefing by the Chairman and the Senior Independent Director. Each director and the members of the Group Executive Committee completed a questionnaire and were interviewed by the independent consultant. The questions asked were based on the Combined Code and on previously identified matters, and sought views on the effectiveness of the Board as a whole, and on the Chairman’s performance. The independent consultant prepared a report based on the various discussions held and presented and discussed the overall results of the evaluation with the Board in February 2008. The Board, without the Chairman present, met under the chairmanship of the Senior Independent Director to review the performance of the Chairman. The use of external providers for this purpose is kept under review.

In addition, the performance of the non-executive directors and the Group Chief Executive was evaluated by the Chairman in individual meetings. The Group Chief Executive individually appraised the performance of each of the executive directors.

PZ Cussons Plc  
Page 43

A formal review of the board and board committee performance is carried out annually. The Chairman’s performance is reviewed by the non-executive directors led by the senior independent director and takes into account the views of the executive directors. The performance of the non-executive directors is evaluated by the Chairman, in consultation with the executive directors. The remuneration committee reviews executive directors’ performance with guidance from the Chairman and the chief executive except in the case of the chief executive’s performance where it is reviewed by the Chairman and the remuneration committee. The directors submit themselves for election at the annual general meeting following their appointment and thereafter by rotation in line with the Code and the company’s Articles of Association.

The review process in 2008 concluded that all directors continue to contribute effectively and with proper commitment, devoting adequate time to carry out their duties.
QinetiQ Group plc
Page 53

During the financial year ended 31 March 2008, the Board repeated the self-assessment process first used in the previous year to evaluate the performance of the Board, its Committees and individual Directors. This evaluation process was based on a detailed questionnaire, covering issues ranging from ‘value creation’ and ‘strategic planning’ through to the operation of the Board/its Committees and ‘risk management’. The evaluation process was led by the Chairman, who supplemented the detailed responses derived from the self-assessment questionnaire with a series of meetings held individually with each of the Directors, at which the performance of the Board as a whole, as well as the Committees and individual Board members were discussed. In addition, Sir David Lees, in his capacity as the Senior Independent Non-executive Director, met with individual members of the Board to evaluate the performance of the Chairman. The evaluation process revealed that, in virtually all areas, the operation of the Board and its Committees had improved in the past 12 months. The Board concluded from the evaluation exercise that its business is conducted in a positive and open manner, with the Board possessing the requisite skills and diversity necessary to fulfil its leadership role and having a detailed understanding of its stewardship responsibilities. The Board agreed that in the financial year ending 31 March 2009, and once every three years thereafter, it would conduct the evaluation process through an external facilitator.

As a separate exercise, the Chairman has held various meetings with the Non-executive Directors in the last financial year, without the Executive Directors present, in order to review both the operation of the Board and the performance of the Executive Directors. In addition, the Executive Directors were appraised as part of the annual salary review process, which was overseen by the Remuneration Committee.

Randgold Resources Limited
Page 68

The board undertook its annual evaluation exercise during the year to measure its own performance as well as those of its committees and extended the format to include the nomination and governance committee. During the year the board met nine times.

Where it is deemed appropriate, the chairman meets with the non-executive directors without the presence of the executive directors and during the year meetings were held by the chairman and the non-executive directors.

Reckitt Benckiser plc
Page 13

During the year the Board has carried out a formal evaluation of its performance and that of its Committees and individual Directors in accordance with Code provision A.6.1.

The Board analysed responses from all Board members to a detailed questionnaire. Graham Mackay, as the Senior Independent Non-executive Director, conducted an evaluation of the Chairman’s performance in conjunction with his Non-executive Director colleagues with input from both Executive Directors.
Reed Elsevier PLC
Page 45

The [Corporate Governance] Committee assessed the performance of individual executive directors and, led by the senior independent director, also assessed the performance of the Chairman. The Committee retained Consilium Associates to conduct a board effectiveness review. The review identified a number of actions which the boards could take to further improve performance, such as communicating more effectively the work and outputs of the committees to all board members and exposing all non-executive directors to the work of the Audit Committees, but concluded that the boards were performing effectively. The Committee reviewed the functioning and constitution of the boards and their committees. Based on these assessments and on the board effectiveness review, the Committee believes that the performance of each director continues to be effective and that they demonstrate commitment to their respective roles in Reed Elsevier.

Rentokil Initial plc
Page 56

The board has undertaken a formal evaluation of its own performance and that of its principal committees and individual directors. The directors completed appraisals on matters relevant to board, committee and director performance. A report was presented to and reviewed by the board. The board concluded that the evaluation exercise had confirmed that the directors had the appropriate range of skills and experience and constituted an effective and unified board. The review was conducted internally with the aid of a framework developed by external specialists.

Individual director evaluation showed that each director (including those seeking re-election at the annual general meeting in 2008) continued to demonstrate commitment to the role. The non-executive directors, led by the senior independent director, carried out a performance evaluation of the chairman after taking account of the views of the executive directors. The board intends to carry out further performance evaluations but will keep under review the method and frequency.

Rexam PLC
Page 49

In 2006 the Board experienced various changes following the retirement and appointment of non-executive directors and the appointment of a new Chief Executive Officer. The Chairman of the Board and the Group Director, Human Resources, undertook a performance evaluation of the Board and its members during 2007. For the first time they were assisted by an external evaluator in order to help ensure that the evaluation process was sufficiently rigorous and unbiased. The directors completed evaluation forms on the basis shown below.

The external evaluator carried out a review of the completed evaluation forms and reported the results of the evaluation process to the Board. The Board discussed the results and confirmed their continuing satisfaction with the effectiveness of the directors’ contribution and commitment, and of the Board and Board Committees as a whole. It was agreed that the evaluation process had been both constructive and informative.

Whilst the most recent review did not identify any significant issues of concern, some areas for development and improvement were raised and it was agreed that the Chairman and Carl Symon, in his capacity as senior independent director, would meet individually with other members of the Board to discuss the results and specific areas for development and improvement.

A full performance evaluation of the Board will continue to be conducted annually.
Rio Tinto plc
Page 118

The board completes a formal annual process, facilitated by external consultants, to evaluate its effectiveness and that of the board committees and individual directors.

Each director's performance is appraised by the chairman and, in a meeting chaired by the senior independent non-executive director, the non-executive directors assess the chairman's performance, taking into consideration the views of executive colleagues.

The evaluation process aims to cover board dynamics, board capability, board process, board structure, corporate governance, strategic clarity and alignment and the performance of individual directors. The directors believe that, through this evaluation process, they comply with the requirements of Clause A.6 of the Code, Principle 2 of the ASX Principles, and the NYSE Standards.

RIT Capital Partners plc
Page 29

The Code requires the Company to report on the means by which performance evaluation of the Board, its committees and its individual Directors has been conducted. The Board has determined that the completion of a confidential questionnaire by each of the Directors covering the processes, efficiency and composition of each of the Board, its committees and the Directors, followed by discussion of the summarised responses is the most appropriate for the Company's circumstances. This exercise was conducted between February and March 2008, when the responses were evaluated and considered by the Board and separately by the Non-executive Directors in a meeting without any Executive Directors being present.

Rolls-Royce Group plc
Page 51

The Chairman meets at least once a year with the non-executive directors, without the executive directors present, in order to review the operation of the Board.

The Chairman has an annual meeting with each non-executive director to review their contribution to the Board. The Senior Independent Director chairs an annual meeting with the non-executive directors to review the performance of the Chairman, the outcome of which is reported back to him.

Each year, the Chairman reviews the performance of the Chief Executive as part of the annual salary review process overseen by the remuneration committee. The Chief Executive reviews the performance of the other executive directors in the same way.

In 2007, the annual process to enable the Board to evaluate the effectiveness of its performance involved the completion of a written questionnaire by the directors and a series of meetings between the Chairman and each individual director. The Board reviewed the results of this exercise in December 2007.

The review covered all aspects of corporate governance, including board and committee structure, board dynamics, the conduct and frequency of board meetings, the consideration of strategic issues by the Board and the information provided to directors. The Board considered that it was operating effectively. However, this review identified the need for improvements in some areas, including board induction and training and continuing development. These improvements will be implemented in 2008. The audit, remuneration and nominations committees have separately undertaken reviews of their terms of reference and effectiveness during 2007.
Rotork P.L.C.

Page 29

A formal process for performance evaluation of the Board, its Committees and individual directors takes place annually. For 2007 the evaluation took the form of a questionnaire prepared in conjunction with external consultants covering a wide range of Board related matters. JW Matthews, the Senior Independent Non-executive Director led the performance evaluation of the Chairman.

The Royal Bank of Scotland Group plc

Page 100

The Board has undertaken a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The performance evaluation of the operation and effectiveness of the Board, the Remuneration Committee and the Nominations Committee was undertaken in the autumn of 2007. This was conducted internally using a detailed questionnaire and individual meetings with each director. Amongst the areas reviewed were the role of the Board, Board composition, Board meetings and processes, Board performance and reporting, external relationships and Board Committees. A separate performance evaluation of the Audit Committee was also undertaken internally in late 2007 using a detailed questionnaire and meetings with Audit Committee members and attendees.

The report on the Board evaluation, which was designed to assist the Board in further improving its performance, was considered and discussed by the Board as a whole and a separate report on the outcomes of the evaluation of the Audit Committee was also considered and discussed by the Board. The Board evaluation involved detailed consideration of Board composition, Board engagement in risk management and capital planning and the format of the Board meetings. The Board also considered the range and balance of its activities and was content that it was allocating appropriate time to such key matters as monitoring business performance, risk appetite and strategy.

Taking into account their review and discussions the directors have concluded that the Board is effective in meeting its objectives and fulfilling its duties and obligations. The directors are also satisfied that each of the Board's Committees (Audit, Remuneration and Nominations) carries out its delegated duties effectively.

In addition, each director discussed his or her own performance as a director and their Board evaluation questionnaire with the Chairman. The senior independent director canvassed the views of the executive directors and met with the non-executive directors as a group without the Chairman present to consider the Chairman's performance. The Board is satisfied that each director continues to contribute effectively to the Board and the Group and demonstrates commitment to his or her role as a director.

Royal Dutch Shell PLC

Page 42

During the year, the Board carried out a performance evaluation of the Board, the Board committees, the Chairman and each of the Directors. As in previous years, this was an internal exercise led by the Nomination and Succession Committee. Previously the Board has conducted a detailed and comprehensive evaluation process by a combination of written survey questionnaires and one-to-one interviews, followed by a series of discussions. The outcome of these evaluations showed that Directors were in general positive about the performance and processes of the Board and the Board Committees, however, they also indicated that Directors would like to see a greater involvement by the Board in both group strategy and succession matters. Both these issues were subsequently followed up with action plans and included the introduction of a Group Strategy Day and regular update reports from the Nomination and Succession Committee.

continued on next page
In view of the detailed and comprehensive evaluation conducted in 2006 and the relatively recent implementation of the action plans, the Board considered it unnecessary to conduct such an extensive process in 2007 and therefore agreed to conduct the process in 2007 by interview only. These interviews were structured and conducted on a one-to-one basis in accordance with the table below. This was followed by a discussion by the full Board of the results of the evaluation of the Board and Board Committees, whilst the results of the evaluation of the Chairman, the Chief Executive and Executive Directors were discussed by the Non-executive Directors. The outcome of this evaluation process showed that Directors were generally positive about the performance and processes of the Board and the Board committees and there was agreement that the action plans introduced after previous evaluation processes had brought about the desired changes in relation to group strategy and succession matters.

RSA Insurance Group plc
Page 42

In 2007 the Board undertook an annual evaluation of its performance to assess how well the Board, its committees and the directors were performing. The review included the use of a comprehensive questionnaire. Responses from the questionnaire were collated and subsequently discussed by the Board. Strong positive feedback on the workings of the Board was received and potential improvements identified through the evaluation process will be implemented. The non-executive directors are responsible for the evaluation of the Chairman’s performance and take into account the views of the executive directors in their evaluation. As part of the ongoing performance evaluation process the Chairman has regular one to one meetings with all the non-executive directors.

SABMiller plc
Page 36

A formal evaluation of the performance and effectiveness of the board and of the audit, remuneration, nomination and corporate accountability and risk assurance committees is carried out each year, led by the Chairman, with input from the Senior Independent Director and in consultation with other directors and the Company Secretary. The performance of the Chief Executive is reviewed by the remuneration committee and this review is shared with and considered by the board. The performance of the Chief Financial Officer is reviewed by the Chief Executive and the remuneration committee, and reported to the board by the remuneration committee. Each non-executive director’s performance is evaluated by the Chairman, in consultation with the Senior Independent Director, who in turn consults with the executive directors and the Company Secretary. The Chairman’s performance is evaluated against the same criteria by the Senior Independent Director, the non-executive directors and the Company Secretary, taking into account the views of the executive directors.

In considering the contribution of individual directors for the year under review, performance was assessed against the company’s selected criteria of strategy, expertise in their field, governance factors, commitment, profile, knowledge of the industry and team contribution, culminating in an overall contribution rating. The importance of the different roles played by individual directors in bringing a balanced overall view to the board was recognised. For the year under review, the Chairman has assessed that all directors continue to make an effective contribution to the board.

In reviewing the performance of the board and its committees, the Chairman and the Senior Independent Director were aligned in their conclusion that measured against the principal duties expected of it, the board (including by extension its standing and ad hoc sub-committees) continued to operate effectively and to meet in full its obligations to support management, to monitor performance across a wide area, and to maintain its strategic oversight.
In a meeting of the Chairman, the Senior Independent Director, the committee chairmen and the Company Secretary, the results of the performance and effectiveness evaluations conducted in respect of the board, each of the directors, the Chairman, the Senior Independent Director and each of the board’s four standing committees were reviewed. Regarding the board committees, each of the committee chairmen expressed their views regarding the operation of his committee against its terms of reference and the performance and effectiveness of that committee. These views were discussed in an open and constructive manner with recommendations arising from the discussions being brought forward to the board and the respective committees.

The results of the performance and effectiveness evaluation process were also reviewed by the Chairman, the Senior Independent Director, the Chief Executive and the Company Secretary, all of whom concluded that the board and its committees were operating effectively.

At the forthcoming annual general meeting, Ms Ramos and Mr Pieterse, having been initially appointed by the board of directors will, pursuant to the company’s articles of association, stand for election. Three directors, Mr Mackay, Mr Manzoni and Mr Ramaphosa are required to seek re-election in accordance with the company's articles of association, having served for three years since their last election. As previously mentioned, the Chairman, Lord Fellowes, Mr Morland and Mr Ramaphosa will by the time of the AGM each have served continuously on the board for nine years and, under the Combined Code, are obliged to offer themselves for re-election annually.

The Chairman confirms that each of the directors offering themselves for re-election continues to perform effectively and to demonstrate commitment to his role. In addition, the Chairman confirms that in relation to each of the directors who will have served for nine years, the board is satisfied with his performance and has determined that nine years’ service does not compromise his independence. Lord Fellowes, as senior independent director, confirms that the Chairman continues to perform effectively and to demonstrate commitment to his role. Biographical details of directors standing for election and re-election are included on pages 42 and 43 of this report.

The Sage Group plc

The members of the Board have evaluated the performance of the Board, its committees and individual members at meetings and also through the completion of detailed questionnaires. These are reviewed and considered by the Chairman and by the Board as a whole. In the year under review, the questionnaires indicated no areas of concern.

J Sainsbury plc

The Board agreed that this year’s evaluation exercise should be conducted by the Company Secretary. Having agreed the key objectives with the Chairman, the Company Secretary prepared a detailed questionnaire and then met with each Director separately to discuss the Board’s role and structure, process and relationships, and any emerging issues. The performance of the Board Committees was also reviewed. The Company Secretary then presented the findings to the Board, identifying what was working well and areas which could be improved or approached differently. The Board concluded that it was satisfied with the progress that had been made during the year and that it was working effectively. An action plan was agreed to address the themes which emerged from the exercise, with some additional items being added to the Board’s agenda for the 2008/09 financial year.

The Senior Independent Director reviewed the Chairman’s performance and subsequently met with him to provide feedback to him. The Chairman separately reviewed the contribution of each of the Directors with them.
Schroders plc
Page 24

The Board, led by the Chairman, reviewed during the year the effectiveness of the Board and the principal Board Committees. The Board considered alternative evaluation methods and agreed that internal evaluation using a Schroders specific questionnaire complemented by interviews between the Chairman and individual Directors where required was appropriate. The performance of the Board Committees and individual Directors was considered as part of this evaluation process. The responses to the questionnaires were analysed and discussed with the Chairman. A report was prepared on the findings of the evaluation process and this was considered by the whole Board at the Board meeting in February 2008.

The performance of the Chief Executive was considered by the Chairman’s Committee against his objectives agreed with the Chairman for the year. The outcome was discussed by the Chairman with the Chief Executive.

The Chairman’s Committee, led by Sir Peter Job in his role as Senior Independent Director, also assessed the performance of the Chairman with input from the whole Board. Sir Peter discussed with the Chairman the outcome of this review.

Scottish & Southern Energy plc
Page 41

We have just completed our Board and committee performance evaluation. The evaluation process highlighted some areas where improvements could be made but overall the conclusion was that the Board continues to function well.

Scottish Mortgage Investment Trust PLC
Page 26

The Nomination Committee met to assess the performance of the Chairman, each Director, the board as a whole and its committees, after inviting each Director and the Chairman to consider and respond to a set of questions. The appraisal of the Chairman was led by Mr GA Ball.

The appraisals considered, amongst other criteria, the balance of skills of the Board, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following the process it was concluded that the performance of each Director, the Chairman, the board and its Committees continues to be effective and each Director and the Chairman remains committed to the Company.

Segro plc
Page 50

The Board undertakes a formal evaluation of its own performance. The Chairman, assisted by the Company Secretary, leads this process. The performance evaluation consists of each Director completing a wide ranging appraisal questionnaire which is based on the process and questions outlined in the Code. The questionnaire provides a forum for giving feedback on the running of the Board, any weaknesses which need to be addressed and where the Board is performing well. The responses to the questionnaire are reviewed by the Chairman and the Board.

As a result of the 2007 review, the Chairman recommended the following changes: a more frequent review of strategy in difficult times; the commissioning of a review as to how the Company adds value; suggestions as to the content of Board agendas; and the provision of Audit and Remuneration Committee questionnaires
constructed on a similar basis to those used for the Board performance evaluation. It has been agreed that the 2008 Board performance review will be conducted by a third party.

The Senior Non-executive Director chaired a meeting of the Non-executive Directors in the absence of the Chairman to appraise the Chairman’s performance taking into account the views of the Executive Directors. A similar review of the Chief Executive took place with the Chairman present. The Chairman and the Non-executive Directors met during the year with the Chief Executive and Director of Human Resources to discuss succession planning.

Serco Group plc
Page 48

In October 2007 a rigorous evaluation of the Board and its Committees was undertaken which included a formal evaluation questionnaire and one to one meetings for all Directors held with the Chairman plus an evaluation of the Chairman’s performance led by the Senior Independent Director (taking into account the views of both the Non-Executive and Executive Directors).

The Group recognises the importance of a comprehensive evaluation process for the Board and ensures that comments and recommendations are considered carefully and implemented where appropriate to ensure its continued development. The outcomes from the Board’s appraisal were discussed fully at the November 2007 Board meeting. The principal finding from the evaluation was confirmation that the Board remains effective and in some cases best in class. All Directors feel that the Board and Company is open, professional and enjoyable to be a part of and that appropriate information is provided to the Board in the furtherance of its responsibilities. Aspects for further development were largely procedural and covered such areas as developments in reporting formats and the balance of business presentations and formal papers to the Board. All recommendations from the evaluation have been implemented. In carrying out the performance evaluation process, the Board considered appointing an independent evaluator but concluded that its own process was sufficiently rigorous.

Severn Trent Plc
Page 34

The board evaluated the conclusions from the review carried out in 2006/07 and took action in relation to the management information provided to the board and the board processes identified in it.

During the year the board, with the help of an outside facilitator, commenced a formal evaluation of its performance and that of its committees as well as the individual performance of directors. Each director answered a questionnaire on his/her perception of the composition, operation and effectiveness of the board and its committees and on the performance of the chairmen of the board and board committees as well as individual directors. In addition they were interviewed by the facilitator to explore certain issues in greater depth and to identify areas requiring improvement. Conclusions of the evaluation are to be discussed in detail at the board, and individually with the director and actions agreed to address any issues raised.

Collectively, the board is satisfied it has all of the necessary skills, experience and qualities to lead the company.
Shire Pharmaceuticals Group plc
Page 37

The Company conducted evaluations of the performance of the Board, its Committees and its Directors in 2007. The 2007 evaluations were undertaken by way of a formal review chaired, respectively, by the Chairman of the Board and the Chairperson of the Board Committees. Board members completed performance evaluation questionnaires before each review meeting and the aggregated responses formed the basis of each review. The reviews covered a wide range of matters including adequacy of the composition of the Board and its Committees, performance of Directors and the adequacy of information provided. The Board and its Committees noted that the minor improvement to operating procedures identified in the previous year had been implemented. Following discussions in 2007, further minor improvements were identified for implementation in 2008, including optimising the sequencing of meetings.

Smith & Nephew plc
Page 54

Non-executive directors meet regularly prior to each quarterly Board meeting without management in attendance and the Senior Independent Director meets with the other non-executive directors annually to evaluate the performance of the Chairman.

Smiths Group plc
Page 30

The Code requires the Board to undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and the directors. The Board is satisfied that it continues to meet these requirements. It is confirmed that all the non-executive directors have sufficient time to fulfil their commitments to the Company, that the Chairman does not hold the office of chairman of another FTSE 100 company and that no executive director holds more than one non-executive directorship of another FTSE 100 company.

A formal evaluation of the performance of the Board, its Committees and the directors was conducted by means of detailed questionnaires completed by each director. The answers to the questionnaires formed the basis of a review by the whole Board, led by the Chairman. Regarding the Board, comments were invited on a wide range of issues including the appropriateness of matters specifically reserved for the Board, its contribution to the development and review of strategy, the terms of reference of its Committees, the effectiveness of the process for identifying and managing risks, logistics of Board Meetings and the composition and operation of the Board. For the Board Committees, the matters addressed included the appropriateness of their responsibilities, the logistics of their meetings, the availability of internal and external support and the composition and operation of the Committees. The questionnaire relating to each director’s performance addressed several issues including the director’s contribution at Board Meetings, with particular reference to the development of strategy and risk management, how effectively the director refreshes his knowledge and skills and, specifically for each non-executive director, his willingness to devote time and effort for the benefit of the Company.

The performance evaluation of the Chairman was led by the senior independent director who obtained the views of both the executive and non-executive directors.
Soco International plc

The [nomination] Committee led the Board in evaluating its own performance and that of its Committees and individual Directors. The Company Secretary facilitated compilation of the results. The Senior Independent Director facilitated the relevant discussions regarding the role of the Chairman. The process was undertaken for the purpose of adding value to the quality of the Board and its procedures through identifying and addressing strengths and weaknesses. Additionally, it was utilised to assess Director effectiveness and the time commitments of Non-executive Directors. Actions for improvement were undertaken as deemed appropriate.

Spectris Plc

The operation of the Board and its committees is reviewed by the Board as a whole annually. The executive directors' and company secretary's performances are appraised annually against objectives established for the prior year. The contributions of the Chairman and non-executive directors are reviewed in advance of the conclusion of their initial three-year term, by the senior independent director and the Chairman respectively, prior to their being proposed to shareholders for re-election. Additionally, the Chairman holds periodic meetings with the non-executive directors only and, led by the senior independent director, the non-executives have the opportunity to meet at least annually without the Chairman present.

An evaluation of the operation and performance of the Board was conducted in 2007 by the senior independent director and then reviewed by the Board as a whole.

Spirax-Sarco Engineering plc

Utilising a format created with the advice of Towers Perrin, the Board again carried out a rigorous board performance evaluation process in accordance with the Combined Code requirements which confirmed the effective operation of the Board and reflected the importance of strategic matters. The evaluation process comprises a review conducted by the Company Secretary and reported to the Chairman of all directors' views on the operation of the Board and the performance of the Chairman, the Chairman and Chief Executive's review of the Board performance of each director, the Chairman's review of the non-executive directors and the review by Committee members and attendees of the operations of the Audit, Nomination and Remuneration Committees and the performance of the Chairman of each of those Committees. The evaluation confirmed a continued high rating for the Board's operations and encompassed Board constitution, Board meetings, Board functionality, communication and knowledge management, Company secretariat performance, assessment of the Chairman's performance and the effectiveness of the Board's Committees.

SSL International plc

During the year, the Board reviewed the process for the evaluation of the performance of the Board, its committees and the individual Directors. Previous evaluations have been conducted internally and led by the Chairman, whilst the SID conducted the evaluation of the Chairman. The Board concluded that this process remained appropriate.

All Directors were required to complete a detailed questionnaire, which each Director then discussed with the Chairman and with the SID, in relation to responses about the Chairman.
The Board considers the annual evaluation to be a valuable process, which has contributed to fostering an environment within the Board that is challenging but supportive and encourages focus on the main issues facing the Group. In 2006/07, the recommendations included a more detailed half-year review on strategy and greater focus on succession planning. These matters are now incorporated into the Board’s annual schedule.

St James’s Place Capital plc
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During 2007, the Chairman met each Non-executive Director on a one-to-one basis as well as meeting the Non-executive Directors together. Issues discussed included feedback on Board issues, topics for pre-Board presentations, Non-executive Director training requirements and the results of the performance evaluation of the Board. In addition, the Non-executive Directors, led by the Senior Independent Director, also met without the Chairman present to appraise the Chairman’s performance and to discuss other topical issues such as succession plans and the overall performance of the Board.

The Board carried out an annual evaluation of its own performance and of its committees and individual Directors by way of a detailed questionnaire and interviews carried out by the Company Secretary. The findings were presented to the Board and, as a result, a number of improvements are being made such as ensuring more information is provided in Board packs on competitor activity and more detailed discussions on succession planning. The Senior Independent Director carried out a formal appraisal of the Chairman’s performance.

Stagecoach Group plc
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The Board assesses its own performance and the performance of each individual Board member; this assessment is co-ordinated and directed by the Chairman with the support of the Company Secretary. The Senior Independent Non-executive Director co-ordinates the Board’s assessment of the performance of the Chairman. As part of the assessment process, the Non-executive Directors meet without the Executive Directors being present. The Non-executive Directors also meet without the Chairman being present. The Chairman obtains feedback from each individual director on the performance of the Board and other Board members – this involves the completion of a questionnaire and a follow-up discussion. In the same way, the Senior Independent Non-executive Director obtains feedback from each individual director on the performance of the Chairman. A similar process is undertaken to assess the performance of each of the Board’s committees.

The Directors have reviewed the effectiveness of the Board as a whole and its committees. Each director has assessed the effectiveness of the Board and each committee of which he or she is a member.

The assessment of effectiveness included consideration of:

- the effectiveness of the formal Board and committee meetings;
- the nature and extent of the Board’s interaction with the management of the Group;
- the timeliness, relevance and accuracy of the information provided to the Board and its committees;
- the allocation of the Board’s time between differing priorities including the time spent on strategic considerations relative to other matters; and
- the composition of the Board and its committees.

The Board has considered the results of these assessments and has concluded that overall the Board and its committees continue to operate in an effective and constructive manner.
Standard Chartered PLC
Page 71

The Board is responsible for ensuring that a rigorous evaluation is carried out of its performance, and that of its committees and individual directors.

During 2007, each of the directors completed a questionnaire and supplementary interviews were held between the Chairman and each of the non-executive directors. The evaluation of the Chairman formed part of this process. The results of the evaluation were presented to the Board and the Board was satisfied that it continues to operate in an effective manner. Individual appraisals of the directors were undertaken during 2007 by the Chairman, Group Chief Executive and Board Nomination Committee as appropriate.

The Board Nomination Committee and the Board Remuneration Committee each conducted a questionnaire based self-assessment of their effectiveness. The performance of the Audit and Risk Committee was evaluated by an independent external assessor. The Sustainability and Responsibility Committee carried out a full review of its remit during 2007, and as a result, revised its terms of reference.

Standard Life plc
Page 77

The effectiveness of the Board is key to the Group’s success. Because of this, the Board has, through the Nomination and Governance Committee, developed a formal annual review process to assess how well the Board, its Committees and Directors are performing collectively and individually and how their respective performances might be improved. The process involves completing confidential questionnaires, which are updated each year, and conducting individual interviews based on these questionnaires with all Board members to gather their views on things that have gone well, and areas for improvement. A report on the output is considered in detail by the Nomination and Governance Committee before being formally reviewed by the Board. This report includes an action plan. Progress against this plan is monitored and reported back to the Board. The process of reviewing individual Directors is led by the Chairman. The review of the Chairman’s performance is led by the Senior Independent Director and involves obtaining feedback from each of the other Directors. The Board effectiveness review is undertaken with internal support. The Nomination and Governance Committee considers each year whether this remains the most effective approach.

Following the review in late 2007, the Board concluded that it had performed effectively overall, and agreed actions in respect of certain areas identified for improvement. These included, for example, continuing to focus on the Group’s strategy and planning processes, and strengthening the use of KPIs to improve management information.

The Chairman also held one-to-one meetings with the Directors to assess their individual performances and contributions against performance objectives set out in the Board Charter. These meetings were designed to ensure that each Director was contributing effectively and remained committed to the role. No review meeting was held with Colin Buchan, who was appointed in January 2008. The confidential questionnaires used in the process also supported the Board’s review of the Chairman’s performance for the period since his appointment. The Directors, led by Hugh Stevenson and without the Chairman being present, met once during the period to consider the Chairman’s performance and concluded that he had performed effectively during the period. In addition, the Chairman and the Non-executive Directors met without the Executive Directors present to discuss the performance of the Executive Directors and executive succession planning processes.
Tate & Lyle PLC
Page 63

In previous years, the Board's performance evaluation has been an internal exercise led by the Chairman. In 2008, however, to ensure that the annual evaluation process remained fresh and relevant, the Board engaged Dr Tracy Long of Boardroom Review to act as an independent facilitator. The evaluation process comprised of a written questionnaire supplemented by one-to-one interviews with each director and the Company Secretary. Dr Long also attended a Board meeting as an observer. Dr Long's report was presented to the Board as a whole for discussion.

The review found that the Board continues to operate in an effective manner. However, a number of recommendations were made for improvements such as to the timing and location of Board meetings, the format and content of Board papers, ways by which the non-executive directors can improve their understanding of the business and its operating environment, and succession planning. Actions are being taken to address each of the matters raised by the evaluation.

The performance of the individual directors is evaluated by the Chairman. Following this year's evaluation process, the Chairman concluded that each director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning items to be considered by the Board, and that their commitment to the role remains strong.

During the year, the non-executive directors met together without the Chairman present, under the chairmanship of the Senior Independent Director, to appraise the Chairman's performance (the Senior Independent Director having first sought the views of the executive directors). In addition, the Chairman held a private meeting with the non-executive directors to appraise the Chief Executive's performance and to address any other matters the non-executive directors wished to raise.

The Audit, Nominations and Remuneration Committees each also held an evaluation of their work and effectiveness during the year, the results of which were reported to the Board by the respective Committee Chairmen. The reviews concluded that each Committee was operating in an effective manner.

Templeton Emerging Markets Trust PLC
Page 35

The Board has undertaken a formal evaluation of its own performance and that of its Committees and individual Directors including the Chairman. The Board has also considered the independence of each Director. The evaluation of the Board, of its Committees, and the performance of individual Directors, is carried out first through discussions between the Chairman and each Director on an individual basis. The Chairman has been evaluated by his fellow Directors, led by Peter Smith, the Senior Independent Director. Thereafter the Board meets as a group to review the findings. The performance and cost of service providers are considered as regular items annually on the Board's agenda.

Tesco PLC
Page 21

The Board regularly reviews its own performance. During the year ended 23 February 2008, a formal evaluation of the performance of the Board was conducted with the assistance of an external independent consultant. The process included in-depth interviews with each Director and the Company Secretary and a detailed review of the minutes and supporting papers for the meetings of the Board and its main Committees. The review confirmed the high level of professionalism in the strategic and entrepreneurial leadership of the Company, a sound governance framework and practices compliant with the Combined Code.
The Chief Executive reviews the performance of each Executive Director. The Chairman reviews the performance of the Chief Executive and each Non-executive Director. During the year, the Chairman met with the Non-executive Directors, without the Executive Directors present, to discuss Board issues and how to build the best possible team. The Senior Independent Non-executive Director met with the Non-executive Directors in the absence of the Chairman, to assess the Chairman’s effectiveness.

**Thomas Cook Group PLC**

Page 53

The Group has established a performance evaluation process for its Board, committees and individual Directors, developed by the Group Company Secretary in conjunction with the Group HR Director, which ties in with the evaluation procedures for other staff within the Thomas Cook Group of companies. Each of the Executive Directors is subject to the performance management processes established for all employees. For the Executive Directors other than the Chief Executive, this involves their performance being reviewed by the Chief Executive. These appraisals are then reviewed by the Chairman on behalf of the rest of the Board and any key conclusions or points of note passed to the Non-executive Directors. In relation to the Chief Executive, the Chairman has carried out an appraisal of his performance and discussed his conclusions with the Non-executive Directors.

During the year the Chairman conducted an evaluation of the Board’s overall performance on an informal basis facilitated by the Group Company Secretary. This focused on attendance at meetings, preparation for discussions, contribution of specialist knowledge and experienced understanding of the Group’s structure and activities, understanding of management responsibilities, understanding of and contribution to appropriate financial management policies, risk management and the Group’s corporate governance and compliance policies and procedures.

Actions to improve the Board and Board Committee effectiveness have been discussed from time to time, agreed and implemented. Personal feedback on individual Directors was discussed with them privately by the Chairman. No individual performance problems were identified. In respect of all Directors who are to be submitted for re-election at the Company’s AGM, their performance continues to be effective and they have continued to demonstrate the appropriate level of commitment to their role. The use of external providers in the context of Board evaluation is being kept under review.

**Thomson Reuters plc**

Common to both the Thomson and the Reuters Annual Reports 2007:

Page 27 (in both Reports)

‘The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.’

(2006 Combined Code – Main Principle A.6)

The 2007 Board effectiveness review was similar in format to the 2005 and 2006 reviews in that:

- the Chairman reviewed the performance of the CEO and each individual director;
- the CEO reviewed the performance of the CFO and the COO; and
- Dr Annie McKee of the Tekos Leadership Institute facilitated a Board effectiveness review in which the performance of the Board as a whole, of the Board committees, and of the Chairman and the CEO was considered.

The format of the reviews was interviews with the directors and others involved in the work of the Board and its committees, the output from which was thematically analysed and discussed with the person or group being reviewed, the Board as a whole, as well as with the Chairman.
During the year, the Board conducted its annual evaluation of its own performance and that of its committees and individual Directors. The Chairman led the process with the aid of external consultants, The Zygos Partnership, who conducted interviews with all the Directors and members of Management Committee. The Chairman also spoke to each of the Directors and members of Management Committee individually to obtain their views. The Zygos Partnership’s written evaluation and the Chairman’s own report were subsequently reported formally to the Board and the Chairman also gave feedback to individual Directors. The Senior Independent Director led a review by the Directors of the performance of the Chairman.

The Board performance evaluation included consideration of the overall functioning of the Board with particular focus on strategy, meeting composition, the agenda, Board committees, corporate responsibility, risk and succession issues. The Board found the involvement of external consultants particularly useful in benchmarking the Company’s own experience against that of other quoted companies and placing an external perspective on their own views.

During the review, the value of the two strategy sessions held each year, in addition to the regular Board meetings, was endorsed by Directors. The Board identified areas where its working practices could be developed further. In particular, the expansion of the Management Committee with the development of new business lines led the Board to note the value of holding meetings attended by different groups, with some meetings attended by Directors only and others with some or all members of Management Committee present.

The fifth Board performance evaluation took place during the year, which continued the processes developed in the first four years. A Report was prepared and considered by the Board. The overall view of the Directors was that the Board is the right size and mix of skills to ensure its optimum effectiveness, particularly after the recent changes to membership of the Board. A number of suggestions were made relating to the following:

Dedicated strategy sessions were felt to be of particular use, as a way of ensuring the Board’s involvement in the development of strategy;

It was also felt that the Board’s methods of measuring management performance could be improved in the following ways:

- while the numbers were analysed and the operations explained, it was felt that it would be helpful to see some KPIs which were regularly reported on outside the pure financial numbers;
- the budgeting and reporting process could be simplified; and
- by questioning the trends in return on invested capital and considering the extent of organic growth compared to acquisition.

Additional comments were made in relation to the number, duration and timing of Board meetings and positive comments were made on the quality of operating and financial reporting, supported by high-quality papers and presentations. The Board considered the matters raised by the evaluation and arrangements were made to address each of those matters raised.

The fourth Board Committee performance evaluation reinforced the positive messages that were highlighted in the first three evaluations. The Committees were acknowledged to be well led with strong and experienced members who were well informed and overall the Committees function well. There were some suggestions on improving particular aspects of the work of the Committees, including the distribution of papers and, in relation to the Remuneration Committee, the following points in particular were raised:
There was a preference to have a greater degree of formal Human Resources (HR) representation and input;

It was felt that the supporting processes for the Committee might be improved by more regular updates on market trends in remuneration and more frequent reference to external market data.

These concerns have been addressed and the 1 January 2008 review of Non-executive Directors’ fees and Chairman’s remuneration drew on advice and data supplied by PA Consulting, which took account of the above suggestions. Overall, the Directors continue to believe that the Committees function well.

Tui Travel PLC
Page 46

As the Board and its Committees were newly-formed following the September 2007 merger, it was deemed appropriate to commence the Company’s performance appraisal cycle after a sufficient number of meetings had taken place for an informed view to be taken. Accordingly the cycle commenced in June 2008. To date, appraisals of the Audit and Remuneration Committees have taken place and it is planned to appraise the Board’s – and each individual Board member’s – performance in early 2009. The Chairman’s evaluation will also take place in early 2009, led by the Senior Independent Director, and will take into account the views of the Executive Directors.

Tullow Oil plc
Page 51

During 2007, the Board considered whether the annual evaluation of it and that of its Committees and Directors should be conducted by way of an internal review as in 2006 or, as in 2004 and 2005, by using the assistance of an external body. The Board concluded that a full external review was appropriate and engaged PricewaterhouseCoopers LLP for this purpose. The review consisted of a tailored questionnaire completed by each Director with a follow-up interview and also a peer assessment.

This review focused on matters such as Board composition and conduct; succession planning; roles and responsibilities of Board members; the administration of Board and Committee meetings; Board discussions; Board induction and training and communications with the wider organisation.

The review concluded that the Board operates effectively and that Board meetings are conducted in a manner that encourages open and honest discussion in an environment of trust and mutual respect. The separation of duties between the Chairman and Chief Executive is clear and the Board Committees function effectively within clear terms of reference. The review identified certain areas for improvement including: a requirement for more formal succession planning for executives and for key non-executive roles; the need to review the balance of the Board between Executive and Non-executive Directors; to organise and monitor a broader induction and training regime for Directors and for more regular review meetings between the Chairman and each Director. These areas for improvement are now being considered by the Chairman and various related actions and targets will be included in the Board’s own objectives for 2008.

The Chairman has had discussions with each of the Directors on his or her individual performance and separately, the Non-executive Directors have reviewed the performance of the Chairman with input from the Executive Directors. The Board is of the view that each Non-executive Director commits sufficient time to discharge his or her duties effectively.
Ultra Electronics Holdings plc

Page 34

Following the recommendations of the Code, the Board operates an evaluation process in which the effectiveness of the Board, its sub-committees and each individual Director are assessed over a rolling two-year period. The Chairman is responsible, on behalf of the Board, for overseeing this process, which is carried out by an independent external consultant. He is supported in this regard by the Company Secretary. In 2006 the main Board and its sub-committees were reviewed, using a questionnaire that was completed independently by all members of the Board. The scope of the review covered the Board structure, processes and administration, together with the distribution of information. Its results were communicated to the Directors in a written report, considered at a subsequent meeting and a number of actions were agreed as a result. Then during 2007 the contribution of each individual Director was assessed by the rest of the Board. This stage was based upon a questionnaire that was completed by each of the remaining Board members. The results of this survey were processed and fed back separately to each individual and in total to the Chairman. The intention is to repeat this review cycle every two years in future.

Unilever PLC

Page 35

The evaluation process of our Boards consists of a three-year cycle with an independent third party evaluation carried out once every three years and internal evaluations in each of the two years in between. The internal evaluations are based on the independent third party evaluation materials. An independent third party evaluation was last carried out in 2006. In 2007 our Chairman, in conjunction with the Senior Independent Director, conducted the internal evaluation process. An extensive questionnaire for all Board members formed part of the evaluation process. In addition, our Chairman conducted a process of evaluating the performance of each individual Board member, including an interview with each. A similar process with respect to the performance of the Chairman was conducted by the Senior Independent Director after consulting Board members.

Committees of the Boards evaluate themselves under supervision of their respective chairmen taking into account the views of respective committee members. The results of the evaluations were discussed by the Boards.

United Business Media plc

Page 55

During January and February 2007 the Board carried out a formal review of Board and Board committee performance and effectiveness. This review was conducted with the assistance of an external facilitator, Dr Tracy Long of Boardroom Review, and the following process was undertaken:

- a confidential questionnaire was completed by all Board directors in January 2007;
- one to one interviews were conducted with all Board directors and the Company Secretary;
- observation of a Board meeting and review of Board papers.

The review covered the roles and processes of the Board and its main committees, as well as Board and committee dynamics and culture. The results of the review were considered by the Board in May 2007. The review concluded that the Board operates as an effective team and is considered by its members to have the range of skills needed in order to achieve its long-term objectives. Key areas for consideration addressed areas of long-term strategic development, management succession planning and Board communication.

The Chief Executive Officer, David Levin, evaluated the performance of executive directors. David Levin’s performance was evaluated by the Chairman.

The performance of those non-executive directors proposed for re-election at the Annual General Meeting was evaluated by the Board as a whole.
United Utilities Group plc
Page 36

During the year, the board conducted an evaluation of its own performance and that of its committees and individual directors. The process involved the completion by each director of a confidential questionnaire in a form consistent with previous years and which was modelled on the ‘Chairman’s Guide to the Board Performance Review’ published by the Chairman’s Forum. Each director was required to score the board’s performance (and that of the principal committees) on 40 topics, including: contribution to strategy; risk management; financial and operational reporting; matters reserved for the board; communication; company and board advisers; relations with the group’s regulators and investors; and board procedures. In addition, the members of the audit, nomination and remuneration committees, together with the managers and advisers to those committees, completed separate confidential questionnaires about the functioning of those committees.

The company secretary analysed the completed questionnaires and summarised the findings in a report for the chairman, which highlighted and prioritised the key areas of feedback and provided a comparison with the previous year’s evaluation. The chairman subsequently conducted one-to-one discussions with each of the board members based on the summary report, after which the chairman reported back to the whole board on the evaluation process. The responses to the questionnaires demonstrated a high degree of consistency and the evaluation process affirmed the board’s confidence in the group’s system of corporate governance. Nevertheless there is always room for improvement and, arising from the 2007/2008 exercise, the board has asked that more work is undertaken by management in the area of succession planning. It has also decided to receive an enhanced number of presentations from senior managers responsible for operational areas and/or for managing or mitigating potential material risks to the group.

As part of good governance, the chairman holds meetings with the non-executive directors without the executive directors present. In turn, led by the senior independent director, the non-executive directors meet without the chairman present at least annually to appraise the chairman’s performance. So far as senior management is concerned, the chief executive conducts annual appraisals with executive directors and the other members of the executive leadership team and has regular one-to-one discussions about their performance with them, as does the chairman with the chief executive.

Vedanta Resources PLC
Page 79

During the year, the performance of the Board, its main committees and the individual Directors were formally and rigorously evaluated under the leadership and direction of the Chairman. A questionnaire was circulated to Directors concerning their individual performance and that of the Board as a whole and its main committees. Responses were collated and summarised, open and frank Board discussions held concerning the results and issues raised were addressed.

The evaluation process concluded that the Board as a whole and its main committees had functioned effectively during the year and that the individuals had also performed well, with each member making a significant contribution to the Company. The mix of skills and experience on the Board was felt to be appropriate.

As in previous years, the Non-executive Directors, led by the Senior Independent Director, considered as part of the evaluation process the performance of the Chairman and provided him with feedback.
During 2007 the Committee carried out an internal performance evaluation, designed to produce an objective assessment of the Committee's performance and the effectiveness of the external audit function. It was concluded that the Committee and the audit process were effective and that the Committee had appropriate terms of reference and achieved its remit.

One issue raised that has been addressed during the year is the timing and location of meetings to ensure that the Committee has adequate opportunity to fully consider all areas within its remit. It was agreed that in order to do this, wherever possible, meetings should be de-coupled from the formal Board meeting schedule.

Briefings and training are provided, where appropriate, to ensure that the Committee remains informed of all material developments in best practice and regulation concerning its remit.

An evaluation of the Company's auditor was also carried out at the same time, with input provided by each member of the Committee as well as regular attendees. Feedback was provided to the Audit Partner by the Committee's Chairman.

Performance evaluation of the Board, its committees and individual directors takes place on an annual basis and is conducted within the terms of reference of the Nominations and Governance Committee with the aim of improving individual contributions, the effectiveness of the Board and its Committees and the Group's performance. Prior to the 2007 financial year, the evaluation was internally facilitated. Following on from the externally facilitated evaluation of the Board's performance during the 2007 financial year, the Board has undertaken a formal self-evaluation of its own performance. The process involved the Chairman:

- sending a template questionnaire to each Board member which was completed and returned;
- undertaking individual meetings with each Board member on Board performance;
- producing a report on Board performance, with the assistance of an external agency, using the completed questionnaire and notes from the individual meetings; and
- preparing a summary which was sent with the report to Board members for discussion at the following Board meeting.

The evaluation was designed to determine whether the Board continues to be capable of providing the high level judgement required and whether, as a Board, the directors were informed and up to date with the business and its goals and understood the context within which it operates. The evaluation also included a review of the administration of the Board covering the operation of the Board, its agenda and the reports produced for the Board's consideration. The Board will continue to review its procedures, its effectiveness and development in the financial year ahead.

The Chairman leads the assessment of the Chief Executive and the non-executive directors, the Chief Executive undertakes the performance reviews for the executive directors and the senior independent director conducts the review of the performance of the Chairman by having a meeting with all the non-executive directors together and individual meetings with the executive directors and the Company Secretary. Following this process, the senior independent director produces a written report which is discussed with the Chairman.

The evaluation of each of the Board committees was undertaken using an online questionnaire that each member of the committees and others who attend committee meetings or interact with committee members are required to complete. The results of the questionnaires were discussed with the Chairman of the Board and the members of the committees.

continued on next page
The evaluations found the performance of each director to be effective and concluded that the Board provides the effective leadership and control required for a listed company. The Nominations and Governance Committee confirmed to the Board that the contributions made by the directors offering themselves for re-election at the AGM in July 2008 continue to be effective and that the Company should support their re-election.

VT Group plc
Page 55

The Code requires the board to undertake a formal and rigorous evaluation of its own performance annually and that of its committees and of the directors.

A formal evaluation was conducted by means of detailed questionnaires which were completed by each director. The answers formed the basis of a review by the whole board led by the chairman. Comments were invited on a wide range of issues including board and board committee skill and balance, frequency of meetings, access to management other than executive directors, sufficiency of information, achievement of objectives, operational issues and monitoring, dialogue with shareholders, rigour of meetings and working relationships. The chairman has discussed the results with each member of the board. The performance of the chairman has been subject to appraisal by the board, led by the senior independent director.

The Weir Group plc
Page 29

A formal process for evaluating the performance of the Board is undertaken annually. This process is conducted internally based on a detailed questionnaire completed by each director and individual and collective discussions.

The evaluation examines the balance of skills of the directors, the operation of the Board in practice including its corporate governance and the operation and content of board meetings. The findings are used to assist the Board in its consideration of the opportunities for improvement in the performance of the Board and its directors.

During 2007, the Board also conducted an internal review of the effectiveness of the Audit, Nomination and Remuneration Committees incorporating a questionnaire covering such matters as the role and organisation of each committee, meeting arrangements, information provision and effectiveness. Following completion of these questionnaires by the members of each committee, the chairman met with the respective chairmen of the Audit and Remuneration Committees to discuss the feedback. The results of this evaluation were reported to the Board and, where areas for improvement had been identified, actions were agreed.

Additionally, a one-to-one appraisal of all board members is undertaken annually, including the chairman, whose appraisal is carried out by the senior non-executive director, with input from other board members.

W H Smith PLC
Page 30

The Board carried out a formal evaluation of its performance in September 2008. Each director completed an extensive questionnaire covering Board and Committee procedures and effectiveness and their own contribution to discussions and decision making. The non-executive directors met separately to review the Chairman’s performance and provided feedback to him and the Chairman reviewed the contribution of each of the directors in separate individual sessions. The results of the evaluation were reported to the Board in October 2008. The Board found this to be an open, constructive and useful exercise and the review concluded that the Board is effective.
Whitbread PLC
Page 8

The performance of the board, and individual directors’ contributions to the Board, is appraised annually by the Chairman. This year:

► each director completed a formal questionnaire on the Board's performance;
► the Chairman met each director on a one-to-one basis; and
► the results of the review were discussed by the board and an appropriate action plan was agreed.

The performance of the Board’s committees was reviewed during the year in line with their terms of reference. The performance of the Chairman was evaluated during the year by Rod Kent, the Senior Independent Director, who discussed the Chairman's performance with each of the directors. The results of the review were given directly to the Chairman by Rod Kent.

William Hill PLC
Page 25

A process of performance evaluation of the Board, its committees and directors is undertaken on an annual basis and the process undertaken for 2007 involved the following:

► the four Board committees conducting a review of their terms of reference and continued to assess committee performance;
► one-to-one meetings were held between the Chairman and each director to assess individual director performance and to allow any other issues to be raised; and
► the performance evaluation process concluded with an assessment by the Board of its own performance, feedback to the Board from the chairman of each committee and the Board, and the approval of action to address issues raised.

The Senior Independent Non-executive Director led the process for the evaluation of the Chairman’s performance, involving discussions with each other director, a meeting with the other independent non-executive directors and feedback to the Chairman.

Witan Investment Trust
Page 29

The board’s procedure in 2007 for evaluating the performance of the Board, its Committees and the individual directors was by means of individual meetings of the Chairman with each of the directors. A meeting of the directors was then held, without the Chairman present, to evaluate his performance. The evaluation process is designed to show whether individual directors continue to contribute effectively to the Board and to clarify the strengths and weaknesses of the Board's composition and processes. The Chairman has taken the lead in acting on the results of the evaluation process, mindful of the requirement to refresh the composition of the Board from time to time without reducing the stability, sense of purpose and effectiveness of the Board that was highlighted by the evaluation process.
Wolseley plc
Page 55

The Chairman reviewed the developmental needs of the Board as a whole, including the skills and contributions each Director brought to it and confirmed that there were no outstanding items from the performance evaluations which had been carried out during 2006. It is proposed that a further detailed review be carried out during 2008. The Chairman confirmed that should any Director have any concerns or observations which they wished to raise, these could be notified to him directly or to the Company Secretary, to be addressed appropriately.

John Wood Group PLC
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In 2007 the Board completed a formal evaluation of its own performance and of its committees, individual directors, and of the Chairman. This involved directors completing detailed questionnaires, the results of which were analysed by the Company Secretary. The objective was to determine whether each director continues to contribute effectively to the Board and to demonstrate commitment to the role. A presentation of the results was made to the full Board. The results were discussed both at a full Board meeting and separate meetings between each non-executive director and the Chairman. The non-executive directors, led by the senior independent director, are responsible for the performance evaluation of the Chairman, taking into account the views of the executive directors. As a result of the evaluation criteria, Board procedures were changed to increase the minimum number of annual Board meetings to six.

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The Board itself, each year, undertakes a rigorous self-evaluation of the performance and contributions of directors, individually and cumulatively, the committees, and the chairman. In 2007, all directors completed a confidential questionnaire in this regard and identified areas for improvement. Separate feedback meetings were then held between each director and a member of the Nomination Committee. [The Chairman’s] performance was assessed by the non-executive directors, led by the senior independent director. The Board concluded that appropriate improvements had been made and that, overall, the Board and its committees continued to operate effectively.

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Formal evaluation of the performance of the Executive Directors is appraised annually by the Chief Executive Officer. The evaluation of the Board and its Committees was conducted during 2007 under the leadership of the Chairman. Each Director completed a detailed questionnaire covering their assessment of the Board structure, the content and functionality of meetings, corporate governance and interaction with management. Committee members also reviewed the activities of each Committee against the actions required by their terms of reference. The Non-executive Directors met separately to evaluate the performance of the Chairman, who then joined them to evaluate the performance of the Chief Executive Officer.

Following the 2007 Board assessment, a report was prepared by the Company Secretary in conjunction with the Chairman and presented to the December Board. Based on this assessment it is considered that the Board is operating effectively, but that it must be moved to full compliance with the Code.
In accordance with the Code requirement, the Board engaged Egon Zehnder International to undertake a formal review of the Board’s performance and effectiveness and that of its Committees and of its individual directors including the Chairman. The process was based on in-depth interviews. The results of the evaluation of the Board and of its committees were presented to the Board. The results of individual director appraisals were discussed with the Chairman, and that of the Chairman, with the Deputy Chairman.