

5 March 2010

Mr C Hodge
Corporate Governance Unit
Financial Reporting Council
Fifth Floor
Aldwych House
71-91 Aldwych
LONDON
WC2B 4HN

Dear Mr Hodge

Consultation on the revised UK Corporate Governance Code

Kingfisher plc welcomes the opportunity to participate in the consultation on the proposed changes to the Combined Code on Corporate Governance, to be renamed the UK Corporate Governance Code (“the Code”).

Kingfisher plc is supportive of the changes proposed by the FRC as a result of its review, subject to the comments set out below.

B.1 Composition of the Board

We request that the FRC reconsider the continued application of the nine-year limitation on service for assessing the independence of non-executive directors. The automatic rejection by certain proxy voting services of re-election motions for directors who exceed the “nine-year rule” denies the company the opportunity to justify the appointment in terms of the continued effective contribution of the individual and the experience gained of the company and its operations during the term of service.

B.4 Development

We note the new proposed Principle: “*To function effectively all directors need appropriate knowledge of the company and access to its operations and staff.*” Whilst we support this Principle, we feel that there is a danger that the other positive attributes brought to the Company by non-executive directors including their breadth of experience and wealth of knowledge of other sectors/companies may be overlooked.

B.3: Commitment

We welcome the non-prescriptive approach taken by the FRC to the time commitment required from non-executive directors. In addition, Kingfisher plc suggest that the allocation by non-executive directors of “*sufficient time to the company to perform their duties effectively*” be monitored by the Chairman of the company and be subject to review in their annual evaluation. Accordingly, the difficulty of the varying time required to be spent by non-executive directors from company to company would be overcome.

B.6: Evaluation

Whilst Kingfisher plc recognise there are times when an externally-facilitated board evaluation is valuable, we do not support the proposal that such an evaluation should occur “*at least every three years*”. We feel that this requirement would be overly prescriptive, and have concerns over the impacts on the company in terms of the cost and the time required to identify suitable consultants and familiarise them with the business.

We believe that the existing Principle which requires “*a formal and rigorous annual evaluation*” of the performance of the board and board committees remains appropriate, but that the requirement might be expanded to promote better disclosure of the rigor applied in the evaluation process.

We would therefore suggest that greater onus is placed on companies to explain the methodology they have employed, the feedback received, and how the outcomes were acted upon rather than be prescriptive on the type of evaluation.

B.7: Re-election

Kingfisher plc is supportive of the Principle that “*All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance*” but strongly recommends that the frequency of the re-elections should either be left to companies to determine, or that the existing requirement for re-election on a three-year rotation is maintained.

We consider that submitting the Chairman to annual re-election brings an unnecessary focus on the Chairman, whilst the annual re-election of all directors could prove to be highly disruptive to companies and potentially damaging. Whilst these measures would allow shareholders to hold the Board to account in the short-term, they may hamper the long-term success of the business in situations where consistent leadership is needed over a longer period. This may also have the effect of reducing the pool of potential non-executive directors available for recruitment in comparison to other jurisdictions. We also feel that the existing remedies for removal of directors, as set out in the Companies Act 2006, offer sufficient protection to shareholders.

In view of the above, we do not support the proposed change to this principle.

Yours sincerely

Nick Folland
Company Secretary