

ISSUES RAISED AT PW DEBATE

The most hotly debated issue was our "isularity"; no recognition of what was happening on the Continent, to which we would in time have to become aligned. He had ducked the 2 tier alternative & produced a fudge. ^(Philip Clappole) Fred

Meubaner, part author of an authoritative work on Comparative Board Behaviour, came in

at this point and described how boards tend to perform in much the same way regardless

of structure. He believes there will be convergence and that we will move to the 2 tier system.

On the same grounds, audit committees were attacked.

Was it reasonable to expect m.e.d's to do all we were expecting of them?

More ones should be put on auditors (why don't they ever resign?).

Is self-regulation preferable to statute?

All m.e.d's should be independent.

One questioner was highly critical of the ~~ATI~~ effort in Brussels - under-resourced.

Meanwhile Community legislation was going ahead - responsibilities of directors, Company

Law Commission, enforcement proposals - and our viewpoint was not being represented.

We needed to adopt more of a Community perspective. He also stressed the vital

importance of information for m.e.d's, & of the info. system as a whole.

(2)

- The problem was far bigger than he had appreciated - companies had outgrown the governance system.
- He needed to evaluate the performance of boards and so did they.
- Ned's should only be nominated with 15% shareholder support at the outset
- Institutional voting was essential but the problem was whose interests were they representing? i.e. Insurance Co - fund managers - policy holders.
- Phasing for smaller companies.
- Need for agreement over internal financial control standards - Shell experience & U.S. attempt at nationally acceptable/agreed approach.
(Nancy Clay)

- 1) Best practice?
- 2) Can. of dis exert influence suggested?
- 3) More onus on auditors?
- 4) Is self-reguln - preferable to statute?

Term of office, formal schedule of matters referred to Bd.

Weds shld. all be independt? Shld. be appts - nominaty.

Alg. stds. Condition of listing.

Audit Comm. - resp of Bd. - elec of Bd.
attendance.

Philip. - Colleagues in Community.
- Load of rubbish.

High problem. Cost of admin. force. System.

Are you evaluating the perfce. of Bd.?

- 1) Europe legish. Community perspective. 2) Quality of legish.
Co Law Commission (resp. of dis) FIT funds/enforcement.
- 3) Appt. / quality of info. / info / structure / method of appt.

Nonparaceas. Net auditor dis.

NED. taking advice. | Audit Comm.

Need address large cos. Entabn. needs. No. of dis.

Phasing? for smaller cos.

Opinion shopping, conflicts of interest,
None elected unless 15% shld. dis.

Stronger links where
disclosable interest.

Intermediaries - use of vote.

Internal fin. control. | Control framework.