
"The proper governance of companies will become as crucial to the world economy as the proper governing of countries."

James D. Wolfensohn, President of the World Bank c. 1999

"Capacity should be established in all Commonwealth countries to create or reinforce institutions to promote best practice in corporate governance; in particular, codes of good practice establishing standards of behaviour in the public and private sector should be agreed to secure greater transparency, and to reduce corruption."

Commonwealth Business Forum Resolution, October 1997, endorsed by the Edinburgh Commonwealth Economic Declaration

"Corporate Governance is the system by which companies are directed and controlled."

Cadbury Report c. 1992

"Whilst management processes have been widely explored, relatively little attention has been paid to the processes by which companies are governed. If management is about running businesses, governance is about seeing that it is run properly. All companies need governing as well as managing."

Professor Bob Tricker c. 1984

CACG GUIDELINES
PRINCIPLES FOR CORPORATE GOVERNANCE IN THE COMMONWEALTH

Towards global competitiveness and economic accountability

Final Version
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Commonwealth Association for Corporate Governance

The *Commonwealth Association for Corporate Governance* (CACG) was established in April 1998 in response to the Edinburgh Declaration of the Commonwealth Heads of Government meeting in 1997 **to promote excellence in corporate governance in the Commonwealth**

The CACG has two primary objectives:

- to promote good standards in corporate governance and business practice throughout the Commonwealth; and
- to facilitate the development of appropriate institutions which will be able to advance, teach and disseminate such standards.

The activities of the CACG have been supported with material assistance and/or funding from the Commonwealth Secretariat, World Bank, New Zealand Government, KPMG International, Shell International, Anglo American Corporation and the Institute of Chartered Secretaries. The CACG's appreciation for this support is gratefully acknowledged.

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This edition of the **CACG Guidelines** represents the culmination of nearly two years research and development, which commenced following the Commonwealth Technical Policy Workshop held at Sundridge Park, Bromley, United Kingdom in April 1998. The document incorporates comments and observations in response to the worldwide circulation of the Third Draft (August 1999).

The CACG is most grateful for the interest shown by a wide range of commentators from around the globe in this work, which has assisted in refining the **CACG Guidelines**. This edition of the **CACG Guidelines** will be submitted to the International Corporate Governance Symposium being held in Johannesburg, South Africa in November 1999 for confirmation. Immediately thereafter, the **CACG Guidelines** will be submitted to the Commonwealth Business Leaders Forum and Commonwealth Heads of Government at their meetings being held in South Africa at that time. The **CACG Guidelines**, Third Draft (August 1999), were submitted to the annual meeting of the World Bank in Washington, USA in September 1999.

While every attempt has been made to incorporate the points raised in terms of comments and observations received following the circulation of the Third Draft, these had to be carefully weighted against the objectives and purpose of the **CACG Guidelines** to encourage best practice in corporate governance in Commonwealth countries - with particular reference to emerging and transition economies. These guidelines have also been designed to encapsulate international standards in respect of the issues covered by the **CACG Guidelines**.

It should be reiterated that the **CACG Guidelines** must be considered a "living document" to be updated from time to time in response to developments in corporate governance in the Commonwealth and globally. Accordingly, a number of the observations not necessarily incorporated into this edition of the **CACG Guidelines**, will no doubt warrant further deliberation as these guidelines are developed in the future in collaboration with the Global Corporate Governance Forum and the World Bank.

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Preface

The Need for Corporate Governance

The globalisation of economies, and thereby financial and investment markets, in the 1990s has led to the increasing convergence of originally separate initiatives in corporate governance. This development has accelerated following the financial turmoil in world financial markets in 1998.

The globalisation of the market place within this context has ushered in an era where the traditional dimensions of corporate governance defined within local laws, regulations and national priorities are becoming increasingly challenged by circumstances and events having an international impact. Some of these are:

- Institutional investors, as they seek to deploy internationally the massive funds they represent, are insisting on high standards of corporate governance in companies in which they invest. In a number of cases, these institutions have set their own corporate governance standards as a measure for determining their investment decisions.
- Public attention through high profile corporate scandals and collapses has forced governments, regulators and boards of corporations to carefully reconsider fundamental issues of corporate governance as essential for public economic interest. In addition, the volatility and instability experienced in emerging markets in recent times has drawn attention to the implications of corrupt practices and maladministration in national and international financial systems and on public expenditure.
- Experiences of public sector reform and privatisation in many countries have set demands on state-owned enterprises and government agencies to address standards of integrity expected of the public service.
- Other interesting developments in corporate governance include the rise of “ethical investors” requiring corporations to pay increasing attention to the social role of business, notably in the areas of environment, health and safety, ethnic and community relations. More and more corporations are adopting social auditing standards in dealing with such matters as the ethical sourcing of products from developing countries and the treatment of communities in which they operate.

The fact is that good corporate governance practices are now becoming a necessity for every country and business enterprise, and are no longer restricted to the activities of public-listed corporations in advanced industrial economies. In the midst of growing international pressure for adherence to good corporate governance standards, the Commonwealth is well placed to play an influential role. The Commonwealth comprises a unique collection of nations – ranging from the developed economies through to vastly differing levels of emerging economies at varying stages of transition. Many rich and diverse cultures are to be found throughout the Commonwealth but all have common features which mean that consensus on a global scale is more easily achieved than among equally diverse countries which do not enjoy such commonalities as described below.

The Commonwealth Perspective on Corporate Governance

As regulatory barriers between national economies are removed and global competition for capital increases, investment capital will follow the path to those countries and corporations that have adopted efficient governance standards. These standards include acceptable levels of investor protection and board practices as well as satisfactory accounting and disclosure standards. It was in this milieu that the requirement for determining a set of guidelines, or principles, that could appropriately represent the Commonwealth approach to corporate governance was identified and formulated. However, it was clearly recognised that the notion of a “one size, fits all” type of universal code was not only inappropriate but undesirable. In any event, a number of Commonwealth member nations where the private enterprise sectors are relatively developed have individually established national codes to address their own special requirements – namely, United Kingdom (Cadbury, Greenbury and Hampel Reports), Australia (Bosch Report), South Africa (King Report), Canada (Dey Report), India and Malaysia.

Given the range of commonalities among member countries of the Commonwealth, there are reasonably consistent themes throughout the named national codes referred to above, deriving both from the origin of their commercial, legal and regulatory systems and from the continuing process of consultation on global policy issues through the various Commonwealth ministerial and private sector meetings. The Commonwealth already provides a well established and influential framework for policy review, and in this respect the particular advantages which the Commonwealth has to offer – both as a club of nations and as an organisation – are that member countries have:

- a similar structure and system of government, public administration and law;
- a similar structure and system of commerce – law, institutions, accounting, management and business practices;
- a common working language; and
- an organisational structure which enables governments and professional associations to regularly meet, debate and develop common policies and ideas to promote a positive policy environment.

This unique characteristic of “Commonwealthness” greatly facilitates communication and understanding amongst a diversity of nations across the globe. If this diversity in the Commonwealth can be harnessed to achieve a degree of consensus in the development of corporate governance guidelines, it will surely demonstrate the possibility for all countries to reach consensus. The role of the Commonwealth, within this context, is especially significant in the current process of globalisation. It is in this area that the Commonwealth has a special role to play, and the *Commonwealth Association for Corporate Governance* (CACG) assisted by the *Commonwealth Secretariat* and the *Commonwealth Fund for Technical Co-operation* in affiliation with the *Commonwealth Business Council* have undertaken this role in the field of corporate governance.

As extensive work has already been undertaken by the OECD (*Organisation for Economic Co-Operation and Development*), of which a number of Commonwealth countries are also members, considerable reference has been made to the *Report to the OECD by the Business Sector Advisory Group on Corporate Governance* (April 1998). In preparing the CACG Guidelines, reference was made to the subsequent *OECD Principles of Corporate Governance* issued in June 1999 - endorsed by the G7 countries as an acceptable level of corporate governance standards with universal application and which has formed the basis of the joint World Bank/OECD initiative to form the *Global Corporate Governance Forum*. The Commonwealth is a participant in this initiative. In addition, considerable reference has been made to the national codes in place in Commonwealth countries in formulating the CACG Guidelines. Valuable input was also obtained internationally from other interested sources and experts following extensive circulation and consultation. It would be appropriate to thank all those organisations and the many individuals whose dedication and time has contributed to the formulation and preparation of the CACG Guidelines, and especially the Investor Responsibility Research Center for allowing use of their research material to prepare a number of the summaries which feature in this document.

The preparation of these guidelines revealed that there was a preponderance of state-owned enterprises comprising a substantive component in a large number of the economies in the Commonwealth. This characteristic is predominant in emerging and transition economies, where the thrust is for privatisation and/or economic structural adjustment. It is important that this feature is recognised in the global corporate governance debate for reasons explained later in this document.

The Significance of Corporate Governance for Development

Over the past decade or so, the pre-occupation in many of those economies has been on fiscal and monetary stabilisation. There is now a need to shift attention and the focus of policy makers to cope with policies and structures occurring on implementation of those structural adjustment and privatisation programmes. Accordingly, in the Commonwealth, there is a need for micro-economic policy instruments which will support the macro-economic policies arising from this transition. Corporate governance can be considered a powerful micro-policy instrument and an effective lever for change at the business enterprise and sectoral level. This can constitute an essential ingredient to the post-privatisation environment. Hence, the emphasis throughout the CACG Guidelines is on both private sector and state-owned enterprises. This should not mean that these guidelines should not apply equally, as applicable, to other forms of enterprise such as non-governmental organisations and agencies.

Corporate governance in the Commonwealth is important and is concerned with:

- the profitability and efficiency of Commonwealth business enterprises, and their capacity to create wealth and employment;
- the long-term competitiveness of Commonwealth countries in the global market;
- the stability and credibility of the Commonwealth financial sectors, both nationally and internationally;
- the relationships between business enterprises within an economy and their sustained ability to participate in the global economy; and
- the relationship between such business enterprises and their various stakeholders comprising shareholders, managers, employees, customers, suppliers, labour unions, communities, providers of finance, etc.

Corporate governance is essentially about leadership:

- leadership for efficiency;
- leadership for probity;
- leadership with responsibility; and
- leadership which is transparent and which is accountable.

Each of the above are of equal importance in that they affect the livelihood and the quality of life of all of a country's citizens. *Business Efficiency* is necessary to compete in the global economy and thereby to create jobs. Without efficient business leadership, there will be no efficient companies and without efficient companies there will be no employment. *Business Probity* is necessary because investors require confidence and assurance that the management of a corporation will behave honestly and with integrity in regard to their owners (shareholders). No person or institution will trust a corporation if its managers are known, or suspected, of misusing funds for improper purposes and corrupting the economic system. In a broader sense, international investors require confidence that a country's financial system and structures are secure and have credibility. *Business Responsibility* is increasingly considered not to include profitability alone but to incorporate issues compatible with societal objectives and legitimate social concerns. *Transparency and Accountability* are essential characteristics of good leadership because without these, leaders cannot and will not be trusted to the ultimate disadvantage and demise of a country's economy.

The Inclusive Approach

Within the Commonwealth, therefore, the primary issue surrounds the role of the director – whether of a private sector or state-owned enterprise. Nonetheless, given the particular circumstances and requirements of the many economies comprising the Commonwealth, equally germane are the issues surrounding the responsibility of such business enterprises and their directors towards the broader constituency of stakeholders – namely, employees, the community, bankers and other suppliers of finance such as international funding agencies, the environment, health and safety, securities exchange and financial market regulators, and others. The CACG advocates an inclusive approach to corporate governance.

The basis of the CACG's approach should, however, be clarified. It does not detract from the fundamental tenet that directors and boards owe their duty to the company and thereby are accountable to shareholders, as owners of the corporation's capital. To advocate that a board is accountable to all stakeholders, would render the board accountable to no one! This, on the other hand, does not diminish the importance of stakeholders in achieving corporate objectives or to treat stakeholders responsibly as more fully explained throughout the CACG Guidelines. The modern approach is for a board to identify the corporation's stakeholders and to agree a policy as to how the relationship with those stakeholders should be advanced and managed in the interests of the corporation. A wealth of evidence has

established that this inclusive approach is the way to create sustained business success and steady growth in shareholder value.

At the same time, in the course of the preparation of the CACG Guidelines, it was recognised that emerging economies are substantially driven by entrepreneurs who take business risks and initiatives. While conformance must obviously underpin any approach to corporate governance, it is equally imperative that the corporation is measured by its business performance as well. The CACG, accordingly, advocates that corporate governance standards and practices should not stifle, or for that matter be at the expense of, enterprise and profitability. Corporate governance must be seen to facilitate, and engender, economic growth and prosperity but not at the expense of integrity. It is on this basis that the emerging economies of the Commonwealth should develop sufficiently to participate meaningfully in the global economy. This must remain the pre-eminent objective of Commonwealth countries.

The Purpose of the CACG Guidelines

The CACG Guidelines are intended to be precisely that – guidelines to facilitate best business practice and behaviour, whether of a private sector or state-owned enterprise. These guidelines are neither mandatory nor prescriptive and have been designed as evolutionary in concept. In other words, the CACG Guidelines are seen as a “continuum”, remaining flexible and responsive to further developments in corporate governance in the global economy. The Commonwealth, through its participation in the *Global Corporate Governance Forum* with the World Bank and OECD, is committed to a uniform approach on corporate governance issues internationally. Consequently, the CACG Guidelines have been structured on a basis complementary to the *OECD Principles of Corporate Governance*, with particular focus on the emerging and transition economies in the global market which comprise a substantial number of Commonwealth countries.

The challenge is now to move away from philosophical debates on corporate governance to dealing with the “hard” issues of practical implementation and the application of good corporate governance practices throughout the world. Naturally, each country and/or region must define for itself what its special circumstances and priorities are within this context. The CACG, in conjunction with the Commonwealth Secretariat, has over the past two years undertaken a series of national policy workshops designed to raise and debate issues of corporate governance relevant to a country and/or region. Such workshops have already taken place in Mauritius, Uganda (also involving Kenya, Tanzania and Rwanda), Fiji, Ghana, Mozambique, Sierra Leone, The Gambia, Trinidad & Tobago (incorporating other interested territories in the Caribbean), Zambia and Botswana. The CACG and Commonwealth Secretariat have, in the course of these activities, also worked with established institutions in South Africa and Zimbabwe. Representatives of the CACG have also participated in conferences on corporate governance in India, the Caribbean and the World Bank.

Through these activities, it is clear that there is a great desire to understand the issues surrounding good corporate governance and to assimilate positive responses that accommodate national interests to accord with the pervasive requirements of the so-called “global economy”. These programmes have initiated the appointment of national task forces in the countries concerned to draft national codes of corporate governance and to define strategies for implementation. At the same time, this has led to dormant professional bodies being resuscitated and/or the creation of fresh institutional capacities to pursue a professional approach to corporate governance. The longer term outcomes of the national capacity-building programmes are intended to be:

- improved strategic direction of national business enterprises by a trained cadre of top executives in Commonwealth countries, enabling them to compete in the global market;
- international recognition of Commonwealth countries as priority locations for foreign direct investment, due to the application of internationally-recognised corporate governance standards and practices;
- high standards of corporate citizenship and business ethics among national business enterprises – whether private sector or state-owned enterprises, in all Commonwealth countries.

As part of the next phase of the CACG's activities, will be the establishment of "Centres of Excellence" in collaboration with the World Bank to provide training at regional and country level in the various elements constituting a suitable corporate governance framework.

Issues of corporate governance are, by their very nature, complex. It will, therefore, be necessary to analyse the particular circumstances of each country, their legal and regulatory systems, structures of business enterprise, inherent cultural characteristics and heritage, before defining any specific approaches to addressing issues of corporate governance.

While the CACG Guidelines have placed particular emphasis on boards of directors of all business enterprises – whether private, public, family owned or state-owned – other important aspects should be considered within this framework. For this reason, other issues of corporate governance are highlighted – namely, corporate governance and state enterprises in the Commonwealth, business ethics and corruption, the role of professions in the Commonwealth as well as a plethora of other evolving issues. These issues are all critical to improving corporate governance in the Commonwealth, whatever standards of economic development currently prevail, and require equal consideration.

In identifying that good corporate governance hinges upon the competence and integrity of directors and the board, it should be observed that standards of probity and fiduciary responsibility in the wider business environment are as critical. In other words, an effective legal and regulatory regime, efficiency and probity in the state sector, reasonably competitive markets, active and responsible capital providers, an informed and critical media, and appropriate considerations towards a broad range of stakeholder interests all should play a role to ensure good corporate governance.

The CACG looks forward to co-operating not only with Commonwealth countries but with international organisations and agencies such as the World Bank, OECD, International Monetary Fund, regional organisations, private sector bodies and other such institutions in seeking to harmonise and consolidate a practical and pragmatic approach to corporate governance universally. To this end, the CACG is engaged with the World Bank, through the *Global Corporate Governance Forum*, in co-ordinating a multi-faceted approach to the process of economic reform and implementation of good corporate governance standards.

The issue of this edition of the CACG Guidelines, following consultation globally, brings to conclusion the research and development of a set of principles that forms the foundation for the next phase of its work in Commonwealth countries. It should be reiterated, that these guidelines are directed particularly at emerging and transition economies and will constitute a "living document" that will be updated from time to time in accordance with international developments in corporate governance.

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Introduction

It is the responsibility of the board of directors to ensure good corporate governance. This involves a set of relationships between the management of a corporation, its board, its shareholders and other relevant stakeholders. Accordingly, the board must agree on the corporation's purpose (*what it is for*), its values (*what it stands for*), and the strategy to achieve its purpose. It must account to shareholders and be responsible for relations with its stakeholders.

Good corporate governance requires that the board must govern the corporation with integrity and enterprise in a manner which entrenches and enhances the licence it has to operate. This licence is not only regulatory but embraces the corporation's interaction with its shareholders and other stakeholders such as the communities in which it operates, bankers and other suppliers of finance and credit, customers, the media, public opinion makers and pressure groups. While the board is accountable to the owners of the corporation (shareholders) for achieving the corporate objectives, its conduct in regard to factors such as business ethics and the environment for example may have an impact on legitimate societal interests (stakeholders) and thereby influence the reputation and long-term interests of the business enterprise.

The guidelines which follow set out **15 Principles** of corporate governance aimed primarily at boards of directors of corporations with a unitary board structure, as will most often be found in the Commonwealth. The Principles apply equally to boards of directors of all business enterprises – public, private, family owned or state-owned. The Principles are applicable to both executive and non-executive directors. The term "director" should be taken as being synonymous with any person responsible for the direction of a business enterprise. Similarly, the principles can be usefully applied to other forms of enterprise such as non-governmental organisations and agencies.

Part One provides an executive summary of the 15 Principles, while *Part Two* annotates guidelines which are intended to assist boards in interpreting the intent of such Principles. These Principles are not to be regarded as legal statutes which are to be followed to the letter – rather they represent standards of conduct which should be followed according to the spirit and intention of the guidelines. They indicate the standards of the duties of care and diligence which should be observed by directors. The Principles are designed to assist directors of all forms of business enterprises to make judgments on whether general or particular conduct conforms or conflicts with the guidelines set out. Clearly, some of these Principles may not yet be capable of implementation in a number of Commonwealth countries but represent an objective to which all business enterprises in the Commonwealth should aspire in the fullness of time. Consequently it is not possible, nor is it intended, to identify every circumstance in which the CACG Guidelines as set out in the accompanying Principles can be applied. *Part Three* covers other corporate governance issues that warrant consideration, notably business ethics and the role of state-owned enterprises which are predominant in many economies in the Commonwealth. *Part Four* summarises the essential elements of codes that have been adopted in certain Commonwealth countries to provide guidance on approaches taken on corporate governance at the national level in the Commonwealth.

The *appendices* which follow contain information and references which may be useful to readers of the CACG Guidelines.

As emphasised throughout this document, the CACG Guidelines have been prepared within the context of the wider business environment – meaning that an effective legal and regulatory regime, efficiency and probity in the state sector, reasonably competitive markets, active and responsible capital providers, higher levels of conduct by professions and professionals, a free and critical media, informed and protected stakeholder interests are all fundamental to a more holistic approach to corporate governance. All have a vested interest in the success of corporations. The Commonwealth is participating in the *Global Corporate Governance Forum* in order to co-ordinate efforts globally in the multi-faceted process of reform that may be needed in some countries, whilst focusing particular emphasis upon the board of directors as a critical area for improvement.

It should be reiterated that the CACG Guidelines are evolutionary in concept and purpose, and this may necessitate the guidelines to be suitably updated from time to time to accommodate changing circumstances in the Commonwealth and globally.

Part One - Executive Summary of Guidelines

The board should:

Principle 1 – exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity for the corporation and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility;

Principle 2 – ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process;

Principle 3 – determine the corporation's purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives, and ensure that procedures and practices are in place that protect the corporation's assets and reputation;

Principle 4 – monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;

Principle 5 – ensure that the corporation complies with all relevant laws, regulations and codes of best business practice;

Principle 6 – ensure that the corporation communicates with shareholders and other stakeholders effectively;

Principle 7 – serve the legitimate interests of the shareholders of the corporation and account to them fully;

Principle 8 – identify the corporation's internal and external stakeholders and agree a policy, or policies, determining how the corporation should relate to them;

Principle 9 – ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is, *inter alia*, usually reflected by separating the roles of the chief executive officer and Chairman, and by having a balance between executive and non-executive directors;

Principle 10 – regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times;

Principle 11 – regularly assess its performance and effectiveness as a whole, and that of the individual directors, including the chief executive officer;

Principle 12 – appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management;

Principle 13 – ensure that all technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor;

Principle 14 – identify key risk areas and key performance indicators of the business enterprise and monitor these factors;

Principle 15 – ensure annually that the corporation will continue as a going concern for its next fiscal year.

Part Two – Principles of Guidelines

Principle 1 - Leadership

The board should exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity for the corporation and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility.

Every business enterprise should be headed by an effective board which can both lead and control the corporation, comprising non-executive directors and executive directors. The concept of a unitary board, constituting executive directors with their intimate knowledge of the business and independent non-executive directors who can bring a broader view to the corporation's activities, is the favoured board structure. Management of the business risk and the exercise of commercial judgment on behalf of the corporation can be positively enhanced by this mutual association and exchange of business experience and knowledge for the benefit of the corporation. The board should, preferably, be balanced as between executive and non-executive directors. The actual proportion will depend on the circumstances and business of each enterprise, and may well be influenced by local law and regulations.

The firm and objective leadership of a Chairman, preferably non-executive, who accepts the duties and responsibilities which the post entails, should provide the direction necessary for an effective board. The board should strive to focus on "performance" in directing the commercial and economic fortunes of the corporation, and not only concentrate on issues of "conformance". The board, under an effective Chairman, must be in a position to ensure a balance between enterprise and control in the direction it gives to the corporation.

The fundamental responsibility of each board is to improve the economic and commercial prosperity of the corporation – regardless of whether it is a private sector or state-owned enterprise. Each director should be diligent in discharging his or her duties to the corporation, endeavour to regularly attend meetings and must acquire a broad knowledge of the business of the corporation so that they can provide meaningful direction to it. Equally, every director should be aware and conversant with the statutory and regulatory requirements affecting the direction of the corporation and thereby of the society in which it operates.

Principle 2 – Board Appointments

The board should ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process.

The board should be composed of people of integrity who can bring a blend of knowledge, skills, objectivity, experience and commitment to the board which should be led by a capable Chairman who brings out the best in each director. Crucial to this, is having a proper director selection process to avoid the propensity for "cronyism" and "tokenism". The selection process must be managed by asking what skills are needed on the board to add value to the processes of the board in the context of the business of the corporation. Consequently, the composition of the board should be planned with strategic considerations and objectives of the corporation in mind.

New directors should be familiarised with the corporation's operations, senior management and its business environment and be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the board's expectations. If new directors have no board experience, they should receive training in their unaccustomed responsibility which carries with it significant personal liabilities.

The board, as a whole, should be involved in the selection of directors. Ultimately the shareholders, as owners of the capital of the corporation, have the jurisdiction and discretion to appoint or remove directors but this should always be done through a transparent process at properly constituted meetings.

Principle 3 – Strategy and Values

The board should determine the corporation's purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives, and ensure that procedures and practices are in place that protect the corporation's assets and reputation.

The primary role of the board is to define the purpose of the corporation (that is, its strategic intent and objectives as a business enterprise) and its values (that is, its organisational behaviour and norms to achieve its purpose). Both the purpose and the values should be clear, concise and achievable.

The board should be able to exercise objective judgment on the corporate affairs of the business enterprise, independent from management but with sufficient management information to enable a proper and objective assessment to be made by the directors. The board should guide and set the pace for the corporation's current operations and future developments. The board should regularly review and evaluate the present and future strengths, weaknesses and opportunities of and threats to the corporation. Comparisons with competitors, locally and internationally, and best practice are important elements of this process – especially in the new era of the global economy and electronic information.

The board should promote a culture that supports enterprise and innovation, with appropriate short and long term performance-related rewards that are fair and achievable in motivating management and employees effectively and productively. It is imperative that the board seeks to drive the business enterprise proficiently through proper and considered decision-making processes, and recognises entrepreneurial endeavour amongst its management without contravening laws and regulations.

The board, having agreed the purpose and values of the corporation, needs also to identify the corporation's external and internal stakeholders (see *Principle 8* for more detail). The board should monitor management's implementation of the corporation's strategic and financial objectives, and the application by management of its policies towards the corporation's shareholders and other stakeholders.

As part of these processes, the board should on a regular basis monitor the corporation to determine that the corporate governance framework in the organisation remains valid and consistent with its strategy and values.

Principle 4 – Company Performance

The board should monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans.

The board should define its own levels of materiality, reserving specific powers to itself and delegating other matters with the necessary authority to management. The implementation of these strategies, policies, mutually agreed management performance criteria and business plans must be monitored and evaluated to ensure that they remain relevant and dynamic.

The board must ensure that internal control procedures provide reliable and valid information for this monitoring and evaluation process. These control procedures and systems of reporting must be appropriately resourced and should be reviewed regularly. Internal controls include not only financial matters but also operational and compliance controls and management of business risk associated with the corporation. See *Principle 10* for more detail on a formal internal audit process necessary to provide these assurances.

The strategies, policies, mutually agreed management performance criteria and business plans of the corporation must be clearly defined and measurable in a manner which is precise and tangible, both to the board and management. Each aspect requires a comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, and should be obtained from the corporation's own internal reporting systems as well as external sources so that an informed assessment can be made of all issues facing the board and the corporation in monitoring and evaluating the implementation of these objectives. It is within this context that the corporation's governance structures (see *Principle 3* above) should be monitored with constant vigilance to ensure that the business enterprise operates in a manner resulting in enhanced governance.

Principle 5 - Compliance

The board should ensure that the corporation complies with all relevant laws, regulations and codes of best business practice.

Directors, at all times, have a duty and responsibility to act honestly and with due diligence and care in their business dealings and to ensure that the corporation epitomises this in all that it undertakes and at every level of the organisation. Each director must comply with the law and associated regulations, and has a responsibility to ensure that the corporation and its employees do likewise.

While the board is accountable to the shareholders of the corporation as the owners of its capital, society expects a corporation to act responsibly in regard to aspects concerning its broader constituency such as the environment, health and safety, employee relations, equal opportunity for all employees, the effect of anti-competitive practices, ethical consumer conduct, etc.

Principle 6 - Communication

The board should ensure that the corporation communicates with shareholders and other stakeholders effectively.

Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management to enable them to make informed investment decisions. Insufficient or unclear information will affect confidence in the corporation, its board and management and may result in the increase of the cost of capital to the corporation and hamper efficient allocation of resources. Effective communication and disclosure will also help improve public understanding of the structure and objectives of the business enterprise, its corporate policies, and relationships with its shareholders and other stakeholders.

The board should ensure that all communications with shareholders, employees and other relevant stakeholders are timely and accurate. Communication should be understandable and based on the guidelines of openness, with substance prevailing over form. The information provided should be reliable, frank and robust in times of crisis. The communication must enable the reader to evaluate the situation with all the facts in order to take appropriate action.

Obviously, in many circumstances, the requirements for communication with shareholders will be prescribed by statute and/or regulation. Regardless of the effectiveness or otherwise of such regulations, directors nevertheless have a responsibility to ensure that a corporation's communication is in the spirit outlined. This is good corporate citizenship.

The board must recognise that communication will be most effective where it is treated as an on-going pro-active process. The board should ensure that long term strategic decisions are communicated not only to shareholders, but also to the stakeholders whose co-operation will be needed for the long term success of the strategy and thereby the corporation.

Directors must not disclose price sensitive confidential information, unless that disclosure has been authorised by the board of the corporation and such disclosure is made public. Neither the board as a whole, nor individual directors, must knowingly or recklessly disseminate false or misleading information.

Principle 7 – Accountability to Shareholders

The board should serve the legitimate interests of the shareholders of the corporation and account to them fully.

The board should endeavour to ensure that the business enterprise is financially viable and properly managed, so as to protect and enhance the interests of the corporation and its shareholders over time. The board should seek to understand the expectations of shareholders and endeavour to fulfil those expectations when deciding upon the best interests of the corporation. The board should always ensure that all shareholders are treated fairly and provided with appropriate information on an equal basis, irrespective of the significance or otherwise of their interest in the corporation. The board should act in

the context that its shareholders, certainly in the case of publicly quoted corporations, are constantly changing. Consequently, decisions should consider the interests of future shareholders as well.

The personal interests of a director, or persons closely associated with the director, must not take precedence over those of the corporation and its shareholders. A director should avoid conflicts of interests. Full and timely disclosure of any conflict, or potential conflict, must be made known to the board. Where an actual or potential conflict does arise, a director should at least refrain from participating in the debate and/or voting on the matter. In the extreme case of continuing material conflict of interest, the director should consider resigning from the board. Any director who is appointed to a board at the instigation of a party with a substantial interest in the corporation, such as a major shareholder or a substantial creditor, should recognise the potential for a conflict of interests and accept that their primary responsibility is to always act in the interests of the corporation.

Directors must not make improper use of information acquired by them in their position as a director. This prohibition applies irrespective of whether or not the director, or any person closely associated with them, would gain directly or indirectly a personal advantage or whether or not the corporation would be harmed – this is as applicable to state-owned enterprises as it is to private sector enterprises. Likewise, a director should not obtain, attempt to obtain, or accept any bribe, secret commission or illegal inducement of any sort and this should be actively discouraged throughout the corporation with appropriate sanction where it is found to have taken place.

In matters of remuneration, the board should set and implement a remuneration policy that creates a reward system to recruit, retain and motivate high quality executive directors.

With reference to the issue of communication with shareholders, and other relevant stakeholders, see *Principle 6*.

Principle 8 – Relationships with Stakeholders

The board should identify the corporation's internal and external stakeholders and agree a policy, or policies, determining how the corporation should relate to them.

Good governance ensures that constituencies with a relevant interest in the corporation's business are taken into account. Corporations do not act independently from the societies in which they operate and, therefore, a business enterprise's corporate actions must be compatible with legitimate societal issues pertinent to its location of activities. The competitiveness and ultimate success of a corporation is dependent on a range of different resource providers including investors, employees, creditors, suppliers, etc.

Hence, the board must take into account stakeholders who may have a direct or indirect interest in the achievement of the economic objectives of the corporation. The board should promote goodwill and a reciprocal relationship with these parties, and be prepared to outline a policy or policies determining and regulating its conduct and relationships with stakeholders identified as having a legitimate interest in the activities of the corporation – whether by way of contractual relationships or as a consequence of the impact of its activities.

The board should recognise that its relationship and communication with interested parties now takes place in a society that demands greater transparency.

It is important to reiterate that while the board remains accountable to its shareholders, it has a responsibility to develop relationships with other relevant stakeholders. This is the modern inclusive approach to directing the fortunes of a business enterprise.

Principle 9 – Balance of Powers

The board should ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is, inter alia, usually reflected by separating the roles of the chief executive officer and Chairman, and by having a balance between executive and non-executive directors.

Effective boards should have a good balance of well-chosen, competent directors who under the Chairman's leadership will shape a strategy for the future of the corporation and direct its interests to ensure profitable performance and sustainable growth over the longer term. Given the importance of the Chairman's role in leading the board, it is recommended to separate this role from that of the chief executive officer. Where the roles of the Chairman and chief executive officer are combined, it is important to ensure that the non-executive directors are of sufficient calibre to bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct and evaluation of performance. Courage, wisdom and independence should be the hallmark of any non-executive director, so that he or she acts in the best interests of the corporation.

The board should allow every director to play a full and constructive role in its affairs. A director should be prepared and able, where necessary, to express disagreement with colleagues on the board – including the Chairman and chief executive officer.

If a director is in doubt as to whether a proposed course of action is consistent with his or her fiduciary duties and responsibilities, then the course of action should rather not be supported. Independent professional advice should be sought as soon as possible to clarify the position of the director concerned. When a director concludes that he or she is unable to acquiesce in a decision of the board, and all reasonable steps have been taken to resolve the issue, the director should rather accept that resignation or dismissal is a better alternative than acquiescence. Consideration should be given to informing shareholders of instances where a director's resignation or dismissal relates to a policy disagreement of the nature described, as they have the ultimate discretion and jurisdiction in the appointment and dismissal of directors and should be aware of an honest account of any such disagreements between directors.

It should always be remembered that as shareholders are responsible ultimately for electing board members, it is in their interests that the board is properly constituted and not dominated by an individual or group of individuals. However, in practice the board as a whole usually plays a major role in selecting its own members and should accordingly plan for its own continuity and succession.

To remain effective, the board should select, appoint, induct and develop or remove board members as necessary from time to time. Incompetent or unsuitable directors should be removed, taking relevant legal and other matters into consideration. In practice, the Chairman will usually play a lead part in such issues.

Non-executive directors, desirably, should be free from any business or other relationship which could interfere materially with the exercise of their independent judgment (see also *Principle 7*).

Principle 10 – Internal Procedures

The board should regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

It is good practice for boards to create and maintain relevant board committees and to determine their terms of reference, life span, role and function. In doing so, the board should establish, maintain and develop appropriate reporting procedures and proper written mandates or charters for committees such as the executive or management committee which usually oversees the day-to-day implementation of board policy and decisions, the remuneration committee which reviews executive and top management remuneration arrangements, the environmental committee where the corporation's operations warrant such a committee, and the audit committee which reviews amongst other things the internal audit function.

The board should determine a policy for the frequency, purpose, conduct and duration of its meetings and those of its committees. It should also adopt efficient and timely methods for informing and briefing board members prior to meetings. The information needs of the board should be well defined and regularly monitored. Each board member has a responsibility to be satisfied that, objectively, they have been furnished with all the material facts before making a decision.

The board should implement a formal internal audit function. An audit committee should be established to keep under review the scope and effectiveness of the audit (both internal and external) and its relative cost efficiencies. The board should make sure that access between itself and the corporation's internal and external auditors is open and constructive. It should be satisfied that the scope of the audit is adequate, and that management and the internal auditors have co-operated fully. This aspect, while perhaps erring more on the detail than the principle, is critical to assuring the board of the efficacy of a corporation's internal systems of control and financial reporting. However, for all practical purposes, the establishment of an internal audit process may not necessarily be capable of implementation in many of the Commonwealth countries. As with a number of the principles set out in these Guidelines, it is nonetheless an objective to which all business enterprises should aspire in the fullness of time and development of the corporation.

Principle 11 – Board Performance Assessment

The board should regularly assess its performance and effectiveness as a whole, and that of the individual directors, including the chief executive officer.

The board should examine regularly the impact of the effectiveness of its directors – collectively and individually. It should set and achieve objectives for continuous improvement in the quality and effectiveness of the board's performance, including performance in a crisis. The board should review regularly the degree to which its objectives are achieved and the quality of the board's decisions.

In order to maximise the efficiency and effectiveness of the board's work, each individual director's performance should be monitored and appraised on an annual basis. Training opportunities for existing and potential directors should be identified and appropriate development undertaken.

The Chairman, whose role is crucial in ensuring that the board is properly led, is responsible primarily for the working of the board and for ensuring that all relevant issues are on the agenda and that all available information on an issue is before the board. The Chairman should also ensure that all directors are suitably enabled and encouraged to play a full role in the board's activities. Given this pivotal role, the other members of the board should ensure that the Chairman's effectiveness is also appraised annually. In practice, non-executive directors may take a lead role in this appraisal process.

The performance of the chief executive officer, whose principal function is to lead the corporation on a day-to-day basis, should be appraised annually. In practice, the Chairman may take a lead role in this process.

The evaluation of the board should be based on objective and tangible criteria, including the performance of the corporation, accomplishment of long-term strategic objectives and the development of management, etc.

Every director should keep abreast of both practical and theoretical developments in the corporation's direction to ensure that his or her expertise is constantly relevant to the corporation. Continuous and rapid change is now the norm in business, and it is the responsibility of each director to continually and systematically add to their knowledge and expertise in a way which will substantively contribute to the success and prosperity of the business enterprise.

Principle 12 – Management Appointments and Development

The board should appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management.

One of the board's important responsibilities is the appointment of the chief executive officer. The board should participate, with its chief executive officer, in the appointment of senior management. After all, the board must have confidence in the management to implement its strategies, plans and policies. In this regard, the board owes its duty to the corporation and is thereby accountable to the owners of the corporation's capital (shareholders) for the performance of the business enterprise.

The board must ensure, where necessary, that the corporation's intrinsic intellectual capital is protected by way of trade and employment restraints, copyright, confidentiality undertakings, etc. While this, again, may be considered to extend beyond mere principle to detail, this aspect serves as an example of issues inherent to the success of the corporation. It emphasises the importance with which the board should consider all of the corporation's inherent assets, with particular relevance to its human resources and their development generally in the business enterprise.

Training is an essential part of most businesses today. Where it is needed, the board should ensure not only that it is adequate and relevant but that it will result in the corporation remaining competitive and effective. With the modern emphasis on human resource utilisation, succession planning of senior management is an important board responsibility.

The board should also monitor management and staff morale generally.

Principle 13 - Technology

The board should ensure that technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor.

The development of electronic information and technology in the 20th Century has been significant, and the advances in the next millennium are anticipated to be momentous. Competitive advantages may well be derived by a corporation's strategy regarding its use of information technology, and technology generally be it electronic or otherwise, in the efficient utilisation of its assets and processes.

Consequently, a board has the responsibility to ensure that its management information systems, internal controls and technology relevant to the corporation's business are not only updated so that the corporation remains competitive but are of such a nature that they can cope with the planned strategy of the business enterprise in an increasingly competitive world without barriers.

Principle 14 – Risk Management

The board must identify key risk areas and key performance indicators of the business enterprise and monitor these factors.

If its strategies and objectives are to have any relevance, the board must understand and fully appreciate the business risk issues and key performance indicators affecting the ability of the corporation to achieve its purpose. Generating economic profit so as to enhance shareholder value in the long term, by competing effectively, is the primary objective of a corporation and its board. The framework of good corporate governance practices in a corporation must be designed with this objective in mind, while fulfilling broader economic, social and other objectives in the environment and circumstances in which the corporation operates.

These factors – business risk and key performance indicators - should be benchmarked against industry norms and best practice, so that the corporation's performance can be effectively evaluated. Once established, these indicators must be constantly monitored by the board. Management must ensure that they fully and accurately report on them to the satisfaction of the board.

The board, as emphasised throughout, has a critical role to play in ensuring that the business enterprise is directed towards achieving its primary economic objectives of profit and growth. It must, therefore, fully appreciate the key performance indicators of the corporation and respond to key risk areas when it deems it necessary to assure the long-term sustainable development of the corporation.

Principle 15 – Annual Review of Future Solvency

The board must ensure annually that the corporation will continue as a going concern for its next fiscal year.

The intent behind this principle is not that a corporation continues in perpetuity but to have a process in place which will prompt directors to act expeditiously when it is believed that the business may no longer be a going concern.

It is the responsibility of the board, all things being equal at the time the financial statements and annual audit have been completed and reviewed, to satisfy itself that the corporation will continue as a going concern in its next fiscal year. Any conclusion arrived at by the board that the corporation will continue as a going concern should result from the evaluation by the board of objective criteria. The conclusion should be reported in the financial statements for the benefit of the shareholders, but also be communicated as appropriate to the corporation's other relevant stakeholders.

The losses through company failures are felt not only by shareholders – employees lose their jobs, their families lose their livelihood, the consumers lose choice of products, the suppliers lose customers, and the whole economy of a country may possibly suffer as a consequence. The modern approach is to deal with failing corporations pro-actively, rather than reactively. Every corporation saved from failure preserves precious jobs and sustains the economy. The role of the auditors in ensuring that international standards of accounting and reporting are adhered to by corporations is a fundamental element of this principle.

World-wide the approach is now to rescue and turn around a failing business enterprise, rather than to liquidate and wind it up. It is important, however, for the board to recognise factors and issues – both internally and externally – which may lead to the failure of the corporation and take responsibility for initiating measures likely to sustain its ongoing economic existence. In short, managing the corporation back to health is preferred to liquidation and the choice of resuscitation of a business enterprise should be preferred to bankruptcy.

Part Three – Other Corporate Governance Issues

Corporate Governance and State Enterprises in the Commonwealth

A predominant feature of the Commonwealth is the preponderance of state-owned enterprises or business enterprises in which the state has a significant commercial or other material interest. This is particularly relevant to those Commonwealth countries loosely categorised as emerging or transition economies.

In an era of privatisation of such enterprises, usually as part of some form of structural economic adjustment programme, the issue of corporate governance practices has been highlighted. Many of the inherent conflicts and problems associated with the corporate governance debate have been found to occur in such business enterprises – whether pre and/or post privatisation. A particular difficulty has been the apparent lack of independence of state enterprise boards, as appointments are often associated with political influences and cronyism. It would be pertinent to observe that this has not necessarily been the exclusive domain of state enterprises alone. Similar excesses in the private sector gave rise to demands for action in the 1980s in the OECD countries and, again, in the latter part of the 1990s following the Asian crisis.

The independence of directors and boards of state enterprises, in their various forms, in many emerging and transition economies remains a challenge – not only for the directors themselves but also for those with whom such enterprises contract. A particular difficulty is the shortage of skills and lack of familiarity with board functions and fiduciary responsibilities. The lack of enforcement of existing regulatory measures, whether outdated or not, has contributed to poor corporate governance practices.

What has not always been readily recognised has been the economic costs of inefficient management practices associated with state assets, arising from typical corporate governance issues of responsibility and accountability. According to World Bank estimates, losses in public enterprises through inefficient and inappropriate use of state assets in the lowest income countries are between 8% and 12% of GDP – often amounting to more than is spent on health and education in those countries. The inevitable restructuring associated with privatisation programmes has, in consequence, often imposed the burden of further economic and social costs that could otherwise have been avoided. Raising standards of competence and efficiency, especially in the poorest countries with scarce resources and great social need is imperative if they are to compete or even participate in the so-called “global economy”.

The Commonwealth has recognised the importance of drawing state enterprises into the corporate governance fold for the following reasons:

- While the conventional fiduciary relationships between shareholder and the board (as found in the private sector) do not necessarily apply, directors of state enterprises nevertheless owe a fiduciary responsibility to account to a country's taxpayers and the communities which such enterprises serve for the efficient utilisation of state-owned assets:
 - ❑ *The taxpayers*, for the proper utilisation of their taxes.
 - ❑ *The communities*, for the efficient delivery of services in expectation of the payment of taxes and other fiscal charges, e.g. power, water, telecommunications, roads, etc.
- In emerging and transition economies, the main or substantive commercial activity usually rests with the state enterprises. These enterprises often constitute the primary (and sometimes only) customer or supplier on whom an emergent private sector activity may depend. With the emphasis on encouraging the development of small, micro and medium enterprises, this has significant economic consequences. The conduct and efficacy of state enterprises can, therefore, act as a “driver” of good corporate governance practices in ensuring that this permeates through to an emergent private sector.

The CACG has found a unanimous demand for the inclusion of state enterprises within the corporate governance initiatives motivated under its national policy workshop programme. Indeed, many of these programmes have been conducted in liaison with a country's government privatisation agency. It would be instructive to note that this point of view has been derived not only from national policy workshops that

to date have already covered some 16 countries in the past two years, but has also been obtained from other conferences and forums comprising over 45 countries exposed to this debate. These views represent not only the developing countries in the Commonwealth but, in addition, the developed economies – corporate governance is already deeply embedded in the New Zealand state enterprises and public sector boards, while the Commonwealth Secretariat has been requested to participate in a Canadian public sector research organisation undertaking an enquiry into corporate governance issues associated with state corporations in Canada. In South Africa, for example, corporate governance has been recognised as a fundamental objective for the efficient utilisation and management of state-owned assets. Allied to this are the requirements of *Reporting by Public Enterprises* legislation governing financial reporting by South African state enterprises. It would be instructive to note that, within this context, South Africa's electricity utility Eskom was publicly recognised as the leading practitioner in South Africa in 1997 for its corporate governance practices and procedures in a national competition comprising some of the major stock exchange-listed South African companies. Other such enterprises and non-governmental agencies have been similarly recognised,

Given the diversity of state enterprises by virtue of the many industries and economic activities in which they are to be found in the Commonwealth, and having regard to the particular characteristics and stages of economic development to be found in countries comprising the Commonwealth, there is obviously no single or uniform model of corporate governance that could or should be recommended for such enterprises. However, the CACG in conjunction with the Commonwealth Secretariat has identified the role of state enterprises in the effective application of corporate governance practices as a critical element and one which requires considerable focus and attention.

Business Ethics and Corruption

The CACG advocates that business enterprises should respond to a range of interests beyond their shareholders, in respect of ensuring that its activities and conduct are not detrimental to the legitimate concerns of other stakeholders with whom a corporation may have direct or indirect relationships. As previously emphasised, this does not remove the imperative that the board shall remain accountable to the owners of the capital of the corporation (shareholders).

It is acknowledged that there is an argument which suggests that corporations which are properly managed and controlled by directors with long-term vision and purpose will, in their own enlightened self interest, ensure that they take proper account of these wider objectives. Increasing importance is now rightly attached by corporations to their dependence on corporate reputation for commercial success, reiterated by increasing scrutiny from regulators, the press, pressure groups, labour unions, employees, communities in which they operate, etc.

In this regard, most contracts concluded by corporations involve mutual rights and obligations. This involves trust and the responsibility of management to ensure that the conduct of the corporation, internally and externally, is based on enterprise and integrity. The fiduciary duties and responsibilities of directors should, at all times, remain paramount. All stakeholders with a link to the corporation should feel confident that their dealings with the corporation are undertaken with honesty, openness and fairness. It is advocated that one of the responsibilities of directors of any business enterprise – whether private, public, family owned or state-owned – should be to determine the moral and ethical climate of the business. This can take many forms, normally documented and widely disseminated in the organisation, but at the end of the day the conduct of the directors in their dealings both within the corporation and outside will set the example by which others will follow!

Ethics is an aspirational objective, and should represent the intrinsic cultural values of the society in which a corporation operates as well as the behaviour expected of the corporation in all its dealings with shareholders and other stakeholders generally. Where a corporation sees fit to codify ethical conduct, such guidelines should be succinct but sufficiently detailed to give a clear direction to the behaviour of those to whom it is directed. Ethical practices and issues are both complex and vexed. No single or universal model can be defined or prescribed, other than to emphasise the significant importance with which this issue is viewed not only by the CACG but also international institutional investors and other significant interested parties. A typical template setting out ethical conduct issues, which was prepared as an appendice to the *King Report on Corporate Governance*, has been reproduced and accompanies these CACG Guidelines.

While difficult to quantify in precise economic terms, the impact of bribery and corruption on countries, communities and business enterprises has been devastating. Given the many and subtle forms that this may take, it has been estimated by the Asian Development Bank that losses due to corruption can total more than a country's foreign debt in lost revenues and additional costs for goods and services. The reciprocal approach of developed and advanced economies in discouraging and/or prohibiting corrupt practices has to play an equal part in removing this scourge in the emerging and transition economies. Any form of corruption, whether through improper paying or receiving of benefits, is not to be tolerated.

Role of Professions in the Commonwealth

An important aspect of corporate governance is, in the opinion of the CACG, the role of the professions. While bodies such as the CACG can make recommendations and participate in training programmes for directors and managers of corporations, the reinforcement of corporate governance practices often rests with the professions in the form of regulatory reporting and the basis of professional advice rendered to corporations.

Accordingly, the development of new capacities, including the establishment of professional institutions where these do not presently exist or have fallen dormant, in emerging and transition economies requires some degree of focus. The conduct of professions in these economies must, by definition, determine the behaviour and conduct of business enterprises. The CACG would prevail on the professions – accountants, corporate secretaries, lawyers, directors, etc. – and particularly those with international affiliations, to contemplate the measures by which they can contribute in practical terms to good corporate governance practices in Commonwealth countries in which they are engaged (whether by direct representation or indirectly through professional affiliation).

Given the emphasis of the 15 Principles in the CACG Guidelines, it is now essential that directorship be regarded as a professional role for which incumbents must be trained and qualified. Some countries now insist that no person should be a member of the board of a stock exchange-listed or state-owned corporation without formal training, while some countries have instituted the status of “chartered” director gained only through a combination of formal examination and minimum experience. In the complex environment of the global economy and with the many, and varied, demands placed on boards it is no longer sufficient for directors to simply regard their position as honorific with no special duties or responsibilities. It can only be reiterated that the role of the director is an onerous task with significant responsibility and personal liability.

Other Issues

There are undoubtedly numerous other issues of corporate governance that could be considered within the context of that already covered in this document. However, the purpose of the CACG Guidelines is to identify those areas and aspects of corporate governance which currently predominate the Commonwealth and it is not intended nor necessarily desirable to provide a detailed exposition on the many other issues that may be peculiar to any particular country or business enterprise. As mentioned in the preamble, corporate governance is a dynamic and evolutionary process. Thus, the CACG Guidelines have been designed to be flexible and responsive to developments that may in the future incorporate other issues not specifically covered in this document.

In a number of countries, issues specific to the environment, health and safety, equal opportunity, worker participation on boards and associated consultative processes, have been defined by legislation or other regulation. Accordingly, the CACG does not necessarily propagate a particular position or stance on these issues but instead offers to co-ordinate or source access to such issues and/or developments through its network and affiliations in the Commonwealth and with other bodies by way of exchange of information and mutual experience. It is in this regard, that the CACG's involvement with the World Bank's *Global Corporate Governance Forum* should prove mutually beneficial.

Part Four – Summaries of National Codes in the Commonwealth

Corporate Practices and Conduct (Bosch Report) Australia

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>For annual reporting periods ending on or after 30 June 1996, a statement of the main corporate governance practices that the company has had in place during the reporting period must be issued. Where no statement identifies a corporate governance practice that has been in place for only part of the reporting period, the part of the period for which it has been in place must be disclosed.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Directors should ensure the company is properly managed to protect and enhance shareholder value and to meet the company's obligations to shareholders, to the industry and to the law.
Mission and responsibility	<ul style="list-style-type: none"> • Non-executive directors should provide independent viewpoints and assistance to executive directors. • Directors possess an ethical obligation to ensure that their behaviour adheres to a specific code of good conduct which deals with their interactions with each other, with customers, consumers of their products, employees and to the exterior environment in general. • Honest dissent should be considered by directors as a significant privilege by which to serve the company and directors should not refrain from it if they feel this is in the best interests of the company; resignation may be considered as the ultimate form of dissent. • Directors stand under a duty not to disclose confidential or otherwise damaging information which may be harmful to the company and are also bound under Australian laws which pertain to defamation, malice and insider trading, in the event of dissent and resignation.
Election	Board directors' succession is specifically a board responsibility.
Orientation and Training	Responsibilities of training board candidates falls upon the board in general and should follow a defined procedure.
Access to Information	All directors, including non-executive directors, must have full access to all relevant information.
Disclosure of Director Biographical Information	Not covered.
Size	The nomination committee should devise criteria for board size.
Multiple Board Seats	Not covered.
Chairman and CEO	<ul style="list-style-type: none"> • The two roles should be separate except in "special circumstances" which may include wholly-owned subsidiaries of overseas parents, massive restructuring or other major challenges which justify a temporary merger of the roles and for small companies who cannot afford the cost of separating the two roles. • Where the roles are combined, the company should consider the appointment of an independent non-executive director as deputy Chairman.

Composition	<ul style="list-style-type: none"> Two categories of directors are recognised: executives, who are employees, and non-executives, who bring independent and special professionalism to the board, but who are not employees. A majority of the board should be non-executives and at least one third of the board should be independent.
Independence	<ul style="list-style-type: none"> Non-executive directors may possess some professional association with the company or with principle shareholders but not possess any external influence that may detract from them acting in the interests of all shareholders. Non-executive directors' independence is more likely assured if the candidate is not a substantial shareholder, has not previously been employed as a director, is not retained as a professional adviser or has no significant contractual relationship with the company. In order to ensure director independence of action, all directors must enjoy unrestricted access to company records and information and be able to consult external sources of information at the company's expense. Directors may not have conflicts between their own interests and those of the company, and must remain independent of judgment and ensure total disclosure to the appropriate stock exchange. Nominee directors appointed to the board represent specific constituent issues; they may not be considered independent on these issues. Alternate directors are bound by law as acting directors in the stead of their appointors and therefore exercise all independence of their appointors.
Committees	<ul style="list-style-type: none"> Nomination, remuneration and audit committees should have a majority of independent non-executive directors identified under written terms of reference. Being staffed essentially by non-executive directors, all committees must be free to act independently of company management. Committee memberships should be disclosed in the annual report.
<ul style="list-style-type: none"> General 	Not covered.
<ul style="list-style-type: none"> Audit Committee 	<ul style="list-style-type: none"> Each listed company board of more than four members should appoint an audit committee with at least a majority of non-executive directors, preferably independent, with written terms of reference. The audit committee must have unrestricted access to CFO, CEO, and internal and external auditors. This committee may recommend an audit firm for shareholder endorsement and it serves as liaison with external auditors for purposes of audit quality, effectiveness, interaction with internal auditors, risk assessment, communication with management and external auditors resignation situations.
<ul style="list-style-type: none"> Governance Committee 	Not covered.
<ul style="list-style-type: none"> Nomination Committee 	The nomination committee should have written terms of reference which describe responsibilities of its members, which should include nomination of candidates to the board and assessing performance of the CEO, of the board as a whole and of individual directors.
<ul style="list-style-type: none"> Remuneration Committee 	Remuneration committees should have at least a majority of independent, non-executive directors with written terms of reference.
<ul style="list-style-type: none"> Other 	Not covered.

Board Meetings	Not covered.
Performance	In addition to their official duties, all directors are bound by a code of conduct by which they serve the company as models to their subordinates.
Term Limits	Three year renewable terms are recommended.
Age Limits	Not covered.
Liability	In as much as it is stated that power without accountability is dangerous, some degree of director liability should be considered as good practice.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.
Composition of remuneration	Not covered.
Contracts and compensation	The remuneration committee should monitor the compensation and service contracts of senior executives.
Procedure for determination	No director should have any say in the determination of his or her remuneration; determination of incentive and other schemes fall to the remuneration committee.
Disclosure	All material benefits received by all directors should be disclosed in the annual report.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Voting responsibility increases with size of shareholding and shareholders should ensure that they are aware of the issues and consequences.
Management-shareholder communication	It is the board's responsibility to ensure open and regular lines of communication with shareholders.
Evaluation of governance disclosures	<ul style="list-style-type: none"> • Committee membership, auditor competence, director election, among others, should serve as the focus of shareholder interest. • Price-sensitive information should be considered inappropriate for shareholders where not publicly available.
General Meetings	Not covered.
Shareholder resolutions	Not covered.

Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	The audit committee is responsible for reporting directly to the board on all issues of significant financial transactions that are not normal company business.
Transparency	Not covered.
Disclosure of financial information	Not covered.
Internal Control	The audit committee should be aware of their responsibility for internal controls.
Accounting Standards	The audit committee is responsible for reporting to the board on all issues regarding its operating or contemplated standards of accounting.
Auditor Independence	The company's auditors should enjoy full access to the board and non-executive directors.
Auditor's Liability	Not covered.
<u>STAKEHOLDER</u>	
Definition	Not covered.
Communication	Included in the board's function is ensuring that the company has in place a policy that enables it to communicate effectively with its shareholders, other stakeholders and the public generally.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	A suggested element of the Code of Conduct is a section on employment practices which may include reference to equality of employment opportunity.
<u>ETHICS</u>	<ul style="list-style-type: none"> • A company should make its own Code of Ethics endorsed by the board of directors. • The Code of Ethics should be reviewed regularly, updated when necessary and communicated to and understood by all employees.
<u>SOURCE</u>	Bosch, Henry A.O., "Corporate Practices and Conduct." Third Edition, Information Australia: Melbourne, 1995.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**Toronto Stock Exchange Committee Report (Dey Report)
Canada**

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>The report sets forth guidelines and recommends the Toronto Stock Exchange (TSE) require listed companies incorporated in Canada or a province of Canada to disclose, on an annual basis, their approach to corporate governance with reference to the guidelines and an explanation of the differences between the companies' approach and the guidelines. The code does not recommend mandatory compliance: "... every corporation is unique and every corporation should bring its own approach to corporate governance."</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	<ul style="list-style-type: none"> • The board's principal objective is to enhance shareholder value. • Stakeholder interest must be addressed as separate from but in the best interests of those of shareholders.
Mission and responsibility	<ul style="list-style-type: none"> • The board should explicitly assume responsibility for the strategic planning process, identifying and managing risk, appointing, training and monitoring senior management, maintaining the company's communication policy and managing information systems. • By Canadian law, the board may not be considered involved in the management of day-to-day duties. • Directors are bound under the "statutory duty of care," which requires consistent action in the best interests of the corporation. • The relationship between the CEO and the board, along with respective responsibilities, should be formally defined.
Election	<ul style="list-style-type: none"> • The nomination committee should be charged with all issues of succession. • Specific criteria for selection need not be expressed in guidelines.
Orientation and Training	Orientation and education of newly elected directors are board responsibilities.
Access to Information	<ul style="list-style-type: none"> • Chairman holds responsibility for board directors' receipt of qualitative and quantitative information. • Individual directors should have access to an outside adviser at the expense of the company. The appointment of an outside adviser is subject to approval by the appropriate board committee.
Disclosure of Director Biographical Information	Not covered.
Size	<ul style="list-style-type: none"> • The board should examine size and judge whether size should be reduced to promote board effectiveness. • No specific number of director membership is ideal; ten to sixteen members is supported. • Effectiveness of any board tends to decrease when board size exceeds twenty members.
Multiple Board Seats	<ul style="list-style-type: none"> • A director on more than one board may encounter a conflict of interest as defined in corporate and securities law, which limits voting rights; conflict of interest has no effect upon a director's related or unrelated status. • Nominating committee should assign a maximum figure.

Chairman and CEO	Because board must be able to act independently of management, a separate Chairman and CEO is appropriate; when the roles are combined, the board must enact a system that ensures this independence.
Composition	<ul style="list-style-type: none"> • The board should include at least two executives. • Board composition should be of individuals with diverse backgrounds, but balanced against favouritism to specific constituencies.
Independence	<ul style="list-style-type: none"> • The majority of the board must be “unrelated,” i.e., independent of management and free from any interests that could interfere in its abilities to act in the interests of the corporation. If the company has a significant shareholder, the board should include a number of directors who do not have interests with the corporation or major shareholders who fairly reflect the investment by shareholders other than the significant shareholder. • The board decides who is “unrelated”; the board should annually disclose whether or not it consists of a majority of unrelated directors. • The primary director qualifier is both being capable of “exercising” and being “perceived as capable of exercising independent judgment”; this is a corporate requirement and an obligation under Canadian law. • Director independence signifies being independent of management and possessing the ability for independent judgment.
Committees	
<ul style="list-style-type: none"> • General 	<ul style="list-style-type: none"> • All board committees must be comprised of at least a majority of non-executive directors, a majority of whom are unrelated. • Some committees may contain inside directors, who are officers or employees of the corporation or an affiliate. • At least four committees: nominating, remuneration, governance and audit, should be considered typical; the board has the discretion to appoint other committees.
<ul style="list-style-type: none"> • Audit Committee 	Audit committees should be composed only of outside directors and should enjoy direct communication with both internal and external auditors.
<ul style="list-style-type: none"> • Governance Committee 	A governance committee should be established in each board whose primary responsibility would be to respond to these guidelines.
<ul style="list-style-type: none"> • Nomination Committee 	Nomination committee must consist exclusively of outside directors, a majority of whom are unrelated.
<ul style="list-style-type: none"> • Remuneration Committee 	Remuneration committee should be closely linked with human resource activities.
<ul style="list-style-type: none"> • Other 	Directors’ membership on an executive committee, if any, should be scheduled on a rotating basis.
Board Meetings	Not addressed.
Performance	The board should develop and implement a process for assessing the effectiveness of the board, committees and contributions of individual directors. This should be carried out via the nominating or other appropriate committee.
Term Limits	The nominating committee should assign term limits with the intention of ensuring the board of a recurring supply of fresh thinking.
Age Limits	Not covered.

Liability	<ul style="list-style-type: none"> • A balance between some, but not excessive, personal liability of directors should be reached. • Director and corporate liability should not be confused. • Director liability needs to be regulated and assessed by both internal factors, such as financial health, restructuring, committee membership, etc., as well as external factors, specifically legislation. • Indemnification of directors against personal liability cannot always be considered as viable in the Canadian environment.
<p><u>REMUNERATION</u></p> <p>Level of remuneration</p> <p>Composition of remuneration</p> <p>Contracts and compensation</p> <p>Procedure for determination</p> <p>Disclosure</p> <p>Shareholder involvement in determining remuneration</p> <p>Severance Payments</p>	<ul style="list-style-type: none"> • Director remuneration should be balanced between the level at which the position may lose significance for the director and that level at which the director may lose independence. • Compensation should accurately reflect responsibilities and risk involved in being an effective director. <p>Stock options are favoured as a component of remuneration.</p> <p>The nomination committee should determine the nature of directors' contracts.</p> <p>The provision of directors' remuneration should be measured so as to not restrict director independence and be based on criteria of risk and responsibility.</p> <p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p>
<p><u>ROLE OF SHAREHOLDERS</u></p> <p>Shareholder voting</p> <p>Management-shareholder communication</p> <p>Evaluation of governance disclosures</p> <p>General Meetings</p>	<ul style="list-style-type: none"> • A "significant shareholder" is defined as one who can exercise a majority of votes in the election of a director. • Constraints should be placed on abilities of any one shareholder to elect the board. • In the event of the existence of a significant shareholder, the board should annually report if it satisfies the requirement to fairly reflect the investment of minority shareholders. <ul style="list-style-type: none"> • Corporate information provided to a shareholder should not qualify as undisclosed material information. • All shareholders should have equal access to company information. <ul style="list-style-type: none"> • The effectiveness of corporate governance rests partly on quality of communication between shareholder and corporation. • Management and control of "timely and continuous" disclosure should hold a place on the board's policy agenda. <p>Not covered.</p>

Shareholder resolutions	Not covered.
Appointment of shareholder representatives	<ul style="list-style-type: none"> • Unrelated directors may simultaneously be shareholders. • Significant shareholders may have some effect upon board composition, in which case the board must establish a working system by which certain number of directors remain beyond the influence of that shareholder in order to maintain a balance.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Differentiation of liability between audited and unaudited financial releases should be respected.
Transparency	Not covered.
Internal Control	<ul style="list-style-type: none"> • In agreement with the Cadbury Report and Treadway Commission, all companies should report on the adequacy of internal controls of financial reporting and regulatory compliance. • The audit committee is responsible for management's reporting of internal control.
Accounting Standards	Not covered.
Auditor Independence	As the audit committee consists of outside directors, total independence of the audit process is a prerequisite for its function.
Auditor's Liability	Directors hold the final liability over the integrity of the audit; directors who are committee members should be measured against a different standard from those who are not.
<u>STAKEHOLDER</u>	
Definition	Shareholders and other stakeholders such as employees, customers, suppliers, creditors and communities.
Communication	A principal responsibility of the board is to ensure that the corporation has in place a policy to enable it to communicate effectively with its shareholders, other stakeholders and the public generally.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered
<u>ETHICS</u>	Not covered
<u>SOURCE</u>	Toronto Stock Exchange Committee on Corporate Governance in Canada, "Where were the Directors?", Toronto Stock Exchange: Toronto, December 1994.
<u>TABLE</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**Desirable Corporate Governance Code
India**

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>Recommendation that major Indian stock exchanges should gradually insist on a compliance certificate signed by the CEO and CFO.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	The board should have a core group of excellent, professionally acclaimed non-executive directors who understand their dual role: of appreciating the issues put forward by management, and of honestly discharging their fiduciary responsibilities to shareholders as well as creditors.
Mission and responsibility	See Accountability to shareholders/stakeholders above.
Election	If a director has not been present for fifty percent or more meetings, this should be stated in the resolution for re-appointing that member to the board.
Orientation and Training	Not covered.
Access to Information	Key information, including budgets, quarterly results, internal audit reports, labour problems, defaults, and issues involving public or product liability amongst others, must be reported to and placed before the board.
Disclosure of Director Biographical Information	Not covered.
Size	Not covered.
Multiple Board Seats	No single director should hold directorships in more than ten listed companies.
Chairman and CEO	Not covered.
Composition	Any listed company with a turnover of a stated amount and above should have professionally competent and acclaimed non-executive directors, who should constitute thirty percent of the board if the Chairman is a non-executive director or fifty percent if the Chairman and managing director is the same person.
Independence	Not covered.
Committees	
<ul style="list-style-type: none"> • General 	Not covered.
<ul style="list-style-type: none"> • Audit Committee 	<ul style="list-style-type: none"> • Listed companies with a turnover above a specified amount should set up audit committees. • Audit committee should consist of at least three members, all drawn from a company's non-executive directors with adequate knowledge of finance, accounts and basic elements of company law.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.

<ul style="list-style-type: none"> • Nomination Committee • Remuneration Committee • Other 	<p>Not covered.</p> <p>Possibly not necessary.</p> <p>Not covered.</p>
Board Meetings	A minimum of six times a year, preferably at intervals of two months and each meeting should have agenda items that require at least a day's discussion.
Performance	Not covered.
Term Limits	Not covered.
Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Most non-executive directors receive a sitting fee, which is limited to a specified amount.
Composition of remuneration	To secure better effort from non-executive directors, companies should: <ul style="list-style-type: none"> • Pay a commission over and above the sitting fees for the use of the professional inputs; • Consider offering stock options, so as to relate rewards to performance.
Contracts and compensation	Not covered.
Procedure for determination	Not covered.
Disclosure	A tabular form containing details of each director's remuneration and commission should form a part of the Directors' Report, in addition to the usual practice of having it as a note to the profit and loss account.
Shareholder involvement in determining remuneration	Non-executive directors must give a record of their attendance to shareholders.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Not covered.
Management-shareholder communication	Not covered.

Evaluation of governance disclosures	Not covered.
General Meetings	Not covered.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	<ul style="list-style-type: none"> Listed companies should give data on high and low monthly average of share prices in all exchanges where listed for the reporting year, statement on value added and greater detail on business segments. Consolidation of group accounts should be optional.
Transparency	Not covered.
Internal Control	Not covered.
Accounting Standards	The accounting policies and principles should conform to standard practice, and where they do not, disclosure must be made of any material departures.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.
<u>STAKEHOLDER</u>	
Definition	Not covered, but there is a section dealing with creditors' rights.
Communication	Not covered.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered – observation that Indian laws are sufficient to protect the interests of workers in the organised sector.
<u>ETHICS</u>	Not covered.
<u>SOURCE</u>	Confederation of Indian Industry (CII); "Desirable Corporate Governance – A Code" Final Report: India, April, 1998.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IIRC, Washington D.C. 1999.

The Malaysian Code on Corporate Governance Malaysia

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>All listed companies in respect of years ending after the implementation date of this report should state in the report and accounts how they have applied the principles set out in Part 1 of the Code and a statement of compliance in respect of the best practices set out in Part 2, identifying or giving reason for any areas of non-compliance. In this respect, boards are not expected to comment separately on each item of the Code with which they are complying, but areas of non-compliance will have to be dealt with individually.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	While directors as a board are responsible for relations with stakeholders, they are accountable to the shareholders. Directors must be scrupulous in identifying what they regard as the best interest of the company and its shareholders generally.
Mission and responsibility	The principal responsibilities of the board of directors are as follows: reviewing and adopting a strategic plan for the company, overseeing the conduct of the company's business aimed at ensuring proper management, identifying risks and implementation of systems that manage risk, succession planning including appointing, training, remuneration and replacement of senior management, developing systems for communications, handling of information and internal control.
Election	Procedures for appointments to the board should be formal and transparent; a list of directors for re-election should be provided to shareholders at every AGM.
Orientation and Training	<ul style="list-style-type: none"> • Under the High Level Finance Committee Report on Corporate Governance ("the Report") a formal training of new directors is to be made a pre-requisite to listing. A formal orientation training programme should be established by the board of directors to familiarise incoming new directors with information about the company's businesses, competitive posture and strategic plans and objectives. • Directors should receive further training from time to time particularly on relevant new laws and regulations and changing commercial risks.
Access to Information	<ul style="list-style-type: none"> • Directors should have unrestricted access to all company information, records, documents and property; and directors should enjoy the right to retain outside professional experts for counsel. • The board should receive information that goes beyond assessing the quantitative performance of the company and look at other performance factors such as customer satisfaction, market share, environmental performance and other non-quantitative issues.
Disclosure of Director Biographical Information	AGM notices should state which directors are standing for election or re-election along with descriptions of the candidates.
Size	The size of every company's board should be examined with a view to determining the impact of the number upon its effectiveness; in circumstances when a shareholder holds less than a majority but is still the largest shareholder, the board size should be adjusted to meet representational needs of the remaining shareholders.

Multiple Board Seats	There should be no maximum number of board seats for a director; the nominating committee should consider directors' external obligations in assessing suitability to the board.
Chairman and CEO	These roles should be separate; where they must be combined, a strong independent element on the board must exist and the decision to combine these roles must be publicly explained.
Composition	The board should include a balance of executive and non-executive directors such that no individual or group of individuals may dominate the board.
Independence	<ul style="list-style-type: none"> At least one-third of the board should be non-executives who are independent, which means independence from any controlling shareholders and independence from management; no fewer than two independent directors should sit on any board and the status of independent directors should exclude substantial shareholders; independent status on the board should be disclosed annually. Non-executive directors should be persons of calibre, credible and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct. Independent directors have the right to retain experts to advise them on problems arising at the company's expense provided that they reasonably believe the retention is required for proper performance of their functions and powers, and that the amount involved is reasonable.
Committees	
<ul style="list-style-type: none"> General 	Not covered.
<ul style="list-style-type: none"> Audit Committee 	<ul style="list-style-type: none"> The audit committee should consist of at least three non-executive directors, a majority of whom are independent. There should be an independent, non-executive Chairman and the finance director, head of internal audit and a representative of external auditors should normally attend meetings. The audit committee should have explicit authority to investigate any matter under its terms of reference, the resources it needs to do so and full access to information. The committee should be able to obtain external professional advice and to invite outsiders with relevant experience to attend meetings when necessary.
<ul style="list-style-type: none"> Governance Committee 	Not covered.
<ul style="list-style-type: none"> Nomination Committee 	The nominating committee should be comprised exclusively of non-executive directors with the responsibility for proposing new nominees for the board and for assessing directors on an ongoing basis. Actual nominations are the responsibility of the full board.
<ul style="list-style-type: none"> Remuneration Committee 	The remuneration committee should consist wholly or mainly of non-executive directors whose membership should appear in the directors' report; executive directors should have no say in decisions regarding their remuneration.
<ul style="list-style-type: none"> Other 	<ul style="list-style-type: none"> Other committees may be established but the board would need to state the limits of the committee's authority in acting on behalf of the board. A due diligence working group should be formed to oversee preparation of submissions to the Securities Commission.

Board Meetings	The board should meet regularly, with due notice of the issues to be discussed and should record its conclusions in discharging its duties and responsibilities; the board should disclose the number of meetings each year and the details of attendance of the meetings.
Performance	Through the nomination committee, the board should establish procedures for assessing the effectiveness of the board as a whole, along with contributions of individual directors.
Term Limits	All directors should be required to submit themselves for re-election at regular intervals and at least every three years.
Age Limits	Not covered.
Liability	Not covered in the Code but is covered elsewhere in the Report where it is recommended that directors should hold some level of liability to any parties that were injured as a result of the board's failure to comply with disclosure rules.
<u>REMUNERATION</u>	
Level of remuneration	Remuneration should be sufficient to retain executive directors who can run the company successfully and should be linked to performance; remuneration levels of non-executive directors should reflect experience and level of responsibilities undertaken by the particular non-executive director concerned.
Composition of remuneration	For executive directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance.
Contracts and compensation	Not covered.
Procedure for determination	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration package of individual directors. The determination of remuneration packages of non-executive directors should be a matter for the board as a whole. The individuals concerned should abstain from discussion of their own remuneration.
Disclosure	The annual report should contain details of the remuneration of each director.
Shareholder involvement in determining remuneration	Executive director remuneration is the responsibility of the remuneration committee; non-executive director remuneration is a matter for the board as a whole.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Institutional shareholders have a responsibility to make considered use of their votes. Local institutional shareholder associations should formulate guidelines for the development of a constructive relationship between the company and the owner.

Management-shareholder communication	<ul style="list-style-type: none"> • The AGM is the primary avenue of communication between shareholders and the board and the AGM environment, which in and of itself entails a whole area of best practice; issues regarding shareholder communication with the board should be left to individual companies, and voting by mail should be supported. • Boards must employ a communications policy that enables management to communicate effectively with shareholders, stakeholders and the general public. This policy must interpret the company's policies to its shareholders and must accommodate feedback from shareholders, which should be factored into the company's business decisions.
Evaluation of governance disclosures	<ul style="list-style-type: none"> • When evaluating companies' governance arrangements, particularly those relating to board structure and composition, institutional investors and their advisers should give due weight to all relevant factors drawn to their attention. • "Box ticking" is not recommended; rather, shareholders should show flexibility in the interpretation of the Code and should listen to directors' explanations and judge them on their merits.
General Meetings	<ul style="list-style-type: none"> • Notices of AGM meetings should include enough information for a reasonably prudent person to be able to decide if he or she should attend. • Periods of advance notice of AGMs should require a minimum of 21 days, and meeting summaries should be made available to all shareholders.
Shareholder resolutions	Respect for proxy solicitations comprise an area which may impose inordinate expenses upon the company; conclusions for these issues require investigation.
Appointment of shareholder representatives	Not covered in the Code but the Report recommends that significant shareholders of a certain shareholding threshold and above should be deemed directors.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Auditors' primary duty is to confirm that the board's financial reports are consistent with actual accounts and approve the overall integrity and probity of results; in the event that flaws in an audit have been detected, the audit committee should possess a procedure for investigation and reporting, primarily to the board, with options to bring the matter to the attention of the Kuala Lumpur Stock Exchange.
Transparency	The company should present a balanced and understandable assessment of its position and prospects to shareholders and financial regulators.
Internal Control	<ul style="list-style-type: none"> • Directors should be required to make statements regarding internal controls and auditors should be required to review this statement with directors privately. • Directors are required to report the status of any going concern and the auditors are required to report on this statement in their report.
Accounting Standards	Not covered in the Code but the Report recommends that the Malaysian Accounting Standards Board should take steps to harmonise financial reporting requirements with international standards.

Auditor Independence	<ul style="list-style-type: none"> • Auditors' objectivity and independence are considered priorities in their work, their fees for non-audit work should be disclosed, and audit partners should be periodically changed, without prejudice, to enhance fresh approaches to the audit work. • An auditor's removal, resignation or refusal to stand for re-election should be accompanied with explanations the company should be required to circulate among shareholders. • The audit committee should meet regularly and address agenda; details of these activities should be disclosed by the board and the board committee should meet with external auditors at least once a year without executive board members present. • External auditors should independently report publicly to shareholders regarding operational matters.
Auditor's Liability	Not covered in the Code but the Report states that auditors, as watchdogs, have a duty to report breaches of the law and fraud; therefore, they should be accorded protection in defamation lawsuits, etc., if they acted without malice.
<u>STAKEHOLDER</u>	
Definition	Not covered.
Communication	<ul style="list-style-type: none"> • One of the principal responsibilities of the board of directors is developing and implementing an investor relations programme or shareholder communication for the company. • Boards must maintain an effective communication policy that enables both the board and management to communicate effectively with its shareholders, stakeholders and the public generally.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered.
<u>ETHICS</u>	Not covered.
<u>SOURCE</u>	High Level Finance Committee Report on Corporate Governance, Chapter 5, "The Malaysian Code on Corporate Governance", High Level Finance Committee on Corporate Governance: Kuala Lumpur, February 1999.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

Singapore Stock Exchange Recommendations *Singapore*

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>Compliance is not mandatory but listed issuers should note that they and their directors and employees continue to be subject to requirements set out in applicable law. Annual reports should therefore include, apart from whether and how the listed issuer complies with the Best Practices Guide as required in the Listing Manual, sufficient disclosure of the listed issuer's corporate governance processes and activities.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Listed issuers should see it as their obligation to their shareholders to maintain a high standard of corporate governance.
Mission and responsibility	Not covered.
Election	Not covered.
Orientation and Training	Not covered.
Access to Information	Not covered, only dealt with in relation to the audit committee.
Disclosure of Director Biographical Information	Any announcement of appointment of directors should include details of: <ul style="list-style-type: none"> • name, age and country of principal residence; • whether appointment is executive and if so, area of responsibility; • working experience and occupations during the past ten years; • other directorships (present and for the past five years); • shareholding in the listed issuer and its subsidiaries; • family relationship with any director and/or substantial shareholder of issuer or its principal subsidiaries; • any conflict of interest; and • any convictions in regard to specified offences and whether any proceedings are pending.
Size	Not covered.
Multiple Board Seats	Not covered.
Chairman and CEO	Not covered.
Composition	Not covered.
Independence	The board considers a director as independent if any relationship he may have would not, in the individual case, be likely to affect the director's exercise of independent judgment.
Committees	
<ul style="list-style-type: none"> • General 	Not covered.

<ul style="list-style-type: none"> • Audit Committee 	<ul style="list-style-type: none"> • The Listing Manual requires each listed issuer to set up an audit committee which reports to the board of directors. • A majority of members of the audit committee, including its Chairman, should be independent of management. • The audit committee should have full access to and co-operation by the management, including internal auditors and have full discretion to invite any director and executive officer to attend its meetings. • The audit committee should be given reasonable resources to enable it to discharge its functions properly. • The audit committee serves as a useful channel of communication between the board and the external auditors on matters related to and arising out of the external audit.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.
<ul style="list-style-type: none"> • Nomination Committee 	Not covered.
<ul style="list-style-type: none"> • Remuneration Committee 	Not covered.
<ul style="list-style-type: none"> • Other 	Not covered.
Board Meetings	Not covered.
Performance	Not covered.
Term Limits	<ul style="list-style-type: none"> • Where a managing director is appointed for a fixed term, the term shall not exceed five years. • An election of directors shall take place each year. All directors except a managing director shall retire from office at least once every three years, but shall be eligible for re-election.
Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.
Composition of remuneration	Not covered.
Contracts and compensation	Not covered.
Procedure for determination	Not covered.
Disclosure	<ul style="list-style-type: none"> • Companies are required to disclose, in their annual report, the number of directors whose remuneration falls within specified bands. • A practice note requires the disclosure of certain specified information in regard to share schemes.

Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Only dealt with in relation to requirements as part of the articles of association.
Management-shareholder communication	Not covered.
Evaluation of governance disclosures	Not covered.
General Meetings	All notices conveying meetings should be provided to the Exchange ten days before the meeting or fifteen days if a special resolution is proposed.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Details of disclosure to be made are set out in the Annual Report requirements, pro forma half year and full year financial statements and dividend announcements all of which form appendices to the Listing Manual.
Transparency	<ul style="list-style-type: none"> • The Chairman's statement in the annual report should provide a balanced and readable summary of the company's performance and prospects, and it should represent the collective view of the board. • In preparing the financial statements and annual reports, the board should pay particular attention to their duty to present a balanced and understandable assessment of their company's position. The board should aim for the highest level of disclosure possible within competitive constraints.
Internal Control	The audit committee should review with the internal and external auditors their findings on their evaluation of the listed issuer's system of internal controls. The review would assist the board in developing policies that would enhance the controls and operating systems of the listed issuer.
Accounting Standards	See Internal Control above.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.

<u>STAKEHOLDER</u>	
Definition	Not covered.
Communication	Not covered.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered.
<u>ETHICS</u>	Listed issuers should devise their own codes of best practices.
<u>SOURCE</u>	Stock Exchange of Singapore "Listing Manual (as amended) and Best Practices Guide": Singapore, 1999.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**The Code of Corporate Practices and Conduct
(King Report)
South Africa**

ISSUE	DESCRIPTION
<i>DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS</i>	<ul style="list-style-type: none"> • <i>Companies listed on the main board of the Johannesburg Stock Exchange ("affected corporations") should include a statement in their financial statements of the extent of compliance with the Code by the board.</i> • <i>It is recommended that large mutual societies, parastatals and public entities should also comply with the Code.</i> • <i>Any departures from the Code should be disclosed and reasons therefor stated.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Directors, individually and collectively, are responsible to shareholders.
Mission and responsibility	<ul style="list-style-type: none"> • The board must retain full and effective control over the company, monitor the executive management and ensure that decisions on material matters are in the hands of the board. • The board has a collective responsibility to provide effective corporate governance.

Election	<ul style="list-style-type: none"> • The selection of directors should be planned, agreed on and managed by the board; there should be no element of “tokenism” or “cronyism” in appointments. • Each appointment should be a matter for the board as a whole and as such nomination committees are not recommended. • Should be the duty of the Chair to ensure that any non-executive director who is not contributing to the decisions of the board shouldn't be re-elected and if necessary should be requested to resign and if they require, to remove them from the board.
Orientation and Training	<ul style="list-style-type: none"> • New appointees should go through a period of induction as regards the company's business, resources, systems and management structure. • If the appointee has not had any previous board experience, they should participate in a training course for directors.
Access to Information	Not covered.
Disclosure of Director Biographical Information	Not covered.
Size	Not covered.
Multiple Board Seats	Executive directors should be encouraged by their companies to take non-executive appointments in other companies. The number of non-executive appointments should not adversely impact upon the director's executive responsibilities to their own company.
Chairman and CEO	The roles of Chairman and chief executive officer should preferably be separate.
Composition	<ul style="list-style-type: none"> • The board needs to be balanced with at least an equal number of executive and non-executive directors. • Recommend a unitary board structure. • No board should have less than two non-executive directors of sufficient calibre that their views will carry sufficient weight in board decisions.
Independence	<ul style="list-style-type: none"> • Directors should be independent of management and not have any benefits from the company other than their fee. • A non-executive director who is independent in the above sense would comprise: <ul style="list-style-type: none"> ➢ A director or manager of the company's holding company, or major investor, who has no executive responsibilities in the company; ➢ A former executive director who is no longer employed on a full time basis but nevertheless is capable of giving valuable input to the board arising from his past experience. ➢ A senior executive director of major listed subsidiaries and associates of the holding company, who has no executive responsibility in the holding company.
Committees <ul style="list-style-type: none"> • General • Audit Committee 	<p>Not covered.</p> <p>The board should establish an audit committee with the majority of its members (including the Chair) being non-executive directors with written terms of reference confirmed by the board. The head of internal audit, the external auditor or audit partner and the financial director should be invited to attend audit committee meetings.</p>

<ul style="list-style-type: none"> • Governance Committee • Nomination Committee • Remuneration Committee • Other 	<p>Not covered.</p> <p>Not recommended.</p> <ul style="list-style-type: none"> • Listed companies should have a remuneration committee. • Its membership should comprise persons who are competent to determine the appropriate remuneration of senior executives, with the majority of its members (including the Chair) being non-executive directors. <p>Not covered.</p>
Board Meetings	<ul style="list-style-type: none"> • The board must meet regularly. • A board should meet at least once a quarter.
Performance	Not covered.
Term Limits	The term served by a non-executive director should be determined by the board.
Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.
Composition of remuneration	There are three elements of compensation in an executive directors remuneration – salary, performance bonus for surpassing the expected and benefits.
Contracts and compensation	An executive director’s service contract should not exceed five years and if a longer period is required, it should be subject to the approval of shareholders.
Procedure for determination	Remuneration of directors, including non-executive directors should be the subject of recommendations to the board by a remuneration committee.
Disclosure	There should be a separate full and clear disclosure of the total of executive directors and non-executive directors earnings broken down into headings such as, fees, share options, benefits, bonuses, etc.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Corporations should be cautious about concluding extended notice periods and “golden parachute” arrangements with executives.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Not covered.
Management-shareholder communication	If matters of importance and substance are raised at the AGM a summary should be sent to shareholders.

Evaluation of governance disclosures	Not covered.
General Meetings	The AGM must be properly used by shareholders asking questions on the accounts and reports presented.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	The financial statements are the responsibility of the directors. The auditor is responsible for reporting on the financial statements.
Transparency	Companies must constantly strive for transparency.
Internal Control	<ul style="list-style-type: none"> • Directors should make a statement in the financial statements in relation to their internal controls. • Companies should have an effective internal audit function that has the respect and co-operation of both the board of directors and management. • Internal auditors should have unrestricted access to the Chair of the audit committee.
Accounting Standards	<ul style="list-style-type: none"> • There should be legal backing for accounting standards which may only be departed from in the interests of fair presentation. If there is a departure the reasons therefore must be stated and the external auditor should express an opinion as to whether or not they agree with the departure and the reasons why. • Accounting standards should be brought in line with international standards as approved by the International Accounting Standards Committee. • There should be an Accounting Review Panel which can examine material departures from benchmark accounting standards. • The Panel should have the power to order the re-issuing of accounts according to the legally backed standards by way of an application to the Supreme Court of South Africa and if the Panel succeeds the directors should be jointly and severally liable for the expenses of the Panel and all costs. • Accounting standards should only be departed from in the interests of fair presentation. • If they are departed from, the reasons therefor should be stated and the external auditor should furnish an opinion as to whether or not they agree with the departure and the reasons given.
Auditor Independence	The independence of the auditor should not be impaired in any way.
Auditor's Liability	External auditors should only be held liable for damages on a basis proportional to their contribution to the failed audit.

<p><u>STAKEHOLDER</u></p> <p>Definition</p> <p>Communication</p>	<ul style="list-style-type: none"> • A stakeholder is any person, entity or interest group that has some association with the company. • There are three classes of stakeholders, viz. - <ul style="list-style-type: none"> ➢ Shareholders; ➢ Parties who contract with the company ; and ➢ Parties who have a non-contractual nexus with the company. • The different stakeholders include shareholders, employees, bankers, suppliers, environmentalists, the community or country in which it operates and the state. <ul style="list-style-type: none"> • Communication by the board to stakeholders must be open, understandable and consistent with previous reports. • It is the board's duty to present as simple a report as possible to stakeholders, but the quality of the information must be based on the guidelines of promptness, relevance, openness and substance over form and should fairly set out the position of a company and its affairs (financial and non-financial). • Reports and communications must be made in the context that society now demands transparency and greater accountability from corporations in regards to their non-financial affairs, for example, their workers and environmental issues. In reports to all stakeholders matters such as the following should be addressed: <ul style="list-style-type: none"> ➢ employment; ➢ environmental matters; ➢ social responsibility; ➢ customer interest matters; and ➢ supplier interest matters. • Reports supported by figures should have a balance between the positive and negative aspects of the activities of the company for the period or event under review. • In any communication with stakeholders the directors should ask themselves the following four questions: <ul style="list-style-type: none"> ➢ Is the communication open or transparent? ➢ Is the communication prompt? ➢ Is it relevant and substantial or merely a communication of form? ➢ Does it fairly set out the position? • If the answer to any of the above four questions is in the negative, the directors must amend the communication appropriately.
<p><u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u></p>	<ul style="list-style-type: none"> • Workers – as distinct from management – should participate in the governance of affected corporations. • All affected corporations should have an “affirmative action” programme as part of their business plan. • Corporations should evolve their own system of worker participation whether by way of worker’s committees or at management, executive committee or board level. • The system of worker participation in governance decisions should grow out of the nature of the corporation’s business, the culture of the corporation, the culture of management and the workers’ organisation.

<u>ETHICS</u>	<ul style="list-style-type: none"> • Every affected corporation should have its own Code of Ethics, which should be implemented as part of the corporate governance of the company. • A Code of Ethics should: <ul style="list-style-type: none"> ➢ commit the corporation to the highest standards of behaviour; ➢ be developed in such a way as to involve management, and all its stakeholders to infuse its culture; ➢ receive total commitment from the board and chief executive officer of the corporation; ➢ be sufficiently detailed as to give a clear guide to the expected behaviour of all employees.
<u>SOURCE</u>	King, Mervyn E, <i>et al</i> , "The King Report on Corporate Governance", Institute of Directors of Southern Africa: Johannesburg, November 1994.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

London Stock Exchange: The Combined Code United Kingdom

ISSUE	DESCRIPTION
<i>DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS</i>	<i>The Listings Rules of the London Stock Exchange contain a requirement for UK listed companies to make a disclosure statement in two parts in their annual report. In the first part of the statement, the company will be required to report on how it applies the principles in the Combined Code. In the second part of the statement the company will be required either to confirm that it complies with the Code provisions or – where it does not – provide an explanation.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Not covered.
Mission and responsibility	The Chairman holds the responsibility to ensure all board members have been properly briefed on all issues of concern.
Election	<ul style="list-style-type: none"> • Non-executive directors should be appointed for specific terms and reappointment should not be automatic; all directors should be subject to shareholder election following their appointments and re-elections thereafter. • Appointment to the board should follow formal and transparent procedures; the nomination committee should make recommendations on all new board appointments. • Directors should submit themselves for re-election at regular intervals of no more than three years.
Orientation and Training	Training should be available to any director upon appointment to the board.

Access to Information	<ul style="list-style-type: none"> • Timeliness and quality of information reported to board members should hold a priority in company procedures. • Directors should be free to acquire independent professional advice at the expense of the company.
Disclosure of Director Biographical Information	Sufficient biographical data should accompany names of directors submitted for election and re-election by which shareholders may make informed voting decisions.
Size	Non-executive directors should comprise not less than one-third of the board.
Multiple Board Seats	Not covered.
Chairman and CEO	Any decision to combine these two positions must be publicly justified; in all circumstances, a strong and independent non-executive element must sit on the board with a senior independent director, other than the Chairman to whom concerns can be brought and who, together with the Chairman and CEO, should be identified in the annual report.
Composition	The board should include a balance of executive and non-executive directors (including independent non-executives) so that no individual or group of individuals can dominate the board's decision making.
Independence	A majority of non-executive directors should be independent of management and free from any business or other relationship that could interfere with their independent judgment; they should be identified in the annual report.
Committees	
<ul style="list-style-type: none"> • General 	Not covered.
<ul style="list-style-type: none"> • Audit Committee 	The audit committee should comprise at least three non-executive directors. A majority of whom should be independent, with written terms of reference that identify their authority and who should be named in the annual report.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.
<ul style="list-style-type: none"> • Nomination Committee 	The Chairman of the nomination committee should be either the board Chairman or a non-executive director, the committee should be comprised of a majority of non-executives and all members should be identified in the annual report.
<ul style="list-style-type: none"> • Remuneration Committee 	Remuneration committees should be made up exclusively of non-executive directors who make recommendations on the company's framework of executive remuneration and who must operate independently from managerial interference and from any intrusive business relationship; they should be granted full authority to seek counsel from both inside and outside sources.
<ul style="list-style-type: none"> • Other 	Not covered.
Board Meetings	The board should meet regularly and have a formal schedule of matters specifically reserved to it for decision.
Performance	Not covered, save in relation to remuneration policy.
Term Limits	Not covered, save with regard to re-election every three years.

Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	<ul style="list-style-type: none"> • Levels of remuneration should be sufficient to retain directors with the competence to run the company but not higher, and should be structured so as to link rewards to performance. • Grants under option and other incentive plans should be phased over time, rather than in one large block.
Composition of remuneration	<ul style="list-style-type: none"> • Director remuneration should be incentive-orientated for best director performance and be so designed as to align directors' interests with those of shareholders. • Annual bonuses, long term incentive or traditional share option schemes should be considered as supplements to director compensation; any such deferred remuneration or options should not be exercisable until after at least a three-year period.
Contracts and compensation	<ul style="list-style-type: none"> • A contract period of one year is supported, except, initially, for newly recruited directors. • Identification, disclosure and justification should be made for any service contract or compensation plan that exceeds the value of one year's salary and benefits. • Initial contracts should provide explicitly for compensation commitments.
Procedure for determination	<ul style="list-style-type: none"> • Companies should establish formal and transparent procedures for determining remuneration. No director should be involved in determining his or her own remuneration. • The remuneration committee should take care to position the company among others in the industry so as not to overpay directors when no proportionate improvement in performance may be possible. • Executive share options should not be priced at a discount except when authorised by the listing rules. • Director performance conditions should be factored into determination of bonuses, with upper limits and period-related partial payments. • Criteria such as performance and the company's position among other companies should factor into the determination of all incentive schemes.
Disclosure	<ul style="list-style-type: none"> • Membership in the remuneration committee must be annually reported to shareholders. • The annual report should include statements to shareholders regarding remuneration policy and the state of accounts. • The report of the remuneration committee should identify each director and specify their total compensation package; regarding share options, it should include a statement of compliance with the Accounting Standards Board's Urgent Issues Task Force Abstract 10 and explanations of any lump sum payments. • Directors' total remuneration package, including share options and pension arrangements, should be subject to audit.

Shareholder involvement in determining remuneration	<ul style="list-style-type: none"> Shareholders should approve any long term incentive schemes for executives and either decide compensation of non-executives and remuneration committee members or, if the articles allow, the board should delegate a sub-committee to address this matter; the AGM should be considered a convenient forum for shareholder approval of remuneration policy. Shareholders may be called on to approve the board's annual remuneration report, and they should approve any new or supplemental long-term incentive.
Severance Payments	<ul style="list-style-type: none"> The remuneration committee should scrutinise elements in the directors' service contracts with an eye for inordinate financial losses to the company in the event of early termination. The expense of director severance and retirement should not be of major consequence to the company; curtailment of salary increases should be considered for directors nearing retirement age, and neither annual bonuses nor benefits should be pensionable.
<p><u>ROLE OF SHAREHOLDERS</u></p> <p>Shareholder voting</p> <p>Management-shareholder communication</p> <p>Evaluation of governance disclosures</p> <p>General Meetings</p> <p>Shareholder resolutions</p> <p>Appointment of shareholder representatives</p>	<ul style="list-style-type: none"> Shareholders have a responsibility to make considered use of their votes. Unless a poll is called, all proxy votes should be counted, and after resolutions have been dealt with on a show of hands, the company should indicate the number of proxy votes cast, along with for and against vote, on each resolution. Separate Chairmen of board committees should appear at the AGM to answer shareholders' questions. Institutional investors should have some duty to enter into a dialogue with companies to determine mutual objectives and they should consider situational factors that may affect board structure and composition. Companies should have a free hand to explain their governance policies in the light of the principles, and shareholders and others must evaluate the company's statement and explanations. Institutional shareholders should eliminate trivial variations over investment criteria that they may apply to issues of corporate governance and company performance, provide their clients with their complete voting record and monitor results of their voting intentions and influence. Board should use the AGM as the primary means of direct communication with shareholders. Notices for AGMs should be sent to shareholders at least twenty working days before the meeting. <p>Not covered.</p> <p>Not covered.</p>

<p><u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u></p> <p>Financial reporting</p> <p>Transparency</p> <p>Internal Control</p> <p>Accounting Standards</p> <p>Auditor Independence</p> <p>Auditor's Liability</p>	<p>Both directors and auditors should be required to make formal statements of their audit reporting responsibilities.</p> <p>The board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.</p> <p>An annual review of the effectiveness of the company's internal controls over financial, operational and compliance matters should be conducted and reported to shareholders.</p> <p>Audit reporting responsibilities go beyond the actual audit and embrace any price-sensitive report or statement made to outside parties; reporting on going concerns should be a requirement and accompanied with supporting assumptions and qualifications.</p> <p>Not only should the auditors discharge their duties in total independence from personal interest or managerial interference, they should perform a regular review of their independence, along with their cost effectiveness and objectivity.</p> <p>In the event that auditors provide the company with non-audit services, the audit committee should maintain full records of this with an eye for balancing auditor objectivity against auditor profit.</p>
<p><u>STAKEHOLDER</u></p> <p>Definition</p> <p>Communication</p>	<p>Not covered.</p> <p>Not covered.</p>
<p><u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u></p>	<p>Not covered.</p>
<p><u>ETHICS</u></p>	<p>Not covered.</p>
<p><u>SOURCE</u></p>	<p>Committee on Corporate Governance, "Hampel: The Combined Code", London Stock Exchange: London, June 1998.</p>
<p><u>TABLE</u></p>	<p>Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRRC, Washington D.C. 1999.</p>

Code of Ethics for Enterprises and all who deal with Enterprises
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PURPOSE OF THIS CODE

Identifying human needs, and responding by producing goods and services, is a worthwhile activity deserving of material reward. Working in business is ethical in that it gives opportunities to men and women to use their unique qualities and skills creatively in the positive development of society.

The way in which business conducts itself should be as ethical as its contribution to society. Business behaviour should be measured by standards comparable to those applied to any individual.

The ethical standards of business enterprises should reflect the values of the new South Africa and its diverse society.

This Code is intended for use to raise ethical awareness, and as a guide in day-to-day decisions. It contains aspirational ethical guidelines for everyday events that occur in business. It can also be used in training programmes, and to help assure customers, suppliers and competitors of the integrity of the business enterprises with which they deal. Reference to a document containing a Code of Ethics should not, of course, replace reliance on ethical values that form part of the human character.

CHAPTER 1

CHAPTERS AND INTERPRETATION

Division of Code into chapters.

1. This Code of Ethics is divided into eight chapters dealing with the following matters:

Chapter 1: Chapters and interpretation (clauses 1 to 3).

Chapter 2: Application and general obligation (clauses 3 and 4).

Chapter 3: Managers (clauses 5 to 11).

Chapter 4: Employees other than managers (clauses 12 to 16).

Chapter 5: Owners (clauses 17 to 20).

Chapter 6: Suppliers and lenders (clauses 21 to 23).

Chapter 7: Customers (clauses 24 and 25).

Chapter 8: Society at large (clause 26).

Interpretation.

2. In this Code of Ethics:
 - 2.1 "Enterprise" means any person, including a company or close corporation or other corporate entity, who carries on business for gain, and includes an enterprise owned by the state.
 - 2.2 "Products" means the goods and services produced or rendered by enterprises.

CHAPTER 2

APPLICATION AND GENERAL OBLIGATION

Application of Code.

3. This Code of Ethics shall apply to:
 - 3.1 the managers and directors of an enterprise, including non-executive directors;
 - 3.2 the owners and shareholders of an enterprise, where they are different persons from its managers or directors;
 - 3.3 the other employees and an enterprise or their representatives;
 - 3.4 suppliers and lenders to an enterprise;
 - 3.5 the customers of an enterprise;
 - 3.6 competitors of an enterprise;
 - 3.7 the people of South Africa and its government.

General obligation to avoid harm.

4. All people to whom this Code of Ethics applies shall observe their ethical obligations in such a way as to carry on business without causing harm other than by fair commercial competitive practices.

CHAPTER 3

MANAGERS

Managers are responsible for obligations of the enterprise.

- 5.1 The managers of an enterprise shall, by reason of their being in control of the carrying on of the business of the enterprise:
 - 5.1.1 be responsible to communicate this code and to ensure its understanding by all the employees of the enterprise;
 - 5.1.2 be responsible for the observance of the ethical obligations of the enterprise; and
 - 5.1.3 take the necessary steps for compliance within the enterprise with the provisions of this Code of Ethics.
- 5.2 For the purpose of this chapter, a manager includes a director, and also a non-executive director with due regard to the extent to which they are engaged in the affairs of the enterprise.

Obligations of managers to customers.

- 6.1 A manager shall:
 - 6.1.1 market the products of the enterprise accurately;
 - 6.1.2 disclose all relevant information regarding the products which customers cannot reasonably learn for themselves;

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- 6.1.3 charge the agreed price or, where no price was agreed, a fair price;
 - 6.1.4 if applicable, package the products in a manner which is not misleading and at least meets the customer's reasonable expectations; and
 - 6.1.5 supply the products with a promptness that at least meets the reasonable expectations of the customer and, where supply will be delayed, inform the customer of this before expiry of the contemplated delivery period.
- 6.2 A manager has a responsibility to customers of the enterprise to fix and maintain quality standards, and in particular shall:
- 6.2.1 determine minimum quality standards for the products of the enterprise, ensure that the products conform to these standards;
 - 6.2.2 make known any standard of quality which is higher than the customary standard, and any price premium justified by such higher standard;
 - 6.2.3 provide customers with a ready means of lodging complaints about the quality of the enterprise's products;
 - 6.2.4 provide a reasonable guarantee that its products conform to the standards of the enterprise, and replace any product which is below standard; and
 - 6.2.5 not knowingly supply a defective or dangerous product.
- 6.3 A manager shall manage the enterprise with a view to achieving the greatest possible savings and other benefits for customers, and in particular shall:
- 6.3.1 strive to reduce inefficiencies in the enterprise, and establish standards of efficiency in consultation with the other employees of the enterprise;
 - 6.3.2 introduce and maintain in the enterprise an awareness by all employees that the resources of the enterprise, including time resources, are in limited supply;
 - 6.3.3 keep the costs of the enterprise at the lowest reasonable level;
 - 6.3.4 not abuse a position of market dominance or engage in a restrictive trade practice; and
 - 6.3.5 not permit any acts of bribery.
- 6.4 A manager shall respect the confidentiality of sensitive customer information.

Obligations of managers to owners and shareholders of the enterprise.

- 7.1 The managers of an enterprise have the obligations set out in this clause where they are not also owners of the enterprise.
- 7.2 A manager shall in relation to the enterprise act honestly and in good faith, and in particular shall:
 - 7.2.1 act within their powers, and in the interests and for the benefit of the enterprise;
 - 7.2.2 carry out their duties with the skill and care to be expected from a person of their knowledge and experience, and exercise their own judgment;
 - 7.2.3 not permit wastage of the assets of the enterprise;
 - 7.2.4 report accurately to the owners on the performance and prospects of the enterprise, and justify the confidence reposed in them;

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- 7.2.5 furnish to an auditor of the enterprise all information and explanations which the auditor requires for the performance of their functions; and
 - 7.2.6 not carry on the business of the enterprise negligently or recklessly.
- 7.3 Managers shall not place themselves in a position where their personal interests could conflict with their duties to the enterprise, and in particular they shall:
- 7.3.1 not divulge confidential information of the enterprise to its competitors or otherwise make improper use of such information;
 - 7.3.2 not carry on business on their own account when this is forbidden by the owners;
 - 7.3.3 not accept secret profits, bribes or any other corrupt, or unconscionable benefits;
 - 7.3.4 acquire for the benefit of the enterprise any economic opportunity which is in the same line of business as the enterprise he represents; and
 - 7.3.5 not use information which is not yet available to the public for their own gain.

Obligations of managers to suppliers and lenders to the enterprise.

- 8.1 A manager shall ensure good buying practices with suppliers of the enterprise, and in particular he shall:
 - 8.1.1 inform a supplier of any bribe or attempted bribe by the supplier's personnel of an employee of the enterprise;
 - 8.1.2 terminate dealings with any supplier which bribes employees of the enterprise; and
 - 8.1.3 ensure that no bribe is paid to personnel of a supplier of the enterprise.
- 8.2 The managers of an enterprise shall ensure compliance by the enterprise with its debt obligations to suppliers to the enterprise on credit, including lenders of money, and in particular a manager shall:
 - 8.2.1 not apply funds acquired from a lender to a purpose which is contrary to any agreement with the lender;
 - 8.2.2 manage the enterprise in a way which does not unjustifiably increase the risk to creditors of the enterprise;
 - 8.2.3 report honestly on the financial position of the enterprise to its creditors;
 - 8.2.4 have regard to the interests of its creditors when requesting an extension of time in which to pay; and
 - 8.2.5 inform the creditor concerned of any inability by the enterprise to meet any such obligations.

Obligations of managers to employees of the enterprise.

- 9.1 The manager shall:
 - 9.1.1 deal courteously with employees, having regard to cultural sensitivities and individual dignity;
 - 9.1.2 give due attention to the training and development of employees;
 - 9.1.3 provide safe working conditions, including adequate machinery and equipment and competent supervision;

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- 9.1.4 not unreasonably forbid an employee from carrying on other occupations in enterprises which are not competitive with it;
 - 9.1.5 in the appointment, treatment or promotion of employees of the enterprise:
 - 9.1.5.1 not discriminate on any ground which does not affect the carrying out of the duties of the employee;
 - 9.1.5.2 provide opportunities for individuals whose potential has been restricted by unethical legislation or social discrimination in the past;
 - 9.1.6 recognise employees' efforts by fair and adequate remuneration and other means;
 - 9.1.7 protect employees against physical, mental or emotional harassment;
 - 9.1.8 comply with the laws governing labour relations and conditions of employment;
 - 9.1.9 make this Code of Ethics and the reasons for it known to employees;
 - 9.1.10 deal openly and fairly when involved in collective bargaining processes with representatives of the employees of the enterprise; and
 - 9.1.11 manage the enterprise in such a way as not to unreasonably jeopardise job security of employees.

Obligations for managers of competitors.

- 10. The managers of an enterprise shall not:
 - 10.1 make dishonest allegations concerning competitors of the enterprise or concerning their products;
 - 10.2 damage their competitors other than by accepted commercial competitive practice; and
 - 10.3 acquire confidential information of a competitor by espionage, the subordinating of the competitor's employees or any other improper means.

Obligations of managers to society at large.

- 11. The managers shall in the carrying on of the business of the enterprise:
 - 11.1 pay due regard to environmental and public health considerations;
 - 11.2 not retrench employees without taking due consideration of the well-being of society at large; and
 - 11.3 participate within the means of the enterprise in projects which will uplift the community in which the enterprise operates.

CHAPTER 4

EMPLOYEES OTHER THAN MANAGERS

Obligations of employees to customers.

- 12. An employee of an enterprise, other than a manager, shall:
 - 12.1 support and assist management to fulfil its commercial and ethical obligations as set out in this Code;

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- 12.2 avoid any waste of the enterprise's resources, including time;
 - 12.3 respect the confidentiality of sensitive customer information; and
 - 12.4 help fellow employees meet their obligations.

Obligations of employees to owners of the enterprise.

- 13. An employee shall:
 - 13.1 avoid unreasonable disruption of production;
 - 13.2 use their capabilities and develop their potential as much as possible, particularly in return for training received;
 - 13.3 not divulge any confidential information of the enterprise to its competitors or otherwise make improper use of such information;
 - 13.4 act honestly at all times and report any harmful activity they may observe or come across at the workplace;
 - 13.5 commit to honouring their agreed terms and conditions of employment; and
 - 13.6 not act in any way that may jeopardise the shareholders' rights to a reasonable return on investment.

Obligations of employees to managers.

- 14. An employee shall perform their duties diligently and efficiently, and in particular shall:
 - 14.1 support and assist management to fulfil its commercial and ethical obligations as set out in this Code;
 - 14.2 avoid any waste of the enterprise's resources, including time;
 - 14.3 refuse any bribe, and report attempted bribery to a manager;
 - 14.4 report any harmful activity observed at the workplace;
 - 14.5 not abuse a strong collective bargaining position or engage in unreasonable industrial action; and
 - 14.6 join management in a commitment to improve productivity.

Obligations of employees to fellow employees.

- 15. An employee shall:
 - 15.1 not make a false accusation against a fellow employee;
 - 15.2 not intimidate a fellow employee; and
 - 15.3 recognise fellow employees' rights to freedom of association.

Obligations of employees to society at large.

- 16. An employee shall pay due regard to environmental and public health considerations in and around the workplace.

CHAPTER 5

OWNERS

General obligations of owners concerning managers.

17. Where the owners of an enterprise are not also the managers or directors of the enterprise, the owners shall appoint managers or directors who will in the opinion of the owners be capable of fulfilling the obligations of the enterprise which in terms of this Code are the responsibility of a manager. The owners will support managers to communicate this code and ensure its observance in terms of paragraph 5 above.

Obligations of owners to managers of the enterprise.

18. The owners shall:
- 18.1 not unreasonably forbid a manager, whilst employed by the enterprise, from carrying on other occupations in an enterprise which is not in competition with it. Such occupations should not detract from their ability to competently carry out their duties as a manager;
 - 18.2 confer on the managers of the enterprise sufficient authority to carry out the responsibilities imposed on the managers; and
 - 18.3 not insist on unreasonably short-term performance results that could compel the managers to act injudiciously or unethically.

Obligations of owners/shareholders to others.

19. An owner/shareholder shall not:
- 19.1 dishonestly manipulate the price of shares or interests in the enterprise to the prejudice of other existing or prospective owners; and
 - 19.2 use information which is not yet available to the public for their own gain.

Obligations of owners to the enterprise's employees and society at large.

20. In winding up an enterprise or part of it, an owner shall take due cognisance of the impact thereof on all stakeholders and the community in which it operates.

CHAPTER 6

SUPPLIERS AND LENDERS

Obligations of suppliers to an enterprise's owners.

- 21.1 A supplier of any product to an enterprise shall strive to provide products of good quality which comply with agreed standards at a competitive price within the agreed delivery period, which obligations are described more fully in Clause 6 in relation to the obligations of an enterprise to its customers;
- 21.2 A supplier to an enterprise on credit, including a lender of money, shall not:
 - 21.2.1 unjustifiably charge interest for extending credit at a usurious rate; and
 - 21.2.2 shall assist the enterprise within reason to meet its obligations to avoid it having to realise assets of the enterprise on terms which are unfavourable to it.

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- 21.3 A supplier of any product to an enterprise shall not abuse a position of market dominance to engage in a restrictive trade practice.

Obligations of suppliers to an enterprise's customers.

22. A supplier to the enterprise shall:

- 22.1 ensure that they provide a sound and safe product; and
- 22.2 have regard to the expectations of that enterprise's customers to receive products of good quality at a competitive price within the contemplated delivery period.

Obligations of suppliers to an enterprise's managers.

23. A supplier to an enterprise on credit, including a lender of money, shall not:

- 23.1 withdraw credit facilities from the enterprise unjustifiably;
- 23.2 take advantage of a dominant market position to enforce unfair conditions or obligations upon the enterprise through the threat of a withdrawal of credit facilities.

CHAPTER 7

CUSTOMERS

Obligations of customers to an enterprise.

24. A customer shall:

- 24.1 pay the enterprise for products received, in accordance with the agreement between the parties; and
- 24.2 not abuse a position of market dominance or engage in a restrictive trade practice.

Obligations of customers to an enterprise and its suppliers.

25. A customer of an enterprise shall not:

- 25.1 make false allegations concerning defects in products supplied to them by or through an enterprise; and
- 25.2 claim a full refund for goods supplied to them which they return, if they were damaged while in their possession and control.

CHAPTER 8

SOCIETY AT LARGE

Obligations of the people of South Africa and its government to enterprise.

26. The people of South Africa and its government shall:

- 26.1 provide an adequate physical infrastructure for enterprises;
- 26.2 provide sufficient officials to maintain public order, prevent crime and investigate offences;
- 26.3 not impose unjustifiable restrictions on enterprises in the name of protecting environmental or other interests.

Summaries of Selected International Codes

**Australian Investment Manager's Association
Australia**

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>The board of directors of a listed company should prominently and clearly disclose, in a separate section of its annual report, its approach to corporate governance. This should include an analysis of the corporate governance issues specific to the company so that public investors understand how the company deals with those issues.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	The board should review issues wherein shareholder and stakeholder interests may require constraints upon managerial discretion in particular areas.
Mission and responsibility	Responsibilities of the board include adoption of a corporate strategy, control of succession and training, provision of an investor relations program, management of information and internal control, and establishment of performance hurdles for director remuneration.
Election	<ul style="list-style-type: none"> • The nomination committee is responsible for the orderly succession process of the board and establishes policy for employment of non-executive directors. • Recruited non-executive directors should receive letters of appointment that state their specific competencies and formally advise them of the limits of their authority.
Orientation and Training	The company must provide a formal system for training recruited non-executive directors in the company's business.
Access to Information	Not covered.
Disclosure of Director Biographical Information	Not covered.
Size	Not covered.
Multiple Board Seats	Not covered.
Chairman and CEO	The Chairperson should be an independent director. If the Chairperson is not an independent director, then the independent directors must appoint a lead director who serves as an acting non-executive Chairperson.
Composition	The board must consist of a majority of independent directors and annually report its required mix of competencies.
Independence	Independent directors are those who are not major shareholders; have not been employed by the company in an executive capacity for the three previous years; are not a professional adviser to the company; are not a significant supplier or customer; have no significant contractual relationship with the company or company subsidiary; and are free from any other business or relationship that could interfere with the individual's capacity to act in an independent manner.

<p>Committees</p> <ul style="list-style-type: none"> • General • Audit Committee • Governance Committee • Nomination Committee • Remuneration Committee • Other <p>Board Meetings</p> <p>Performance</p> <p>Term Limits</p> <p>Age Limits</p> <p>Liability</p>	<ul style="list-style-type: none"> • Board committees should be comprised of a majority of independent directors and be free to obtain its requirement of information and resources, both internally and externally, at company expense. • The board should appoint audit, nomination and remuneration committees. <p>Audit committees should be composed only of non-executive directors, a majority of whom are independent, with written terms of reference and should enjoy direct communication with both internal and external auditors.</p> <p>Not covered.</p> <p>Nomination committees should be chaired by an independent director and composed of a majority of independent directors, all with written terms of reference.</p> <p>Compensation committees should be chaired by an independent director and composed of a majority of independent directors, all with written terms of reference.</p> <p>Not covered.</p> <p>Not covered.</p> <ul style="list-style-type: none"> • The nomination committee monitors director performance, establishes company policy in this area and prepares annual disclosure statements. • Regular performance reviews of directors and of the board as a whole should be made, with independent directors meeting at least once annually without the other directors present. • Performance criteria may include outcome or status of business plans, long-term return and strategic objectives and the performance of competitors. <p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p>
<p><u>REMUNERATION</u></p> <p>Level of remuneration</p> <p>Composition of remuneration</p> <p>Contracts and compensation</p> <p>Procedure for determination</p>	<p>Not covered.</p> <p>Non-executives may receive shares as a component of their compensation and should be encouraged to invest their own capital in the company; however, they should not participate in executive plans as it may compromise their independence.</p> <p>Not covered.</p> <p>Not covered.</p>

Disclosure	The remuneration committee controls all disclosure of director compensation; the company's policies for director compensation, along with all components of aggregate director compensation, and particulars of remuneration received by the five highest paid executives, should appear in the annual report in tabular form with full explanatory notes.
Shareholder involvement in determining remuneration	Shareholders need adequate information by which to authorise remuneration schemes and need to understand that companies need the flexibility to attract, retain and motivate their employees.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	<ul style="list-style-type: none"> • The shareholder vote is considered to be a solemn responsibility; companies should operate on a one share, one vote system. • Investment managers should maintain formal procedures both for proxy voting and reporting upon votes cast to their clients. • Disclosure of voting results should include aggregate proxy votes received for each item of business, numbers of votes in each voting category by show of hands, and information specified in the preceding sentence along with votes cast "for" and "against" in voting by poll. • The proxy voting procedure should adhere to standards designed in the recommended "Model Proxy Form," which are designed to improve voting efficiency, accuracy and voter understanding. Specifically, these include identification of shareholder reference number, bar code, telephone number, name, and number of shares, along with space for abstention votes and appointment of second proxy.
Management-shareholder communication	Shareholders or their representatives are encouraged to communicate directly with senior management and members of the board about performance and other interest of shareholders; access to such sources of information is a requirement for managers to do their jobs, and feedback is a requirement for shareholders to make knowledgeable decisions.
Evaluation of governance disclosures	The onus of responsible and positive communication lies upon the shareholders who hold the obligation to have some familiarity with concepts of corporate governance, the Australian listing rules and continuous disclosure laws.
General Meetings	At shareholder meetings, resolutions should not be bundled; notification should be made at least twenty eight days in advance of the meeting; voting should be by poll only upon the conclusion of discussion of each item, with technological assistance for proxy voting; voting results should be announced to the Australian Stock Exchange, and minutes should be made available to shareholders.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.

<p><u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u></p> <p>Financial reporting</p> <p>Transparency</p> <p>Internal Control</p> <p>Accounting Standards</p> <p>Auditor Independence</p> <p>Auditor's Liability</p>	<p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p> <p>Not covered.</p>
<p><u>STAKEHOLDER</u></p> <p>Definition</p> <p>Communication</p>	<p>Not covered.</p> <p>Not covered.</p>
<p><u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u></p>	<p>Not covered.</p>
<p><u>ETHICS</u></p>	<p>Listed companies should have a Code of Ethics that is adopted by the board and is available to shareholders on request.</p>
<p><u>SOURCE</u></p>	<p>Australian Investment Manager's Association, "Corporate Governance: A Guide for Investment Managers & Corporations", Second Edition, AIMA: Sydney, July 1997.</p>
<p><u>TABLE</u></p>	<p>Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.</p>

**Stock Exchange of Hong Kong (“SEHK”)
Hong Kong, People’s Republic of China**

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>Commencing with the directors’ report and the annual accounts and interim reports for periods ending on or after 31st December 1995, all listed companies must include in their annual and interim reports a statement of compliance with the Code of Best Practice. The statement to be included in the annual report should clearly indicate whether the company has complied with the Code of Best Practice during the accounting period covered and, if the company has not complied with any part of it, reasons must be given to explain the failure to comply.</i>
BOARD ISSUES	
Accountability to shareholders/ stakeholders	Not covered.
Mission and responsibility	<ul style="list-style-type: none"> • Directors are expected to use their best efforts to ensure compliance with the listing rules of the SEHK, with rules of the Securities Ordinance, Code on Takeovers and Mergers, Code on Share Repurchases and other laws of Hong Kong and aid in any investigation of infractions thereof. • Directors must act in the interests of the company as a whole, act for proper purpose, answer for the use of company assets, avoid or disclose any personal conflicts of interest, and conduct themselves in accordance with the stature of their office. • Directors are both singularly and collectively responsible for their conduct and decisions, and are obligated to the SEHK for its endorsement of the integrity and quality to serve as directors; the same holds true for their knowledgeable accountability for the accuracy of responsibility statements. • Directors must remain aware of what constitutes very substantial acquisitions, major, disclosable, share and connected transaction, and their accountability for timely and appropriate disclosure thereof. • Directors of newly listed companies must take care not to alter their main understanding of the company through any acquisition or disposal , nor change any rights issue without shareholder approval, and they should monitor share dealings of controlling shareholders. • Non-executive directors should not accept their appointments if they feel they cannot provide the company with their time and attention necessary to discharge the duties of their offices. • Directors are also required to comply with the Model Code for Securities Transactions by Directors of Listed Companies.
Election	<ul style="list-style-type: none"> • The SEHK requires listed companies to provide a declaration and undertaking by which to assist its assessment of the candidate. • Non-executive directors should be appointed for specific terms that should be disclosed in the annual report.
Orientation and Training	Every director is required to keep abreast of his responsibilities as a director; newly appointed directors should receive an appropriate briefing on the issuer’s affairs and be provided by the company secretary with relevant corporate governance material published by SEHK on an ongoing basis.

Access to Information	All directors should have full access to board and company records and files; non-executives should enjoy their independence to arrange for professional outside advice at the expense of the company.
Disclosure of Director Biographical Information	Background information for every candidate must be submitted to the SEHK for their scrutiny prior to appointment; some elements of director's personality may need to be disclosed under the terms of "connected transactions" of directors.
Size	Not covered.
Multiple Board Seats	Not covered.
Chairman and CEO	Not covered.
Composition	Dealt with in the Listing Rule 3.10.
Independence	Dealt with in the Listing Rule 3.10.
Committees	
<ul style="list-style-type: none"> • General 	Not covered.
<ul style="list-style-type: none"> • Audit Committee 	<ul style="list-style-type: none"> • Every board is expected to establish an audit committee with written terms of reference which deal clearly with its authority and duties. • The principal duties of an audit committee should include the review and supervision of the company's financial reporting process and internal controls. • The committee should be appointed from amongst the non-executive directors and a majority of whom should be independent. • All listed companies are required to report in both their interim and annual reports their compliance with the setting-up of the audit committee or the reasons for any non-compliance therewith.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.
<ul style="list-style-type: none"> • Nomination Committee 	Not covered.
<ul style="list-style-type: none"> • Remuneration Committee 	Not covered.
<ul style="list-style-type: none"> • Other 	Not covered.
Board Meetings	<ul style="list-style-type: none"> • Board meetings must be held at least once every six months; notices must be sent to all directors at least two days before the meeting date and directors are expected to be physically present. • If independent non-executives hold views contrary to those of the executive directors, meeting minutes should clearly disclose this. • Occasions of director or substantial shareholder conflicts of interest should be resolved by a full board meeting, not by circulation or committee, and in accordance with the Securities Disclosure of Interests Ordinance.
Performance	<ul style="list-style-type: none"> • All directors must file a Declaration and Undertaking with the SEHK, which maintains on file details of directors' competencies; any and all changes must be reported to the SEHK for future reference. • Any removal of non-executives must be explained to the SEHK.

Term Limits	Not covered.
Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.
Composition of remuneration	Not covered.
Contracts and compensation	Not covered.
Procedure for determination	Not covered
Disclosure	Details including but not limited to directors' fees, basic salaries, housing allowances, other allowances, benefits in kind, contribution to pension schemes for directors or past directors for such financial year, bonuses paid or receivable by directors, amounts paid to directors as an inducement to join the issuer, and compensation paid for the loss of office must be stated in the annual reports.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Requirements for prior shareholders' vote in respect of connected transactions, takeovers etc. are stipulated in the Listing Rules.
Management-shareholder communication	Company finance disclosures remain confidential until paid announcement; interim announcements must be detailed and made according to schedule and with prior consultation with the auditors
Evaluation of governance disclosures	Not covered.
General Meetings	Not covered.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.

<p><u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u></p> <p>Financial reporting</p> <p>Transparency</p> <p>Internal Control</p> <p>Accounting Standards</p> <p>Auditor Independence</p> <p>Auditor's Liability</p>	<p>Directors should announce immediately any price-sensitive decisions that are dependant upon board resolutions with all respect to confidentiality; a temporary suspension of dealings in company securities should be considered in cases where disclosure may cause unusual price movement in the market and in accordance with SEHK rules</p> <p>Practice Note 19 of the Listing Rules supplements the general disclosure obligation by specifying certain instances where disclosure is required.</p> <p>Not covered.</p> <p>If the issuer's primary listing is on the SEHK the annual accounts must comply with the requirements as to accounting standards applicable to Hong Kong companies; and if the issuer's primary listing is on another stock exchange the annual reports are required to conform with accounting standards acceptable to the SEHK which will normally be at least the international accounting standards as promulgated from time to time by the International Accounting Standards Committee.</p> <p>Not covered.</p> <p>Not covered.</p>
<p><u>STAKEHOLDER</u></p> <p>Definition</p> <p>Communication</p>	<p>Not covered.</p> <p>Not covered.</p>
<p><u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u></p>	<p>Not covered.</p>
<p><u>ETHICS</u></p>	<p>Not covered.</p>
<p><u>SOURCE</u></p>	<p>Stock Exchange of Hong Kong (SEHK), "The Listings Rules, Listing Agreements (Appendices 7a, b and i to the Listings Rules) and the Code of Best Practice, Appendix 14 to the Listings Rules", SEHK: Hong Kong, 1999.</p>
<p><u>TABLE</u></p>	<p>Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRRC, Washington D.C. 1999.</p>

OECD Principles of Corporate Governance

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>Companies are encouraged to report on how they apply relevant corporate governance principles in practice.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Not covered.
Mission and responsibility	<p>The board should fulfil certain key functions, including:</p> <ul style="list-style-type: none"> • Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures. • Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning. • Reviewing key executive and board remuneration, and ensuring a formal and transparent board nomination process. • Monitoring the effectiveness of the governance practices under which it operates and making changes as needed. • Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law. • Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions. • Overseeing the process of disclosure and communications.
Election	The board should ensure a formal and transparent board nomination process.
Orientation and Training	Not covered.
Access to Information	In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.
Disclosure of Director Biographical Information	Not covered.
Size	Not covered.
Multiple Board Seats	Service on too many boards can interfere with performance. Specific limitations may be less important than ensuring that members of the board enjoy legitimacy and confidence in the eyes of the shareholders.
Chairman and CEO	In unitary board systems, the separation of the roles is often proposed.
Composition	Majority must be independent board members who can contribute sufficiently to the decision-making of the board.

Independence	Board independence usually requires that a sufficient number of board members not be employed by the company and not be closely related to the company or its management through significant economic, family or other ties. This does not prevent shareholders from being board members.
Committees	
• General	Not covered.
• Audit Committee	Boards may consider establishing this committee with a minimum number or to be composed entirely of non-executive members.
• Governance Committee	Not covered.
• Nomination Committee	Boards may consider establishing this committee with a minimum number or to be composed entirely of non-executive members.
• Remuneration Committee	Boards may consider establishing this committee with a minimum number or to be composed entirely of non-executive members.
• Other	Not covered.
Board Meetings	Not covered.
Performance	Not covered.
Term Limits	Not covered.
Age Limits	Not covered.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.
Composition of remuneration	Not covered.
Contracts and compensation	Not covered.
Procedure for determination	The board should review key executive and board remuneration.
Disclosure	Companies are generally expected to disclose sufficient information on the remuneration of board members and key executives (either individually or in the aggregate) for investors to properly assess the costs and benefits of remuneration plans and the contribution of incentive schemes, such as stock option schemes, to performance.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.

<p><u>ROLE OF SHAREHOLDERS</u></p> <p>Shareholder voting</p> <p>Management-shareholder communication</p> <p>Evaluation of governance disclosures</p> <p>General Meetings</p> <p>Shareholder resolutions</p> <p>Appointment of shareholder representatives</p>	<ul style="list-style-type: none"> • The corporate governance framework should protect shareholders' rights. • Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings: <ul style="list-style-type: none"> ➢ Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings as well as full and timely information regarding issues to be decided at the meeting. ➢ Opportunity should be provided for shareholders to ask questions of the board and to place items on the agenda at general meetings, subject to reasonable limitations. ➢ Shareholders should be able to vote in person, or in abstention and equal effect should be given to votes whether cast in person or in abstention. • Shareholders, including institutional investors, should consider the costs and benefits of exercising their voting rights. • Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed. <p>Not covered.</p> <p>Not covered.</p> <p>Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders.</p> <p>Not covered</p> <p>Not covered.</p>
<p><u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u></p> <p>Financial reporting</p> <p>Transparency</p> <p>Internal Control</p>	<ul style="list-style-type: none"> • The corporate governance framework should ensure timely and accurate disclosure is made on all material matters including the financial situation, performance, ownership and governance of the company. • Channels for disseminating information should provide for fair, timely and cost efficient access to relevant information by users. <p>Disclosure should include, but not be limited to, material information on:</p> <ul style="list-style-type: none"> • The financial and operating results of the company; and • Material foreseeable risk factors. <p>A key responsibility of the board is to ensure that appropriate systems of control are in place, in particular systems for monitoring risk, financial control, and compliance with the law.</p>

Accounting Standards	Information should be prepared, audited and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure, and audit. The principles support the development of high quality internationally recognised standards, which can serve to improve the compatibility of information between countries.
Auditor Independence	An annual audit should be conducted by an independent auditor in order to provide an external and objective assurance on the way in which financial statements have been prepared and presented.
Auditor's Liability	Not covered.
<u>STAKEHOLDER</u>	
Definition	Not defined but reference is made to investors, employees, creditors and suppliers.
Communication	<ul style="list-style-type: none"> • The corporate governance framework should recognise the rights of stakeholders as established by law and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises. • The corporate governance framework should permit performance-enhancing mechanisms for stakeholder communication. • Stakeholders who participate in the corporate governance process should have access to information necessary to fulfil their responsibilities.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered.
<u>ETHICS</u>	Not covered.
<u>SOURCE</u>	Organisation for Economic Co-Operation and Development "Principles of Corporate Governance" OECD, May 1999.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**Business Roundtable
United States of America**

ISSUE	DESCRIPTION
DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS	<i>Not covered.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	The paramount duty of management and of boards of directors is to the corporation's stockholders; the interest of other stakeholders are relevant as a derivative of the duty to stockholders.
Mission and responsibility	The principal functions of the board are to – <ul style="list-style-type: none"> • Select, regularly evaluate and, if necessary, replace the CEO; determine management compensation; and review succession planning; • Review and, where appropriate, approve major strategies and financial and other objectives and plans of the corporation; • Advise management on significant issues facing the corporation; • Oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and • Nominate directors and ensure that the structure and practices of the board provide for sound corporate governance.
Election	<ul style="list-style-type: none"> • It is the stockholders who elect the board directors. • It is the board's responsibility to nominate directors. The board nominates a whole slate, which should encompass individuals with diverse talents, backgrounds, and perspectives who can work effectively together to further the interests of the corporation's stockholders while preserving their ability to differ with each other on particular issues as policy is developed. • Cumulative voting is not recommended for large publicly owned corporations because it may lead to the election of directors who represent particular groups of stockholders, which can in turn create factionalism and undermine the effectiveness of the board.
Orientation and Training	Not covered.
Access to Information	<ul style="list-style-type: none"> • Board members should have access to senior management and to information about the corporation's operations. • The board must be given sufficient information to exercise fully its governance functions.
Disclosure of Director Biographical Information	Not covered.
Size	Board of directors of most large publicly owned corporations typically range in size from 8 to 16 individuals. Optimal board size will vary from corporation to corporation and industry to industry. Smaller boards are often more cohesive and work more effectively than larger boards.
Multiple Board Seats	Do not endorse a specific limitation on the number of directorships an individual may hold.

Chairman and CEO	<ul style="list-style-type: none"> • Each corporation should be free to make its own determination of what leadership structure serves it best, given its present and anticipated circumstances. • Prefer unification of positions because structure provides single leader with single vision.
Composition	<ul style="list-style-type: none"> • The board of a large publicly owned corporation should have a substantial degree of independence from management. • A substantial majority of directors of such corporations should be outside (non-management) directors.
Independence	<ul style="list-style-type: none"> • The degree of independence of an outside director may be affected by many factors, including – <ul style="list-style-type: none"> ➢ The personal stature of the director and any business relationship of the director with the corporation; or any business or personal relationship of the director with management; ➢ Directors, or firms in which they have an interest, are sometimes engaged to provide legal, consulting, accounting or other services to the corporation, or a director may have an interest in a customer, supplier or business partner of the corporation, or may at an earlier point in his/her career have been an employee or officer of the company. Depending on their significance to the director and to the corporation, such relationships may affect a director's actual or perceived independence; and ➢ Certain functions eg. membership of the audit or the remuneration committee requires that more specific standards of independence should be used. • Boards must be mindful of the directors' interests and make a judgment of a director's independence based on his or her individual circumstances rather than through the mechanical application of rigid criteria.
Committees <ul style="list-style-type: none"> • General • Audit Committee • Governance Committee • Nomination Committee • Remuneration Committee 	<p>Not covered.</p> <ul style="list-style-type: none"> • Membership should be limited to outside directors. • The primary functions of an audit committee are to – <ul style="list-style-type: none"> ➢ Recommend the appointment of the public accountants and review with them their report on the financial reports of the corporation; ➢ Review the adequacy of the system of internal controls and of compliance with material policies and laws, including the corporation's code of ethics; ➢ Provide direct channel of communication to the board for the public accountants and internal auditors and, when needed, finance officers, compliance officers and the general counsel. <p>The nominating/governance committee is typically responsible for advising the board as a whole on corporate governance matters, developing a policy on the size and composition of the board, reviewing possible candidates for board membership, performing board evaluations and recommending a slate of nominees.</p> <ul style="list-style-type: none"> • See above. • Each nominating/governance committee should develop its own process for considering stockholder suggestions for board nominees. <p>The compensation/personnel committee is responsible for ensuring that a proper system of long- and short-term compensation is in place to provide performance-oriented incentives to management.</p>

<ul style="list-style-type: none"> Other 	Other committees include a finance committee, an executive committee, social responsibility or public policy committee and ad hoc committees.
Board Meetings	<ul style="list-style-type: none"> Boards must meet as frequently as needed in order for directors to discharge their responsibilities properly. Typically the board of a large publicly owned corporation meets about eight times a year. There should be an opportunity for the board to meet periodically, at least annually, outside the presence of the CEO and other inside directors.
Performance	<ul style="list-style-type: none"> The board is responsible for its own evaluation from time to time. Boards also implicitly evaluate individual directors by endorsing them for re-nomination. No particular approach to individual director evaluation is best for all companies at all times, each board should have a process, formal or informal, for discharging its responsibility to nominate good directors.
Term Limits	Do not favour establishment of term limits for directors.
Age Limits	Corporations should establish rules for the retirement or resignation of directors.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	<ul style="list-style-type: none"> Board compensation should be competitive in view of industry practices and the extent of burdens placed on board members. The form of compensation varies from corporation to corporation and may depend on the circumstances of the directors the board may be seeking to attract and retain.
Composition of remuneration	<ul style="list-style-type: none"> Boards should consider aligning the interests of directors with those of the corporation's stockholders by including some form of equity, such as stock grants of options, as a portion of each director's compensation. Stock options and other equity-oriented plans should be considered as a means for linking management's interests directly to those of stockholders.
Contracts and compensation	Not covered.
Procedure for determination	Not covered.
Disclosure	Not covered.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Adequate measures to assure the integrity, accuracy and timeliness of the voting tabulation process are highly important.

Management-shareholder communication	Not covered.
Evaluation of governance disclosures	Not covered.
General Meetings	<ul style="list-style-type: none"> • A written agenda must be made available to all attendees to facilitate an orderly meeting. • Principal rules for the conduct of meetings should be set forth in writing and made available to every attendee.
Shareholder resolutions	The consideration of management and shareholder proposals and board nominations is largely conducted through the proxy process.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Only covered in relation to audit committee responsibilities.
Transparency	Not covered.
Internal Control	The board must assure that an effective system of controls is in place for safeguarding the corporation's assets, managing the major risks faced by the corporation, reporting accurately the "financial condition" and results of operations, adhering to key internal policies and authorisation and complying with significant laws and regulations applicable to it.
Accounting Standards	Not covered.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.
<u>STAKEHOLDER</u>	
Definition	Described as employees, customers, suppliers, creditors and the community.
Communication	Management and the board must take into consideration/account the interests of the corporation's other stakeholders.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered.
<u>ETHICS</u>	Only referred to in terms of audit committee responsibility.

<u>SOURCE</u>	Business Roundtable, "Statement on Corporate Governance", The Business Roundtable: Washington D.C. September 1997.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**GM Board of Directors
United States of America**

ISSUE	DESCRIPTION
<i>DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS</i>	<i>Not covered.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Not covered.
Mission and responsibility	<ul style="list-style-type: none"> • GM's board of directors represents the owner's interest in perpetuating a successful business. • The board has the responsibility that management is capably executing its responsibilities. • Board has the responsibility to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies.
Election	The board should be responsible for selecting its own members and in recommending them for election by the stockholders.
Orientation and Training	The board and the company have a complete orientation process for new directors that includes background material, meetings with senior management and visits to Company facilities.
Access to Information	Board members have complete access to GM's Management.
Disclosure of Director Biographical Information	Not covered.
Size	<ul style="list-style-type: none"> • It is the sense of the board that a size of 15 is about right. • The board is willing to opt for a somewhat larger size in order to accommodate the availability of an outstanding candidate(s).
Multiple Board Seats	Independent directors are encouraged to limit the number of other boards on which they serve taking into account potential board attendance, participation and effectiveness on these boards. Independent directors should also advise the Chairman of the board and the Chairman of the Committee on Director Affairs in advance of accepting an invitation to serve on another board.

Chairman and CEO	The board does not have a policy on whether or not the role of the CEO and Chairman should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.
Composition	There should be a majority of independent directors on the GM board.
Independence	<ul style="list-style-type: none"> • Board definition of what constitutes independence for directors was approved by the board. • Compliance with this is reviewed annually.
Committees	
<ul style="list-style-type: none"> • General 	Not covered.
<ul style="list-style-type: none"> • Audit Committee 	There is an audit committee and membership will consist only of independent directors as defined.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.
<ul style="list-style-type: none"> • Nomination Committee 	<p>The Committee on Director Affairs is responsible for:</p> <ul style="list-style-type: none"> • reviewing with the board, on an annual basis, the appropriate skills and characteristics required of the board members in the context of the current make-up of the board; and • the assignment of board members to various committees; for reviewing on an annual basis the appropriate skills and characteristics required of board members.
<ul style="list-style-type: none"> • Remuneration Committee 	There is an Incentive and Compensation Committee and an Executive Compensation Committee.
<ul style="list-style-type: none"> • Other 	There is a Capital Stock, Director Affairs, Finance and Public Policy, Executive and Investment Funds Committee.
Board Meetings	The Chairman of the board/CEO will establish the agenda for each board meeting and each board member is free to suggest the inclusion of item(s) on the agenda.
Performance	<ul style="list-style-type: none"> • The Committee on Director Affairs is responsible to report annually to the board an assessment of the board's performance. This should review areas in which the board and/or management believes a better contribution could be made. • The full board (independent directors) should formally evaluate the CEO annually and it should be communicated to the CEO by the Chairman of the Executive Committee.
Term Limits	The board does not believe it should establish term limits. The Committee on Director Affairs in conjunction with the CEO, will formally review each Director's continuation on the board every five years.
Age Limits	A retirement age of 70 is appropriate.
Liability	Not covered.
<u>REMUNERATION</u>	
Level of remuneration	Not covered.

Composition of remuneration	To create a direct linkage with corporate performance, a meaningful portion of director's compensation should be provided in common stock units.
Contracts and compensation	Not covered.
Procedure for determination	<ul style="list-style-type: none"> • Changes in board compensation should be suggested by the Committee on Director Affairs, but with full discussion and concurrence by the board. • The staff of the company report once a year to the Committee on Director Affairs the status of GM board compensation in relation to large US companies.
Disclosure	Not covered.
Shareholder involvement in determining remuneration	Not covered.
Severance Payments	Not covered.
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Not covered.
Management-shareholder communication	Not covered.
Evaluation of governance disclosures	Not covered.
General Meetings	Not covered.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Not covered.
Transparency	Not covered.
Internal Control	Not covered.
Accounting Standards	Not covered.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.

<u>STAKEHOLDER</u>	
Definition	Stakeholder is not defined but reference is made to the board's responsibility to GM's customers, employees, suppliers and the community where it operates – all of whom are essential to a successful business.
Communication	The board believes that management speaks for General Motors. Individual board members may, from time to time, at the request of management meet or otherwise communicate with various constituencies that are involved with General Motors; it is expected that such will be done with the knowledge of the management and, in most instances at the request of management. If comments from the board are appropriate, they should in most circumstances come from the Chairman.
WORKER PARTICIPATION/ EMPLOYMENT EQUITY	Not covered.
<u>ETHICS</u>	Not covered.
<u>SOURCE</u>	General Motors Board of Directors, "GM Board of Directors Corporate Governance Guidelines on Significant Governance issues", Second Edition, General Motors: Detroit, June 1997; Revised March 1999.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRRC, Washington D.C. 1999.

**Report of the NACD Blue Ribbon Commission on Director Professionalism
United States of America**

ISSUE	DESCRIPTION
<i>DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS</i>	<i>Not recommended. This report is not intended – and should not be used – as a scorecard for grading the past or present performance of any individual director. It is rather a guide for directors to meet challenges of the future.</i>
<u>BOARD ISSUES</u> Accountability to shareholders/ stakeholders	The board is accountable to shareholders.

Mission and responsibility	<p>Board responsibilities include:</p> <ul style="list-style-type: none"> • Approving corporate philosophy and mission; • selecting, monitoring, evaluating, compensating, and – if necessary replacing the CEO and other senior executives, and ensuring management succession; • reviewing and approving management’s strategic and business plans; • reviewing and approving the corporation’s financial objectives, plans, and actions; • reviewing and approving material transactions not in the ordinary course of business; • monitoring corporate performance against the strategic and business plans; • ensuring ethical behaviour and compliance with laws and regulations, auditing and accounting principles, and the corporation’s own governing documents; • assessing its own effectiveness in fulfilling its responsibilities; and • performing other functions prescribed by law or assigned to the board in the corporation’s governing documents.
Election	Not covered, only reference is to the nomination and re-nomination process.
Orientation and Training	Boards should assess the efficacy of director development and education for individual members and for the board as a team.
Access to Information	Not covered, only by inference in the Board Evaluation Form.
Disclosure of Director Biographical Information	Not covered.
Size	Boards should determine the appropriate board size and periodically assess overall composition to ensure the most appropriate and effective board membership mix.
Multiple Board Seats	Board(s) should consider guidelines that limit the number of positions on other boards, subject to individual exceptions – for example, for CEOs and senior executives, one or two; for others fully employed, three or four; and for all others, five or six.
Chairman and CEO	The role of non-executive Chairman or board leader continues to grow in acceptance. The purpose of creating these positions is to ensure the organisation of, and accountability for the thoughtful execution of certain critical independent director functions and not to add another layer of power.
Composition	Board should have a substantial majority of independent directors.
Independence	<ul style="list-style-type: none"> • A director is considered independent if he or she: <ul style="list-style-type: none"> ➢ Has never been an employee of the corporation or any of its subsidiaries; ➢ is not a relative of any employee of the company; ➢ Provides no services to the company; ➢ is not employed by any firm providing major services to the company; ➢ receives no compensation from the company, other than director fees. • The board should seek disclosure of any relationship that would appear to compromise director independence. • Boards should define and disclose to shareholders a definition of “independent director”.
Committees	
• General	Not covered.

<ul style="list-style-type: none"> • Audit Committee • Governance Committee • Nomination Committee • Remuneration Committee • Other 	<ul style="list-style-type: none"> • Publicly traded companies listed on the New York Stock Exchange or National Association of Security Dealers Automated Quotations System are required to have an audit committee comprised of independent directors. • Should only include independent directors and free to hire independent advisers as necessary. • Boards should establish a wholly independent committee that is responsible for the governance of the board, and should define the accompanying functions and responsibilities of that committee including nominating directors for board membership, and setting and monitoring board performance goals. Could also be called the Nominating or Organisational Committee. • Should include only independent directors and free to hire independent advisers as necessary. • Certain proxy rules and regulations mandate disclosure of certain committee structures and functions, which may encourage the appointment of board nominating and compensation committees. • Should include only independent directors and free to hire independent advisers as necessary. • As per Nomination Committee above. <p>Not covered (dealt with separately in the Report of the NACD Blue Ribbon Commission on audit committees, September 1999).</p>
Board Meetings	<p>Boards should adopt a policy of holding periodic executive sessions (solely independent directors) at both the full board and committee levels on a pre-set schedule. Directors have responsibilities to:</p> <ul style="list-style-type: none"> • rigorously prepare prior to a meeting; • give undivided attention at each meeting; and • actively participate in meetings through relevant and thought-provoking questions and comments.
Performance	<ul style="list-style-type: none"> • The evaluation process should be regularly reviewed and improved as necessary and disclosed to shareholders and the public. • Boards should regularly and formally evaluate the CEO, the board as a whole, and individual directors. • Boards should ensure that independent directors create and control the methods and criteria for evaluating the CEO, the board and individual directors.
Term Limits	<p>Unless boards have a process to evaluate the performance of individual directors, they should establish tenure conditions under which, as a matter of course, directors should submit a resignation for consideration or offer to withdraw from consideration for nomination.</p>
Age Limits	<p>Not covered. (Covered in the NACD Blue Ribbon Commission on Evaluation of Chief Executive Officers, Boards and Directors).</p>
Liability	<p>Not covered directly, only by inference in board responsibilities.</p>
<u>REMUNERATION</u>	
Level of remuneration	<ul style="list-style-type: none"> • Boards should define the desirable total value of all forms of director compensation. • Boards should set a substantial target for stock ownership by each director and a time period during which the target is to be met.

Composition of remuneration	Boards should pay directors solely in the form of equity and cash – with equity representing a substantial portion of the total up to 100%.
Contracts and compensation	Not covered. Non-executive directors covered by inference in definition of independence above.
Procedure for determination	Not covered. (Covered in the Report of the NACD Blue Ribbon Commission on Director Compensation).
Disclosure	Boards should disclose fully in the proxy statement the philosophy and process used to determine director compensation and the value of all elements of compensation.
Shareholder involvement in determining remuneration	Not covered. (Covered in the Report of the NACD Blue Ribbon Commission on Director Compensation).
Severance Payments	Not covered. (Covered in the Report of the NACD Blue Ribbon Commission on Director Compensation).
<u>ROLE OF SHAREHOLDERS</u>	
Shareholder voting	Not covered.
Management-shareholder communication	Not covered.
Evaluation of governance disclosures	Not covered.
General Meetings	Not covered.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u>	
Financial reporting	Not covered.
Transparency	Not covered.
Internal Control	Among the most important missions of the board is ensuring that shareholder value is protected through adequate internal financial controls. (Covered in the Report of the NACD Blue Ribbon Commission on Audit Committees).
Accounting Standards	Not covered.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.

<u>STAKEHOLDER</u>	
Definition	Not covered.
Communication	Not covered.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	Not covered.
<u>ETHICS</u>	It is one of the board's responsibilities to ensure ethical behaviour and compliance with laws, regulations, auditing and accounting principles, and the corporations own governing documents.
<u>SOURCE</u>	National Association of Corporate Directors, "Report of the NACD Blue Ribbon Commission on Director Professionalism" NACD: Washington D.C. November 1996.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, "Global Corporate Governance – Codes, Reports and Legislation", IRRC, Washington D.C. 1999.

**TIAA-CREF Policy Statement
United States of America**

ISSUE	DESCRIPTION
<i>DISCLOSURE OF COMPLIANCE WITH RECOMMENDATIONS</i>	<i>Not covered.</i>
<u>BOARD ISSUES</u>	
Accountability to shareholders/ stakeholders	Implicit that boards are accountable to shareowners; building long-term shareowner value is consistent with directors giving careful consideration to social responsibility issues.
Mission and responsibility	<ul style="list-style-type: none"> • The primary responsibility of the board of directors is to foster the long-term success of the corporation consistent with its fiduciary responsibility to the shareholders. • The board has a primary duty to exercise its fiduciary responsibility in the best interests of the corporation and its shareholders.
Election	<ul style="list-style-type: none"> • The board has primary authority to select nominees for election to the board. • Each director should represent all shareholders; TIAA-CREF generally opposes the nomination of specific representational directors, and the practice of cumulative voting in the election of directors.

Orientation and Training	Not covered.
Access to Information	Not covered.
Disclosure of Director Biographical Information	Not covered.
Size	Not covered.
Multiple Board Seats	Not covered.
Chairman and CEO	<ul style="list-style-type: none"> • Don't support resolutions separating positions of CEO and Chairman unless the board supports such measures. • In those companies that do not separate the position of the Chairman and the CEO, the board should consider the selection of one or more independent directors as lead directors.
Composition	<ul style="list-style-type: none"> • The board should be composed of a substantial majority of independent directors. • The board should be composed of qualified individuals who reflect diversity of experience, gender, race and age.
Independence	<p>Independence means no present or former employment by the company or any significant financial or personal tie to the company or its management which could interfere with the director's loyalty to the shareholders. An independent board is one that excludes people who regularly perform services for the company, if a disinterested observer would consider the relationship material. It does not matter if the services is performed individually or as a representative of an organisation that is a professional adviser, consultant, or legal counsel to the company. However, TIAA-CREF might consider a director independent if the person was involved in commercial transactions that were carried out at arms length in the ordinary course of business, as long as the relationship didn't interfere with the individual's ability to exercise independent judgment.</p>
Committees	
<ul style="list-style-type: none"> • General 	Not covered.
<ul style="list-style-type: none"> • Audit Committee 	<ul style="list-style-type: none"> • Audit committee should be composed exclusively of outside independent directors; • Has the primary responsibility to select independent audit firms to conduct an annual audit of the company's books and records.
<ul style="list-style-type: none"> • Governance Committee 	Not covered.
<ul style="list-style-type: none"> • Nomination Committee 	It should be composed entirely of independent directors.
<ul style="list-style-type: none"> • Remuneration Committee 	It is defined as the compensation committee and must consist entirely of independent directors.
<ul style="list-style-type: none"> • Other 	Not covered.
Board Meetings	<ul style="list-style-type: none"> • TIAA-CREF is against restricting the date of the annual meeting since it is management's prerogative to set the meeting date. • Independent directors should hold executive sessions.

Performance	<ul style="list-style-type: none"> • The board should have a mechanism to evaluate its performance and that of individual directors. At a minimum, there should be an annual review of performance by the board that measures results against appropriate criteria defined by the board. • Evaluation of the CEO is a critical board responsibility. The board should establish an annual review process that would permit it to evaluate CEO performance in executive sessions. A subsequent dialogue with the CEO is encouraged.
Term Limits	Not covered.
Age Limits	The board should establish a fixed retirement policy for directors and a requirement that all directors should own common shares in the company.
Liability	Directors should be held liable to the corporation for violations of their fiduciary duty involving gross or sustained and repeated negligence.
<u>REMUNERATION</u>	
Level of remuneration	A board and its compensation committee should set executive compensation levels adequate to attract and retain qualified executives. A “pay for performance” system is needed to ensure equitable treatment between shareholders and corporate management.
Composition of remuneration	<ul style="list-style-type: none"> • Compensation should include salary and performance components. • Compensation should be appropriate in light of the current financial rewards to shareholders and employees. • Stock options and restricted stock awards should be integrated with other elements of compensation to formulate a competitive package.
Contracts and compensation	Not covered.
Procedure for determination	Compensation should be determined by the compensation committee.
Disclosure	<ul style="list-style-type: none"> • The board should fairly set forth annually in the proxy statement the criteria used to evaluate performance of the chief executive officer and other senior management. TIAA-CREF supports the spirit of the SEC rules on enhanced executive compensation disclosure and compensation committee reports to shareholders. • Public companies should provide full and clear disclosure of all significant compensation arrangements with senior management in a form such that shareholders can evaluate the reasonableness of the entire compensation package. Full and clear disclosure is particularly important for specific elements of deferred compensation such as supplemental executive retirement plans (“SERPS”), which may be significant and which may impose a liability on the company for many years after an executive’s retirement. Additionally, contractual arrangements granting significant other benefits to executives, including payment of certain non-business expenses, should be disclosed.
Shareholder involvement in determining remuneration	<ul style="list-style-type: none"> • All stock plans should be submitted to shareholders for approval. An appendix to the Policy Statement details guidelines for voting proxies on executive compensation. • Support resolutions that call for shareholder approval of golden parachutes which exceed IRS guidelines.

Severance Payments	Oppose any outright ban on “golden parachute” severance agreements.
<p><u>ROLE OF SHAREHOLDERS</u></p> <p>Shareholder voting</p>	<ul style="list-style-type: none"> • The proxy vote is the key mechanism by which shareholders play a role in the governance of the corporation. • The board should: <ul style="list-style-type: none"> ➢ adopt confidential voting for the election of directors and all other matters voted on by shareholders; ➢ adhere to the principle that each share of common stock has one vote; ➢ not issue any previously authorised shares – with voting rights to be determined by the board – unless it has prior shareholder approval for the specific intended use; ➢ adopt equal financial treatment for all shareholders; ➢ submit for prior shareholder approval any action that alters the fundamental relationship between shareholders and the board; ➢ oppose any action to adopt “super-majority” requirements that interfere with a shareholder’s right to elect directors and ratify corporate actions; ➢ propose a change in the corporation’s domicile only for valid business reasons, and not to obtain protection against unfriendly takeovers; ➢ opt out of coverage, where possible, under state laws mandating anti-takeover protection; ➢ not eliminate or reduce the shareholders’ right to demand independent appraisal of the value of holdings; ➢ not combine disparate issues and present them for a single vote; ➢ request an increase in the authorised number of common shares only if they are intended for a valid corporate purpose and are not to be used in a manner inconsistent with shareholder interests; ➢ provide equal access for large shareholders to a company’s proxy statements to comment on management proposals, unless such access would impose undue costs or other burdens on the corporation; and ➢ state in its charter or by-laws that, when tallying shareholder votes, abstentions will not be counted as votes present, if state law allows.
Management-shareholder communication	Not covered.
Evaluation of governance disclosures	Not covered.
General Meetings	Not covered.
Shareholder resolutions	Not covered.
Appointment of shareholder representatives	Not covered.
<p><u>FINANCIAL REPORTING, TRANSPARENCY & AUDIT</u></p> <p>Financial reporting</p>	Not covered.

Transparency	Not covered.
Internal Control	The board should foster and encourage a corporate environment of strong internal controls, fiscal accountability, high ethical standards and compliance with laws and regulations.
Accounting Standards	Not covered.
Auditor Independence	Not covered.
Auditor's Liability	Not covered.
<u>STAKEHOLDER</u>	
Definition	Not covered.
Communication	The board should develop policies and practices to open channels of communication permitting employees, customers and suppliers and the community to freely express their concerns.
<u>WORKER PARTICIPATION/ EMPLOYMENT EQUITY</u>	The board should develop policies and practices to address the issue of equal employment opportunities for all segments of the population.
<u>ETHICS</u>	Not covered.
<u>SOURCE</u>	Teachers Insurance and Annuity Association – College Retirement Equities Fund, “TIAA-CREF Policy Statement on Corporate Governance” TIAA-CREF October 1997.
<u>TABLE FORMAT</u>	Adapted from Investor Responsibility Research Centre, “Global Corporate Governance – Codes, Reports and Legislation”, IRRC, Washington D.C. 1999.

List of Current Corporate Governance Codes

Lists of Governance Codes, Reports and Legislation

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Section II – Address Lists of Codes and Reports used in CACG Guidelines

1. AUSTRALIA

Code/Law : Bosch Report, AIMA Recommendations

Australian Stock Exchange (ASX)

Address : Level 5, 20 Bond Street, Sydney, NSW 2000

Tel. : 61-2-9227 0000

Fax : 61-2-9235 0056

e-mail : info@asx.com.au

Internet site : www.asx.com.au

2. CANADA

Code/Law: Toronto Stock Exchange Committee Report (Dey Report)

Toronto Stock Exchange (TSE)

Address: : TSE, Marketing and Communications, 130 King Street West,
Toronto, ON M5X 1J2

Tel. : 1-416-947 4670; Toll Free: 1-888-TSE-8392

Fax : 1-416-497 4662

e-mail : postmaster@tse.com

Internet site : www.tse.com

3. HONG KONG

Code/Law: Stock Exchange of Hong Kong Code

Stock Exchange of Hong Kong (SEHK)

Address : SEHK, 1/F, One and Two Exchange Square, Central, Hong Kong

Tel. : 852-2 522 1122

Fax : 852-2 810 4475

e-mail : info@sehk.com.hk

Internet site : www.sehk.com.hk

4. INDIA

Code/Law: Desirable Corporate Governance – A Code

Confederation of Indian Industry (CII)

Address : 23 Institutional Area, Lodi Road, New Delhi 11003, India

Tel. : 91-11-462 9994/5/6/7 or 462 6124 or 462 5407

Fax : 91-11-463 3168 or 462 6149

e-mail : cii@co.cii.irnet.in

Internet site : www.ciionline.org

5. MALAYSIA

Code/Law: The Malaysian Code on Corporate Governance

Kuala Lumpur Stock Exchange (KLSE)

Address : KLSE, 7th Floor, Exchange Square, Bukit Kewangan, Jalan Raja Chulan, 50930, Kuala Lumpur
Tel. : 60-3-206 7099
Fax : 60-3-206 3700
e-mail : commsdept@klse.com.my
Internet site : www.klse.com.my/website

Malaysian Securities Commission

Address : 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur
Tel. : 60-3-654 8000
Fax : 60-3-651 1818
e-mail : cau@seccom.com.my
Internet site : www.sc.com.my

6. ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Code/Law: Principles of Corporate Governance

Organisation for Economic Co-Operation and Development

Address : 2, rue Andre' – Pascal, 75775 Paris, Cedex 16, FRANCE
Tel. : 33-1-4524 8167
Fax : 33-1-4910 4276
e-mail : webmaster@oecd.org
Internet site : www.oecd.org

7. SOUTH AFRICA

Code/Law: King Report on Corporate Governance

Institute of Directors in Southern Africa (IoD)

Address : 2nd Floor, 15 Wellington Road, Parktown, Johannesburg 2193, RSA
Tel. : 27-11-643 8086/7
Fax : 27-11-484 1416
e-mail : None
Internet site : None

8. SINGAPORE

Code/Law: Stock Exchange of Singapore Recommendations

Stock Exchange of Singapore (SES)

Address : 20 Cecil Street, # 26-01/08 The Exchange, Singapore, 049705
Tel. : 65-535 3788
Fax : 65-535 2644
e-mail : webmaster@ses.com.sg
Internet site : www.ses.com.sg

9. UNITED KINGDOM

Code/Law: London Stock Exchange Committee on Corporate Governance (Hampel Report)

London Stock Exchange (LSE)

Address : London Stock Exchange, Old Broad Street, London, EC2N 1HP
Tel. : 44-171-797 1000
Fax : 44-171-797 4050
e-mail : corporateaffairs@londonstockex.co.uk
Internet site : www.stockex.co.uk

10. UNITED STATES

Code/Law: Business Roundtable – Statement on Corporate Governance

The Business Roundtable

Address : 1615 L Street, NW, Ste. 1100 Washington DC 20036-5610 USA
Tel. : 1-202-872 1260
Fax : 1-202-466 3509
e-mail : Unknown
Internet site : www.brtable.org

Code/Law: GM Board of Directors – Corporate Governance Guidelines

General Motors Board of Directors

Address : 100 Renaissance Center, Detroit, Michigan, 48265 USA
Tel. : 1-313-556 5000
Fax : 1-313-556 5108
e-mail : None
Internet site : www.gm.com

Code/Law: Report of the NACD Blue Ribbon Commission

National Association of Corporate Directors (NACD)

Address : 1707 L Street, NW, Suite 560, Washington D.C. 20036 USA
Tel. : 1-202-775 0509
Fax : 1-202-775 4857
e-mail : info@nacdonline.org
Internet site : www.nacdonline.org

Code/Law: Global Corporate Governance – Codes, Reports and Legislation

Investor Responsibility Research Centre (IRRC)

Address : 1350 Connecticut Avenue, NW, Suite 700, Washington, D.C. 20036-1702 USA
Tel. : 202-883 0700
Fax : 202-833 3555
e-mail : mkt@irrc.org
Internet site : www.irrc.org

Code/Law: TIAA – CREF Policy on Corporate Governance

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF)

Address : 730 Third Ave, 26th Floor, New York 10017-3206 USA
Tel. : 1-212-490 9000
Fax : 1-212-916 5100/5733
e-mail : www.tiaa-cref.org/set – contact.html
Internet site : www.tiaa-cref.org