



ShareSoc

UK Individual Shareholders Society

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Press Release

ShareSoc and First Flight issue Recommended Code of Conduct for Non-Executive Directors

The importance of having active and competent Non-Executive Directors (including Chairmen) in public companies cannot be over emphasised. They can make all the difference between the long term success or failure of a business, and are crucial when a company faces short term difficulties.

But many major corporate failures or near disasters such as RBS, BP, Northern Rock, AIG, Enron and more recently Olympus, News Corporation, Barclays etc have been assigned to an *"inability of the Non-Execs to exercise influence or control"**. In smaller companies such as those listed on AIM, examples where corporate governance is poor due to the failings of supposedly independent directors are commonplace.

ShareSoc, in conjunction with First Flight Non-Executive Directors Ltd who have special expertise in this area, have developed some guidelines that companies should follow in the selection and pay of Non-Executive Directors. Our intention in writing this Code is to encourage the raising of standards in the selection and performance of such Directors. It provides guidance for companies, and their shareholders, on how Non-Executive Directors and independent Chairmen should be appointed and remunerated.

The Code is present at this web address: www.sharesoc.org/Non_Execs_Code.pdf

ShareSoc Chairman Roger Lawson made these comments: *"Improving the standards and performance of Non-Executive Directors is surely one way to improve UK business performance. They were seen as the solution to many corporate ills when first introduced, but the results have been disappointing. Major problems have continued to arise where Non-Executive Directors either failed to understand what a company was doing, or failed to control the enthusiasm and risk taking of Executive Directors. Likewise they have failed to control excessive pay packages. Strengthening their role and their independence may help to solve some of those ills"*.

First Flight Managing Director Chris Spencer-Phillips who helped produce this Code comments: *"Our Code of Conduct for Non-Executive Directors in Quoted Companies is the first Code which focuses solely on Non Execs who have such a crucial role to play in good Corporate Governance, best practise and the good performance of companies. Sadly we see too much evidence of poorly performing Non Execs and too many Non Execs having too many roles preventing them from contributing effectively. Changes are happening slowly but many companies do not seem to take their responsibilities seriously enough in the way they source and appoint their Non Execs. We have a long way to go and it is hoped that this First Flight/ShareSoc Code of Conduct will encourage companies and their shareholders to ensure best practise when appointing Non Execs."*

*Cass Business School's "Roads to Ruin" report.

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Note any members of the press who wish to receive a complimentary copy of our informative monthly newsletter should send a request to info@sharesoc.org . Our newsletters cover not just the affairs of our organisation but contain general financial news and commentary. Examples of our past newsletters are available on our web site. You can also follow ShareSoc on Twitter from @ShareSocUK.

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets (and who own as much as 30% of the shares in UK public companies in aggregate). We are a mutual association controlled by our members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by the services it provides to members. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment. More information on ShareSoc can be obtained from our web site at www.sharesoc.org .