

"Corporate governance" is a shorthand expression for the system by which companies are directed and controlled.

The system involves three parties - directors, shareholders, and auditors - and is determined by the way in which they exercise their respective roles within the statutory framework of the Companies Acts.

The Ctee's Secretary, Nigel Peace, set down the Ctee's definition of corporate governance which was used in the final report. The draft report referred to "The system by which companies are run."

AC.